COUNTY COMMISSIONERS ASSOCIATION OF OHIO

2018 CANDIDATES BRIEFING GUIDE

STRONGER COUNTIES.
STRONGER PARTNERSHIP.
STRONGER OHIO.
County government stands in a very different place than it did nearly 20 years ago. The purpose of this document is to acknowledge how counties have arrived at this place and provide proposals about how Ohio and its counties can move forward together stronger. In summary, the County Commissioners Association of Ohio’s Candidates Briefing Guide entitled **Stronger Counties. Stronger Partnership. Stronger Ohio.**, conveys the scope of the losses counties have experienced, recent challenges that have occurred and strategies to strengthen the state-county partnership.

For almost two decades counties have watched their partnership with the state eroded by policy decisions that reduced county revenues and shifted more responsibilities to the local level. At the same time, the opiate epidemic has devastated the county justice and public safety system. The costs associated with this particular wave of addiction present challenges that will last much longer than the epidemic itself. The combination of these situations has caused a perfect storm, forcing many counties to a threshold they have not experienced before.

The County Commissioners Association of Ohio (CCAO) recognizes that the revenue losses and rising costs experienced by counties could never be addressed completely in one state budget. This document discusses our past as a means to establish the groundwork for a new conversation for the future. The recent partnership on election equipment funding is a meaningful step towards the paradigm shift that is needed.

We hope this white paper will impart a greater understanding of the important duties that county governments are required by the state to carry out and inspire a new awareness of how critical the state-county partnership is.

Counties and the state are fundamentally connected. Our shared responsibility is to make Ohio stronger so that our citizens and communities can thrive. As we look to the future, we see many opportunities to work together as partners to that end.

**Stronger Counties. Stronger Partnership. Stronger Ohio.**
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Ohio’s 88 counties serve as the arm of state government charged with providing vital services on the state’s behalf. Counties are given this specific responsibility but limited authority by the Ohio Revised Code. These state mandated services include important functions such as 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 polices 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) have 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. A study released by The Ohio State University Swank Program states that 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 direct 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. The County Commissioners Association of Ohio (CCAO) understands that the revenue losses and rising costs experienced by counties could never be addressed completely in one state budget. This document discusses our past as a means to establish the groundwork for a new conversation for the future. The recent partnership on election equipment funding is a meaningful step toward the paradigm shift that is needed.

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 for counties to 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.
  ◦ 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 as well as water and sewer projects.
Who We Are

Ohio’s 88 counties serve as the administrative arm of the state by providing elections, justice and public safety, infrastructure and human services. The Ohio Revised Code gives counties these specific responsibilities but offers limited authority.

The services provided by county government represent some of the most direct interactions many Ohioans have with any level of government. From providing public safety to economic development to human services and more, county government’s impact on the daily lives of Ohioans is profound. Today, county governments across Ohio are forced to address growing demands with increasingly limited resources. To strengthen counties and improve the well-being of all Ohioans, there must be collaboration and cooperation between the state and county governments – in other words, a strong partnership.

The County Commissioners Association of Ohio (CCAO) advances effective county government for Ohio through legislative advocacy, education and training, technical assistance and research, quality enterprise service programs and greater citizen awareness and understanding of county government. CCAO seeks to formulate and promote public policies that strengthen county government, which ultimately enhances the quality of life for residents of Ohio’s 88 counties.

History of County Government

The origins of Ohio county government can be traced back more than 1,000 years ago to England. Counties acted as agents of the King and the national government. In Colonial times and after the American Revolution, counties continued to primarily act on the behalf of state government in the areas of tax collection, maintenance of land and other records, road maintenance and criminal and civil justice.

In the Buckeye State, counties existed before Ohio was admitted to the Union. They emerged from the unsettled frontier as part of the Northwest Ordinance of 1787, which provided an early framework for local government. In what was once known as the “Ohio country,” its first county – Washington County – was established in 1788. By 1802, nine counties existed. In 1851, Ohio’s last county – Noble County – was established, and as a result, brought the number of counties to its current total of 88.

When Ohio joined the nation in 1803 as its 17th state, counties became the primary subdivisions of state government. Counties still serve as administrative arms of the state; yet, the role of county government has evolved well beyond its limited frontier responsibilities when providing wolf and panther bounties, for example, were important county initiatives. All counties are now responsible for recording deeds, transferring auto titles, running trial courts, assessing the value of real property, collecting and distributing revenue to other political subdivisions and maintaining county roads and bridges. Counties also have discretionary authority to provide optional services to local residents, such as water and
sewer services, building inspections, emergency medical services and landfill operations. In every governmental matter, either discretionary or mandatory, statutory counties must follow state law. While charter counties have more flexibility in administration, all counties, including charter counties, are required to perform all duties imposed on counties and county officers by state law.

County government is still making history. Important state and federal responsibilities such as environmental protection, welfare reforms, protection of abused and neglected children, child support enforcement and economic and workforce development have become important county functions. And the assumption of new roles and responsibilities is likely to continue. This kind of local control over public matters has been at the center of Ohio’s success, and it remains the key for the state’s continued growth and prosperity well into the future.

As counties have adapted to meet local needs over time, each county in turn is unique in certain aspects – in how they deliver mandated services and how the mix of federal, state and local funding impacts them. While counties have a great deal in common, it is important to remember as we discuss county government that each county will have unique assets and challenges. CCAO will serve as a resource to help you not only understand the common problems facing counties, but also the nuances that reflect Ohio’s varying landscape.

County Structure and Authority

In Ohio, voters have a choice for how their county government is structured. The options are the traditional statutory form, the charter form, and the alternative government form. These forms are explained below:

- Statutory Form is what most individuals associate with county government in Ohio since 86 of the state’s 88 counties function under this model. There are two distinguishing characteristics of a statutory form of government. First, the government operates under “Dillon’s Rule,” whereby the county only can exercise that authority which is specifically granted by state law. This is the exact opposite of “home rule” authority, which is granted to all municipalities in the Ohio Constitution. Second, the statutory county is led by a board of three county commissioners that operates in a dual capacity as an executive and legislative authority. They are joined by eight other elected line officers along with the judicial branch and a variety of boards and commissions.

- County Charter Form, originally authorized by a 1933 constitutional amendment, has been adopted by voters in only two counties, Summit and Cuyahoga. This followed a constitutional amendment adopted in 1978 that allowed voters to initiate a charter by petition, in addition to a county charter commission drafting a charter to submit to county residents. A county charter adopted by the voters must set out the structure of the government and which officials will be elected and their manner of election. County charter governments have powers similar to those vested in municipalities by the Constitution — “home rule” powers.
Summit County adopted its charter in 1979, instituting an elected County Executive and a County Council. The Summit County Council now has 11 members – eight elected by district and three at large. In addition, the county eliminated the elected office of coroner, auditor, recorder and treasurer. Summit County also has an appointed medical examiner, appointed by the Executive, with approval of County Council. An elected position of county fiscal officer encompasses the former elected positions of auditor, treasurer and recorder.

Cuyahoga County voted in November 2009 to implement a county charter. Cuyahoga County’s structure includes an elected County Executive; an eleven-member County Council with all members elected by districts; and a series of appointed department heads to assume the responsibilities of most formerly elected officials. The exception is the county prosecutor, who continues to be elected.

• Alternative Form of county government is provided for in Ohio law, but no county has instituted it since the General Assembly authorized this option by enacting ORC Chapter 302 in the 1960’s. Under this law, a board of county commissioners may submit the question of an alternative form at a general election or county electors can put the question on the ballot through an initiative petition, having collected signatures from 3 percent of those voting for Governor in the last election.

Under an alternative form, the major difference from the statutory form is that the current functions of the commissioners are bifurcated. Executive functions are performed by either an elected or appointed executive, while legislative functions are the domain of the board of county commissioners. The number of members of the board of county commissioners may be increased and elected at-large, by district or a combination of at-large and district. County commissioners under an alternative form are statutorily granted limited legislative powers and can enact ordinances or resolutions if “not specifically prohibited by general law.” An alternative form may not eliminate or combine any of the elected line officers, as may be done under a county charter.

Statutory County Government Authority

Statutory county governments do not possess “home rule” authority like municipalities, and therefore, only have the authority granted to them by statute. Essentially, a county is considered to be a “child” of the state. Before a county can perform virtually any function or provide any service, it must ask the General Assembly and Governor for permission. The state leaders can answer “yes” by passing a law or may say “no” by refusing to enact a statute. Or, state leaders may pass a law that says, “yes, but with certain conditions” that may limit or direct how the power will be executed.

To say it another way, county government in Ohio often is referred to as the arm of state government at the local level. Counties are asked to administer and deliver state/federal
programs as well as services of statewide interest. This includes conducting elections; delivering health and human services programs; administering justice and prosecuting criminals; improving infrastructure; managing the complex property tax system; and fostering needed economic and community development.

**Role of County Commissioners**

Ohioans accustomed to the work of county government a generation or two ago might not recognize their county commissioners today.

At times, they might mistake them for corporate CEO’s by virtue of their responsibilities for local economic development, tax abatement, budgeting and land use planning. They might see county commissioners as education planners given their increasing involvement in local workforce development and job readiness programs. Some might confuse their work with that of environmental technicians given their statutory obligations today for controlling water pollution and solid waste disposal. Or, county commissioners might at times resemble human service leaders thanks to welfare reform and the massive responsibility it places on counties to educate, train and find jobs for unemployed residents.

In each and every case, these observations would be correct. That’s because county commissioners today must wear many different hats – often all at the same time, each day and many evenings, 52 weeks a year.

Given specific and limited authority by the General Assembly, county commissioners hold title to all county property, serve as the primary taxing authority for the county and control county purchasing. **Commissioners are the budget and appropriating authority for county government**, meaning everyone – every agency, every court, every other elected office holder – depends on county commissioners for their budgets.

Thus, county commissioners must take a broad view when making public policy and budget decisions. Given their impact on the work of many other elected officials and different departments, they must be astute in matters of law enforcement, correction facilities, human services, business development and other areas. Given their budget-making authority, they must act very responsibly with the public’s money and must have a good business sense – matching available revenue to service needs.

The primary responsibilities of the board of county commissioners are financial, which include the following:

- To act as the taxing authority for real property taxes for most county purposes by submitting property tax proposals to the electors.

- To act as the bond issuing authority for most county building and infrastructure purposes and to issue revenue and general obligation debt for a variety of other statutorily authorized purposes.
• To enact certain other authorized permissive taxes for the general operation of county
government or for specific purposes. These permissive taxes include the sales and use,
real estate transfer, motor vehicle license and lodging tax.

• To levy special assessments on property for various types of infrastructure
improvements including roads, water and sewer facilities, storm water improvements
and drainage improvements.

• To establish certain user fees for such functions as dog licenses, building permits,
zoning permits and subdivision plats. The authority to establish fees, however, is often
severely limited by state law. Many user fees, including fees for transferring
auto titles, recording deeds and mortgages and for serving warrants and subpoenas,
are established by state law and may not be modified by the county commissioners
irrespective of the costs incurred in providing the service.

• To allocate county resources and establish a budget for the other county elected
officials and appointed departments by the adoption of the annual appropriation
resolution and to periodically make supplemental appropriations.

• To transfer funds that have been appropriated to an elected official or appointed
department from one line item which is to be used for a specific purpose to another line
item in the “budget” for another purpose.

• To competitively bid, or otherwise procure, most supplies and services for the county.
This usually involves the approval of purchase orders and execution of contracts. The
commissioners are the primary contracting authority for the county.

The financial functions make the job of commissioner the most challenging. Commissioners
must make tough decisions about the allocation of scarce resources. Often times, other
county elected officials and department heads are not satisfied with the resources allocated
by the commissioners.

Commissioners also have a myriad of other responsibilities that may include the following:

• To provide funding for a variety of independent boards such as the Veterans
Service Commission, County Historical Society, OSU Extension Service, Soil and Water
Conservation District and fair board.

• To grant tax abatements in community reinvestment areas, through tax increment
financing, urban and rural enterprise zones, and to generally promote economic
development in conjunction with community improvement corporations, land banks and
port authorities.

• To have overall responsibility for the administration and delivery of various human
service programs.
• To serve as the administrative head of child welfare program in counties that have not established a Children Services Board (CSB) and where the County Department of Job and Family Services (CJFS) is the designated agency for child welfare.

• To establish, finance and administer public safety communications systems used by the county’s emergency response services and to authorize funding sources to provide for E-911 service.

• To establish and operate county homes and county nursing homes.

• To allocate funds to shelters serving victims of domestic violence.

• To approve or disapprove requests from property owners or municipalities to annex land from a township to a city or village. In turn, to approve or disapprove requests to remove territory from a township subsequent to an annexation.

• To make appointments to a variety of boards and commissioners including the DD Board, Alcohol Drug Abuse and Mental Health Board, Children’s Services Board and others.

• To establish and vacate streets, roads and alleys in the unincorporated area of the county.

• To exercise the power of eminent domain for road, water and sewer, storm water, public building and other similar building and infrastructure projects.

• To serve as the administrative head for child support enforcement programs.

• To approve all collective bargaining agreements which establish wages and other terms and conditions of employment for many county employees.

• To serve as the legislative authority to adopt zoning regulations in townships included in a county rural zoning plan.

• To adopt a variety of development control measures including subdivision regulations, building codes, urban sediment and erosion control rules, airport zoning regulations, floodplain regulations, storm water regulations and access management regulations.

• To hear and determine if rural drainage improvements are needed and to levy assessments under Ohio’s petition ditch law. Also, to work with soil and water conservations districts in making drainage improvements.

• To establish dog licensing fees, control dogs and administer euthanasia programs.

• To serve on a variety of statutory boards including the County Board of Revision, County
Records Commission, County Microfilming Board, County Automatic Data Processing Board and the County Land Reutilization Board (Land Bank).

- To serve as the board of directors of a single or joint county solid waste management district and to prepare and implement a solid waste management plan.

- To hold title to most county real and personal property.

- To establish the amount of bond that certain elected officials and judges must file prior to taking office.

**County Officials**

When discussing the statutory form of county government, it is often helpful to divide the county into three major organizational components as follows: (1) county elected officials; (2) appointed authorities; and (3) judges and the courts.

In regards to non-judicial elected officials, there are 11 row officers:

- A three-member Board of County Commissioners
- County Auditor
- County Coroner
- Clerk of Courts
- County Engineer
- County Recorder
- County Sheriff
- County Treasurer
- Prosecuting Attorney

All of these officials are elected to four-year terms. One member of the board of county commissioners and the county auditor are elected during the same year the Governor and other statewide elected officeholders are elected. The other two county commissioners and other county officials are elected during the presidential election year. Terms of office for county commissioner begin either on January 1, 2 or 3. The term of the county auditor begins on the second Monday of March, and the term of treasurer begins on the first Monday in September. Terms for all other elected officials begin on the first Monday of January.
The executive authority of the county is exercised by all of the independently elected county officials, who essentially have equal and independent authority. While the board of county commissioners has the primary authority to raise revenue and budget resources, commissioners do not have the same authority and flexibility to allocate scarce resources as do the state and other units of local government.

**County Appointed Authorities**

The second major organizational component of statutory county government is comprised of a variety of appointed authorities. Some of these authorities are boards or commissions or committees that are statutorily required. In other cases, these appointed authorities are permissive and are subject to creation by county commissioners or may be established by court action. In addition, county commissioners serve as the taxing authority for various boards.

Some of these authorities are only advisory. Others operate as independent entities. The following list shows the wide diversity of appointed authorities that operate as a part of county government:

- Developmental Disabilities Board (DD)
- Alcohol, Drug Addiction, and Mental Health Services Board (ADAMH)
- Alcohol and Drug Addiction Services Board (ADAS)
- Children Services Board
- Metropolitan Housing Authority
- Emergency Management Agency
- County Board of Health
- County Family Service Planning Committee
- County Child Abuse and Child Neglect Advisory Board
- County Board of Elections
- Veterans Service Commission
- County Zoning Commission
- County Board of Zoning Appeals
- Airport Zoning Board
- Airport Board of Zoning Appeals
- County or Regional Planning Commission
- County or Joint County Solid Waste Management District
- Public Defender Commission
- Port Authority
- Metropolitan Park Board
- County Budget Commission
- County Board of Revision
- County Microfilming Board
- County Automatic Data Processing Board
- County Records Commission
- Tax Incentive Review Council
- Regional Airport Authority
- County Transit Board
- Regional Transit Authority
- County Hospital Board of Trustees
- County Facilities Review Board
- Community Improvement Corporation
- County Law Library Resources Board
- County Agricultural Society (Fair Board)
- County Library Board
- County Historical Society
- E-911 Planning and Technical Advisory Committee
- Housing Advisory Board
- County Building Commission
- County Jail Industry Board
- Corrections Commission for Multi-County Jail
- County Land Reutilization Corporation Board (Land Bank)
- Lake Facilities Authority Board
Courts

The third major organizational component of county government is comprised of the court system and elected judges. The courts have been determined to be a separate branch of government and not subject to control by any other branch of government. Counties pay nearly all the operational costs of the court of common pleas and its various divisions. A major exception is the cost of the salary of common pleas judges, where most of the compensation of the judges is paid by the state pursuant to appropriations made to the Ohio Supreme Court.

As a separate branch of government under the doctrine of separation of powers, courts have certain inherent powers. Of primary concern to county commissioners is the fact that, as the county appropriating authority for budget purposes, commissioners have far less discretionary ability to allocate resources to the courts than they do for most other county elected officials and agencies. A court has the inherent right to receive the level of funding that is reasonable and necessary for the orderly and efficient administration of justice. If it feels the resources provided by the county commissioners is insufficient, it may challenge its allocation of resources by the board of county commissioners, and in general, the commissioners must prove that the court abused its discretion by requesting unreasonable and unnecessary funding.

Counties also share in the costs of operating the courts of appeals. In the case of appellate districts that include multiple counties, the costs are shared among the counties that comprise the district. In the case of the court of appeals, the entire salary of the judges is paid by the state pursuant to appropriations to the Supreme Court.

The county may operate a municipal court with county-wide jurisdiction. The county must provide and operate a county court for the territory within the county that is not subject to a municipal court’s jurisdiction within that county, if any. In either case, the county is responsible for all the costs of that court’s operation. The jurisdiction and operation of a municipal court is determined by the General Assembly and, if operated by a municipality, may be either countywide, limited to that particular municipality or include the municipality and other incorporated or unincorporated territory within the county. The costs of municipal courts operated by municipalities are shared between the county and the municipality and other local governments within the jurisdiction of the court. The county must pay 40 percent of the judges' and court clerks' salaries, with the municipality and other local governments proportionately paying 60 percent of these salaries and all of the other operating expenses of the court.

And, finally, an integral part of administering justice through the courts is the operation of the county jail. While the state formerly provided capital dollars to help finance the construction and renovation of county jails, the last such funding was received in 2002. The age of county jail facilities suggests that there is a pending crisis upon the horizon. Over half of the county jail facilities are reaching the point where costly updates and repairs to their structural, mechanical and operating systems are going to become a necessity.
State Tax Policy Changes and their Impacts on Counties

In recent years, counties have faced increasingly difficult revenue challenges. The state distributes far less of its own general tax revenue with local governments than it did 20 years ago, and state policy changes have limited local revenue options. Three major policy shifts – cuts to the Local Government Fund, elimination of the Medicaid Managed Care Organization Sales Tax, and elimination of the Tangible Personal Property Tax, have resulted in the loss of over $351 million annually to counties. Counties have been left increasingly dependent on the sales tax, which faces a number of long-term challenges, including the difficulty of collecting taxes on internet sales and the recent elimination of the ability to tax payments to Medicaid Managed Care Organizations. Taxes on Medicaid MCOs accounted for 8 percent of total county sales tax receipts in 2016. The continuation of these overall revenue trends will be devastating.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Losses (Counties only)</th>
</tr>
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<tbody>
<tr>
<td>Medicaid MCO Sales Tax</td>
<td>$165.7 million*</td>
</tr>
<tr>
<td>Local Government Fund</td>
<td>$145.3 million#</td>
</tr>
<tr>
<td>Tangible Personal Property Tax</td>
<td>$40.4 million^</td>
</tr>
<tr>
<td>Total</td>
<td>$351.4 million</td>
</tr>
</tbody>
</table>

* CY 2016 total; #Return LGF to 3.68% GRF taxes; ^ County General Fund only
Note: Counties receive approximately $100 million/year from casino revenues

Local Government Funds

The state began distributing general revenue to local governments in the 1930s when the state sales tax was created. Property tax revenue had collapsed because of the depression, and it was obvious that both the state and local government needed an additional revenue source. Since that time, the Local Government Fund (LGF) has received a designated share of state GRF taxes.² Amounts are distributed to counties largely based on population. Counties pass on a majority of these revenues to townships and municipalities.

When the State of Ohio entered difficult fiscal times in the 21st Century, the partnership that had existed for the previous 65 years began to erode as the legislature cut or froze local government fund distributions repeatedly in efforts to balance the budget. In 2000, the LGF and a related fund received $744 million, based on approximately 5.0 percent of statutory share of revenue from the personal income tax, corporate franchise tax, public utility excise tax, and sales and use taxes.² Over the next 15 years, the LGF experienced four major policy changes:

1 In 2008, the Local Government Revenue Assistance Fund was consolidated into the Local Government Fund, and a revised formula was created based on a share of total GRF taxes. Historically, a small share of the LGF has been distributed directly to municipalities. This direct municipal distribution amounted to $10.3 million in 2016 and has since been redirected to other purposes.
2 The LGF received a 4.2% share of these five taxes, and the LGRAF received a 0.6% share. In 2008, a new statutory formula designated 3.68% of GRF taxes to the LGF, but this was quickly superseded by budgetary cutbacks in the recession.
• July 2001 to January 2008, the LGF was frozen for 6.5 years, resulting in a $644 million loss to all counties, townships, and municipalities;

• LGF was put back on a percentage of tax receipts formula (3.68 percent of state GRF taxes) from 2008 to July 2011;

• State FY 2012-2013 budget legislation reduced the LGF by roughly 50 percent over a two-year period using a new formula;

• LGF put back on a percentage of state GRF taxes formula (1.66 percent) in August 2013.

By 2016, the “undivided” LGF distribution amount of $343 million was less than half of the 2008 level ($699 million), and received a statutory 1.66 percent share of total GRF taxes.

In 2008, county treasuries retained $270 million of the LGF funds after distribution to other local governments. In 2015, this share fell to $129 million. (Appendix A: Changes to the Local Government Fund)

Even if the LGF had stayed on its 2008 formula, it would have declined due to the recession and the tax law changes that reduced the state income tax. Nonetheless, if the LGF had continuously stayed at its former 3.68 percent share of the state General Revenue Fund, counties would have received an additional $800 million in total between 2011 and 2017. In 2017 alone, counties would have retained an additional $145.3 million. Ohio should restore its partnership with counties and raise the LGF to its previous statutory level of 3.68 percent of the General Revenue Fund (GRF) taxes.

Counties Forced to Raise Taxes to Fulfill Mandated Functions

The combination of state policy changes and slow growth after the recession meant that counties increasingly relied on local sales tax and other local options to generate revenue. From 2007 to 2013, 41 counties experienced a loss of general fund tax revenue. Since January 2007, 30 counties have raised their sales tax rates, and just two were able to lower them. At present, 49 counties have reached their maximum 1.5 percent rate, and sales taxes comprise over half of county general fund revenue, up from 41 percent in 2007.

Each county has a unique set of challenges, and a few are thriving despite this difficult environment. However, on the whole, without a major turnaround in state policy, counties face a future in which they must shoulder an increasing financial burden with fewer financial tools. In the absence of increased state revenue sharing, it is likely that more counties will

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3 Estimates assume that county governments continue to retain, on average, about 36% of the LGF after it is divided with other local governments and that the statutory distribution of direct municipal share remains in place, capped at 2007 levels by R.C. 5747.50(C)(4). Temporary law in the most recent budget bill has superseded the municipal share and redirected it to other programs.

4 The collapse of investment income also squeezed county treasuries. Before the recession investment income accounted for 10% of county general revenue. By 2013, this had collapsed to under 2%.
“max out” on their sales tax rate and other local taxes or be forced to make significant cuts to their services if local tax capacity does not permit a greater level of effort.

Evolution of the Sales Tax

The sales tax has become the most important revenue source for the state and for counties. CCAO strongly opposes efforts to carve out exemptions that narrow the sales tax base and supports efforts to expand the tax base to additional services to keep pace with a changing economy.

Counties provide a wide array of essential services that Ohio residents need and expect, including elections, court systems, public safety, infrastructure, and child protective services. The State of Ohio provides only a fraction of the resources that are needed to support these services. Each county must find ways to generate the revenue it needs. In most counties, the sales tax is the single largest source of revenue, just as it is for the state. Each county establishes a uniform rate that applies to purchases made in the county, up to a maximum rate of 1.5 percent. The county sales tax base is the same as that of the state: counties can only tax the items that are taxable under state law.

Over the last several decades, the sales tax base has been eroding due to factors beyond counties’ control. Changing technology, economic trends, and policy decisions have combined to take their toll. Until this year, federal court decisions in *National Bellas Hess v. Department of Revenue of Illinois* (1967) and *Quill Corp v. North Dakota* (1992) prohibited states from requiring out-of-state internet vendors to collect sales tax unless the vendor had a physical presence within the state. As internet sales became more widespread, states lost significant amounts of revenue because consumers rarely will voluntarily report use tax that is due on out-of-state purchases. Even though Ohio and other states partnered to create a Streamlined Sales and Use Tax Agreement to simplify sales tax administration and compliance, Congress refused to pass a law to address this problem.

With the U.S. Supreme Court’s June 2018, decision in *South Dakota v. Wayfair*, the physical presence rule has been overturned, and states can legally enforce remote vendor collection requirements. A U.S. General Accountability Office study estimated that state and local governments could gain between $8 billion and $13 billion in 2017 if they could require remote sellers to collect sales tax. The study estimated Ohio could gain between $288 million and $456 million annually, subject to significant uncertainty about compliance rates and the specifics of state law.

Ohio House Bill 49, the state biennial budget bill for FY 2018-2019, enacted a new statute that established a bright line test for nexus to the state for sales and use tax purposes. Under this test, vendors must collect sales tax if they have $500,000 in annual sales and either (1) use in-state computer software to make Ohio sales, or (2) provide or enter into

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an agreement with a third party to provide content distribution networks in Ohio to enhance delivery of the seller’s website to Ohio consumers. Ohio’s law is not as aggressive as South Dakota’s statute, and as of July 2018, the Ohio Department of Taxation had not issued guidance interpreting the impact of Wayfair. In the long run, however, Wayfair will make it easier for the state to require out-of-state sellers to collect sales tax, but at this time the revenue impact is unclear.

At the state level, the General Assembly frequently carves out new exemptions from the sales tax. At the beginning of 2017, the state officially recognized 56 distinct sales tax exceptions. These laws serve a variety of purposes, such as avoiding “tax pyramiding” in the manufacturing production process, aiding charitable activities or organizations, or incentivizing certain industries. In some cases, however, narrowly-drawn carve-outs seem to show favoritism toward one specific company or interest group. For example, over the past 15 years, the General Assembly created an $800 cap on the sales tax owed for purchases of fractional ownership shares of a jet aircraft, and added exemptions for aircraft flight simulators, investment bullion and coins, property used for motor sports racing teams, and computer equipment used in a large data center project.

However well-intentioned each of these decisions may be, they erode the sales tax base and have questionable economic value for the state as a whole. Collectively, sales tax exemptions and special carve-outs cost the State of Ohio nearly $6 billion in 2018, and counties approximately $1.5 billion. CCAO strongly opposes efforts to further narrow the tax base and supports closing some existing exemptions in order to raise revenue.

When the state sales tax was created in the 1930s, it applied to the sale of tangible goods and not to services. As the modern economy shifts toward the consumption of services, the sales tax has lagged behind. Although Ohio has added some services to its tax base, such as dry cleaning and landscaping, large, growing sectors of the economy remain untaxed, such as professional services and health care. As part of a continuing effort to provide stable revenues to counties, enhance county fiscal security, and generate revenue in a fair and equitable manner from all segments of our evolving economy, CCAO supports the broadening of the state’s sales and use tax base to include additional services and internet, catalogue and telephone sales.

**Medicaid MCO Sales Tax Temporarily Broadens Tax Base**

One notable exception to the state’s reluctance to broaden the sales tax base to services was the seven-year (2010–2017) arrangement to apply the sales tax to payments made to Medicaid Managed Care Organizations (MCOs). The main purpose of this framework was to provide a state match for federal Medicaid grants, but county sales taxes also applied based on the number of individuals enrolled in managed care in each county. The Medicaid MCO tax played a major role in providing revenue to counties as the economy climbed out of the Great Recession of 2008-2009. By 2016, this tax accounted for almost 8 percent of total county sales tax revenue. In 2017, the federal government forced the state to eliminate the
tax, and the state replaced it with a different Medicaid fee structure that provides no benefit to counties. Ohio should permanently replace this $166 million annual loss to counties.\(^5\) (Appendix C: Medicaid MCO sales tax revenue by county)

The improved economy offers somewhat of a temporary reprieve for county budgets, but the trends will become even more difficult in the long-term. As the state’s population ages, medical services will consume a growing share of consumption expenditures, and improved technology will make internet shopping even easier. As counties face growing fiscal pressure from the opiate addiction crisis and the need to improve infrastructure to stay economically competitive, they are faced with a difficult choice: either raise their sales tax rates and other taxes or cut services. As of January 2018, 49 counties used the maximum 1.5 percent sales tax rate, up from 38 in 2007. Without major changes to the tax base and to the state’s revenue sharing policy, more counties will join this group.

Even with better state revenue sharing and a replacement for the Medicaid MCO sales tax, it is possible that individual counties may need to raise their sales tax rate above 1.5 percent currently allowed by Ohio law in order to provide stable funding for needed services. Counties should be given flexible authority to levy an additional sales and use tax. The law should not require commissioners to submit the proposal to the electors; however, the right to referendum should be retained. The authority to levy local sales taxes should be reserved for counties, and CCAO opposes efforts to give this authority to school districts and other political subdivisions.

**Tangible Personal Property Tax Elimination**

Tax law changes started in the early 2000s and accelerated in the state FY 2012-2013 budget bill also had a negative impact on county finances and aggravated the impact of the recession. Since the 19th Century, tangible personal property owned by private businesses, such as equipment, furniture and inventories, had been part of the local property tax base. Over time, the tangible personal property tax seemed out of step with the state’s changing economic landscape, and the legislature gradually lowered assessment percentages. In 2005, as part of a larger tax overhaul, the state committed to phasing out the tangible personal property tax completely over five years. At that time, schools and local governments were collecting $1.65 billion from the tax. Counties were receiving $273 million of this total, mostly for special purpose levies such as developmental disabilities, children’s services, and senior services, though about $40 million was for the county general fund.

In order to soften the fiscal impact for schools and local governments, the legislature committed to a partial replacement mechanism using revenue from the newly created Commercial Activity Tax (CAT) on business revenue earned within the state. This exchange was modeled on an earlier reduction in taxes on public utility tangible personal property, which used the newly created kilowatt-hour taxes and natural gas distribution taxes to

\(^{6}\) This figure is from Calendar Year 2016, the last full year the MCO tax was in effect. Transit authorities received $44 million not included in the figure above.
temporarily replace this tax. Over time, the state has redirected most of the CAT revenue back to the state GRF. The state FY 2019 budget dedicates just $16.7 million (2 percent of Commercial Activity Tax revenues) to reimbursements for all types of local governments (not including schools). A similar redirection of revenues took place during the recession for the kilowatt-hour tax and the natural gas tax adding approximately $200 million to the state GRF as a result of the FY 2012-2013 budget bill.

Casino Revenue

Thanks to Ohio voters, casino revenue has helped to fill some of this gap, but the amounts are lower than expected. The Ohio Constitution permits the state to charge a 33 percent tax on gross casino revenue. Counties’ annual share has held steady at about $100 million, but this revenue source does not appear to be growing with the economy. Local governments do not receive a share of racetrack video lottery terminal (“racino”) revenue, as these taxes go to education.
County Cost Structure Increases

Justice and Public Safety in the Midst of a Crisis

Ohio has been overwhelmed by an opiate addiction crisis that is tearing apart families and impacting the economy. The state experienced 4,050 unintentional drug overdose deaths in 2016, a 162 percent increase from the 1,544 such deaths that occurred in 2010.\(^7\) Appendix D displays the average overdose death rates for each county between 2011 and 2016. Nationally, a study in the journal *Medical Care* estimated criminal justice costs related to the opiate epidemic (mostly state and local government expenses) at $7.3 billion per year.\(^8\) At the state level, a study by the Ohio State University Swank Program in Rural-Urban Studies estimates total “non-fatal” costs of the epidemic of between $2.8 and $5.0 billion in 2015 alone. Non-fatal costs include health care costs, treatment costs, criminal justice costs, and lost productivity among opioid abusers.

At the county level, costs associated with this epidemic are crippling justice and public safety budgets. For example, Hamilton County’s annual expenditures for its coroner, sheriff, public defender, juvenile court, and Heroin Coalition were $13.5 million higher in 2018 than 2014, a 33 percent increase driven primarily by the opiate crisis. This does not include property tax levy expenses for child protective services, which have surged as more children are in need of placement. An example of the interconnections caused by the crisis is the need to hire additional magistrates for the juvenile court to oversee guardians *ad litem* for children in protective care. For the coroner’s office, expenses have risen in order to complete drug tests and investigations on a rising number of overdoses. The Heroin Coalition is a new task force that was just created in the last several years. The coalition comprises public and private sector organizations working together to improve access to treatment, boost prevention, reduce the number of fatal overdoses and other harmful consequences of drug use, and to control the supply. The county provides $900,000 annually to the coalition, an expense which did not exist in 2014.

Some smaller counties also experienced similar increases. Marion County analyzed its spending on opiate-related criminal justice functions between 2014 and 2017. In order to address the increased demand for services, the county increased spending by 24 percent ($1.2 million) for its jail (shared with Hardin County), adult probation services, and coroner’s office. Gallia County had to increase spending on its jail, coroner, and court system by nearly 22 percent between 2014 and 2017.

The reality is that the fiscal constraints facing most counties will not allow them to increase spending to keep up with all of the additional needs created by the opiate epidemic.

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Instead, they have to engage in cost shifting strategies to treat the most urgent requirement. For example, some counties (e.g., Vinton) must release lower-risk inmates from jail in order to make room for more violent, higher-risk offenders. Summit County offers another example of an urban county that has been hard-hit by the epidemic. Summit performed a very detailed analysis of the impact of opiates on its budget for public safety and criminal justice between 2013 and 2016, showing the increasing portion of the budget devoted to opiate-related cases. Total spending increased by 7.8 percent in three years, but beneath this overall total, spending on opiate-related cases increased by 43 percent, jumping from $15.5 million to $22.3 million. During this time, the number of overdose deaths in Summit County increased from 76 to 298.

### Summit County Spending on Public Safety and Criminal Justice, 2013 vs. 2016

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Spending</td>
<td>$61,406,666.58</td>
<td>$66,226,220.47</td>
<td>7.8%</td>
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<tr>
<td>Opiate-related Spending</td>
<td>$15,545,691.46</td>
<td>$22,296,783.65</td>
<td>43.4%</td>
</tr>
<tr>
<td>Opiate cases – Share of Total</td>
<td>25.3%</td>
<td>33.7%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Summit County

In recent years, the state has made significant investments in treatment resources to combat addiction, but these efforts have had only limited effects on county costs for treatment of jail inmates. In 2014, the expansion of Medicaid coverage to low income, childless adults created a new payment source for addiction and related mental health treatment services for almost 700,000 individuals. Unfortunately, federal rules do not allow Medicaid to cover incarcerated individuals, and counties, working with local ADAMH boards, have only limited resources for treatment in jails. The most recent state budget bill (H.B. 49) provided $8 million for the continuation of Medication-Assisted Treatment (MAT) and recovery support programs in 33 counties with specialized drug court dockets. The budget language limited participation in the program to 1,500 individuals, however. The budget bill also provided $6 million per year for the establishment of acute substance use disorder stabilization centers across the state, and $2.5 million per year for a Psychotropic Drug Reimbursement Program for county jails. While the efforts are helpful, counties are on the front lines of the opiate epidemic and have to rely primarily on their own limited resources.

Even as the number of unintentional drug overdose deaths continues to soar, patterns of drug use and addiction are evolving due to the interaction of law enforcement, regulatory changes, and decisions by illegal drug suppliers. In the 1990s and early 2000s, a surge in prescribing of pain medication made with opiates (e.g., oxycodone) laid the groundwork for a wave of addiction. As the state and federal government cracked down on illegal “pill mills” and limited access to prescription pain medication, addicts switched to illegal heroin, which became cheap and readily available from foreign sources. The surge in overdose deaths over the last several years is primarily due to the increased use of fentanyl added to heroin doses.

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9 Summit analyzed spending in ten areas: prosecutor (general fund), adult probation, juvenile probation, indigent defense (both adult and juvenile), jail, mental health services for prisoners, court of common pleas, juvenile court, and medical examiner.
The inclusion of even small amounts of fentanyl, which is far more powerful than heroin, greatly increases the risk of a fatal overdose. In 2018, the addiction epidemic continues to change as users switch to methamphetamine (“meth”). Unlike the surge in meth use that took place 10 to 15 years ago, current supplies are being brought in from foreign countries in a highly potent and cheap form; there has not yet been a proliferation of illegal meth labs that occurred in the previous wave of abuse. Although meth is not as fatal as heroin/fentanyl use, its long-term effects are just as devastating to families and the community. Addicted individuals are involved with the criminal justice system and require long-term treatment, while their children enter protective custody.

Given the multi-faceted and devastating impacts of addiction, CCAO recommends that the state establish and fund a special line item that would help counties pay for a portion of the increased costs related to the explosive growth of the opiate epidemic crisis.

**Key Issues in Criminal Justice**

County jails have now become de facto treatment centers. Over 70 percent of jail inmates suffer from addiction or mental health issues. Statewide, county jails exceeded their recommended capacity by approximately 20 percent in 2016, with about 38 percent of the average daily jail population being incarcerated on drug-related offenses.

Even without the dramatic effects of the opiate epidemic, the administration of justice and public safety is by far the largest area of expense for county government. In many counties, this expense exceeds 70 percent of their general fund budget. Recent state policy decisions have shifted state responsibilities for indigent defense costs and housing of non-violent Felony 5 offenders onto counties, increasing an already massive cost driver.

Ohio must address the following items to ease the burden of administering this complex and crucial system:

- **Indigent Defense and County Reimbursement**

  > The fundamental right to counsel is made obligatory upon the states by the fourteenth amendment. - Gideon v. Wainwright, 372 U.S. 335 (1963)

  Indigent defense is a state responsibility. Ohio opted to require that counties cover 50 percent of these costs; however, counties have been carrying more than their 50 percent share of the burden since 1979. The state reimbursement rate to counties has averaged 35 percent over the last 10 years and hit its record low of 26.1 percent in FY 09. Average net county costs for providing indigent defense services across all counties from FY13 through FY16 totaled $74 million per year. In light of the revenue losses counties have sustained, Ohio should relieve counties of this burden.
The continual increase of indigent defense caseloads has placed massive demands on county resources to deliver this constitutionally mandated service. Recently, the Office of the Ohio Public Defender (OPD) notified CCAO that the state will be forced to reduce reimbursement for indigent defense costs to the counties to 42 percent starting July 1, 2018.

While declines in the Indigent Defense Support Fund have largely stopped, the fund remains flat. At the same time, requests for reimbursement continue to rise. According to the OPD, over the last year, month to month requests for county reimbursement have increased approximately $600,000 each month for all 88 counties.

<table>
<thead>
<tr>
<th>County indigent defense costs</th>
<th>FY 16</th>
<th>FY 17*</th>
<th>FY 18*</th>
<th>FY 19*</th>
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<tbody>
<tr>
<td>System Cost</td>
<td>$130,375,609</td>
<td>$137,801,648</td>
<td>$144,295,559</td>
<td>$151,142,154</td>
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<tr>
<td>GRF Expenditures</td>
<td>24,247,901</td>
<td>24,333,457</td>
<td>32,474,842</td>
<td>33,816,034</td>
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<tr>
<td>IDSF** Expenditures</td>
<td>38,353,106</td>
<td>37,734,064</td>
<td>32,306,094</td>
<td>30,876,000</td>
</tr>
<tr>
<td>Total State Funds</td>
<td>62,601,007</td>
<td>62,067,521</td>
<td>64,780,936</td>
<td>64,692,034</td>
</tr>
<tr>
<td>% State Support</td>
<td>48.0%</td>
<td>45.0%</td>
<td>44.9%</td>
<td>42.8%</td>
</tr>
</tbody>
</table>

Source: Office of the Ohio Public Defender. *FY 17 – 19 are estimates.

** The Indigent Defense Support Fund (IDSF) is comprised of non-general fund receipts derived from surcharges on various fines and drivers’ license reinstatement fees.

Factors affecting the indigent defense system:

- **General reimbursement**
  The state requires counties to provide indigent defense on its behalf to comply with the state’s constitutionally mandated obligation. The state initially chose to reimburse counties 50 percent of their costs incurred for indigent defense and utilized revenue deposited into the state general fund from a statewide court cost established by the General Assembly. However in 1979, when the revenue from the court cost became less than the amount required to provide the state’s 50 percent reimbursement, the state modified its funding commitment by establishing the concept of “proportional reduction.” Under this concept the state simply appropriates an amount for reimbursement and then proportionally reduces the reimbursement rate to counties.

  Over the last 10 years (FY07 - FY16) counties have “covered” over $175 million in expenses that would have been reimbursed if the state had been providing 50 percent reimbursement during that time.
• **Death penalty cases**
  Legislation passed during the last General Assembly gives the Capital Case Attorney Fee Council, composed of five sitting judges of the courts of appeals, the unilateral power to establish the rate counties must pay for lawyers who represent defendants in capital (death penalty) cases. The Fee Council significantly increased the cost burden for counties by setting the rate at $125 per hour when most counties were paying around $60 to $75 per hour. As a result, counties are now confronted with an unfunded mandate for which the counties should be fully reimbursed by the state.

• **The Indigent Defense Support Fund presents challenges**
  HB 49 included language that reduced from 88 percent to 83 percent the share of the non-GRF revenues deposited into the Indigent Defense Support Fund (IDSF) that are allocated to county reimbursement. This 5 percent reallocation diverted approximately $6.5 million in each year from county reimbursement to support the State Public Defender’s Office operations. Furthermore, the IDSF receipts continue to under-perform their three-year historic trend line upon which its forecast projections were based. This underperformance will impact total revenue available for reimbursement and lead to a further reduction in the reimbursement percentage to counties. IDSF revenues being a million dollars or more short of their budgeted projection is probably not unrealistic.

• **Targeting Community Alternatives for Prisoners (T-CAP)**
  The disposition and rehabilitation of felony offenders is the responsibility of the state. This program results in a major paradigm shift transferring that responsibility to the counties. CCAO views this program as being designed by the state for the state to keep its prison population down at the expense of the counties. If the state needs to build a new prison to house its prison population, it should do so rather than place this excessive burden on the counties. This program should be eliminated at the conclusion of this biennium.

  The T-CAP Program was contained in HB 49, the current state budget bill. Initially, the program would have required all counties to retain all non-violent Felony 5 offenders in their community to complete their sentence. As passed, the program was mandatorily applied to Ohio’s 10 largest counties beginning in July 2018 and offered as a voluntary program to the remaining 78 counties during the biennium. Fifty-six counties chose to participate in the program in the first year of the biennium.

  The Department of Rehabilitation and Corrections’ (DRC) goal is to divert approximately 3,400 Felony 5 offenders statewide from the prison system. DRC suggests that managing this population of low-level offenders in the community is a much less costly, more effective alternative to state prison and claims that the financial assistance to the counties will adequately compensate the counties for the community treatment costs they will have to bear. However, the counties are already subsidizing the state’s cost of
incarcerating these offenders by housing them in our jails at our expense and for which they receive credit against their prison stay for time served.

While there is great flexibility in how the grant funds may be used, the subsidy amounts allocated for each county do not come close to covering the county’s costs they have identified as associated with keeping Felony 5 offenders in their community. Also, there is no infrastructure in place to provide the rehabilitation, treatment and security services required for the program such as counseling, probation and administrative staff, community housing and jail space and equipment to effectively monitor probation/sentence compliance.

- **Universal Service Fee for 9-1-1 service**

Operating a responsive 9-1-1 service is a critical matter of public safety. Ohioans experiencing emergencies should be able to make calls to 9-1-1 from any device, from any place, at any time and receive a prompt response with the call taker able to see the location from which they are calling. However, the core of Ohio’s 9-1-1 system is currently using the same call delivery technology that was in place when 9-1-1 was first introduced in 1987.

A universal service fee is a permanent, statewide, uniform monthly fee on all devices that are capable of accessing 9-1-1. A universal service fee should be established to fund Ohio’s 9-1-1 system. The revenue from the fee should be utilized to adequately support both the state’s provision of a Next Generation 9-1-1 (NG9-1-1) call delivery operating system and local governments’ public safety answering point (PSAP) operations centers that receive those calls.

The current 25 cents per month wireless 9-1-1 fee is only applied to cell phone users. Wireline phones, phone service provided by cable companies, and various types of mobile communication devices such as voice over internet (VoIP) services that can access 9-1-1 are not contributing to supporting this expected service but should.

The Statewide Emergency Services Internet Protocol Network Steering Committee (ESINet) is tasked with moving Ohio to a Next Generation 9-1-1 (NG9-1-1) system that supports digital communications and can leverage future advances in technology for emergency responders to effectively protect and efficiently respond to calls from the public for emergency assistance. The technology associated with this system is extremely expensive and cannot be borne by counties alone. This system must be adequately funded to ensure that the public’s expectations are met.

Equally important to providing a Next Generation 9-1-1 (NG9-1-1) call delivery system is assuring the PSAPs utilizing that system are adequately funded. The universal service fee must also support local PSAP operations. Funding allocated to the PSAP operations centers should adequately provide for the acquisition of the necessary hardware, software, and technology upgrades and annual maintenance of the system; underwrite
the costs of mandatory training requirements; assist counties in completing last mile connectivity; maintain their Ohio Location Based Response System which provides address, street and location data; and effectively consolidate PSAPs.

• **Capital funding for county jails should be restored**

It has been 15 years since the state provided capital funding for county jail construction and renovation through the biennial capital appropriations bills. About $285 million had been provided between 1985 and 2003, averaging out to approximately $15.8 million per year. Adjusting upwards for a cumulative inflation rate of 35.6 percent since 2003, the state would need to appropriate approximately $21.5 million annually to return to its previous level of capital funding committed for county jails.

There is a demonstrated demand for additional jail beds which is primarily driven by five key factors. Two are obvious: overcrowding and facility age. The other three are subtle: rising felony populations, female prisoners and increasing drug crime arrests.

According to DRC data, the average daily jail population for 2016 was 20,397 which is approximately 14 percent over DRC’s recommended capacity statewide. 38 percent of the population were being held on at least one drug-related offense and 20 percent of the population were women, who require additional measures of separation from the general jail population.

The age of county jail facilities suggests that there is a crisis on the horizon. The general life span of a jail is between 25 to 30 years, and 32 of our 90 county jails were opened prior to 1988. Two of our county jails date back to the 1880’s and one dates back to 1800. When looking at recent construction or renovation activity, only five county jail facilities have been opened since 2000. It is clear that our county jail facilities are reaching a point where costly updates and repairs to their structural, mechanical and operating systems are going to become a necessity.

• **Recovering costs for individuals arrested under the Ohio Revised Code within a city who are housed in the county jail**

Generally speaking, municipalities can choose whether to charge a misdemeanant criminal case under a local municipal ordinance or under the Ohio Revised Code. This decision holds great significance as it relates to whether it is the municipality or the county who will pay for the costs of detention, including medical expenses, mental health evaluations and public defense, and which entity will benefit when fee or fine monies are collected. While municipalities are understandably authorized under their home rule authority to establish a criminal code and exercise police powers, commissioners are concerned that municipalities are able to avoid the costs of detention for these individuals and shift those costs to the county.
CCAO seeks statutory relief to either prohibit this practice or require a municipality to compensate the county for the costs of detention incurred for an individual who is arrested for a criminal violation of the Ohio Revised Code within a municipal corporation by a municipal law enforcement agency and detained in the county jail.

Board of Elections

Counts have become alarmed by the dramatic growth in costs associated with conducting elections. State leaders should oppose unfunded election mandates and address the growing costs associated with recent reforms by establishing a line item in the state budget to fully finance the cost of these reforms.

Another election expense is an increase in public records requests when election boards are preparing for and conducting elections. There should be discussions about the growing demand for public records in boards of elections offices just prior to Election Day and ways to mitigate the growing strains and expenses while responding to the public in a timely, positive manner.

CCAO also supports potential cost-saving measures such as a reduction in polling locations and elections by mail.

Child Protection in the Midst of a Crisis

The child protection system is overwhelmed by children left in the wake of the opiate epidemic. Since 2013, we have seen a 23 percent increase in the number of kids entering foster care. If the opiate epidemic continues at this pace, Ohio will have over 20,000 children in foster care by 2020.

Children removed from a household dealing with addiction are remaining in the system longer, and they have elevated levels of trauma and more complicated needs. This has caused placement costs to increase 20 percent. As county case workers watch the destruction of more and more families, the level of trauma they experience is causing a workforce shortage that places this important system in even greater peril.

Ohio’s child protection resources were already at the lowest level of state funding in the nation. The state recognized this and increased its investment by $15 million per year in the last state operating budget. However, after years of flat funding, this new investment only gets us back to 2008 funding levels. Greater state investment will be required to cope with the continuing flood of children in our care. Currently, counties fund over half of their child protection expenditures with local government funds and dedicated levies (49 of the 88 counties have children services levies). 38 percent of expenditures are covered by federal funds, leaving the state of Ohio’s contribution at just 10 percent.
The child protection system must be at the forefront of our conversations regarding the opiate epidemic. More foster families need to be recruited and additional support must be given to both foster and kinship families. Our child protection workforce must be reinforced by keeping caseloads down and making sure supervisors have the training and supports they need to retain qualified workers. Finally, Ohio must help its county partners to pay for the rising costs of child placement. If a long-term solution is not found that can address the strains on this system, a generation of children will be living with the aftermath. (Appendix E: PCSAO Foster Hope for Ohio's Children)
Economic Development, Infrastructure & Workforce

An employer’s decision to locate a business is often driven by the quality of life and services that a community offers its residents, and counties are actively involved in creating environments that are attractive to employers. Police, fire and EMS services, schools, parks and recreation activities are the visible attributes of a community’s quality of life, but the public infrastructure under the surface is equally critical. Safe and sanitary water and sewer systems; dependable power and broadband services; modern, well maintained roads; a job ready workforce and thriving small businesses are all part of what it takes to support Ohio’s job creation efforts. Maintaining these systems is a huge undertaking, costing billions of dollars each year, and funding has not kept pace with needs.

How can Ohio partner with counties to create a stronger, job-friendly environment?

Road and Bridge Funding

Counties are responsible for 26,081 bridges, or 59 percent of all bridges in Ohio. Counties also maintain almost 29,000 county road miles. According to the County Engineers Association of Ohio (CEAO), 1,553 bridges have reduced load limits, 2,000 are eligible for replacement, and 96 are closed.

Historically, Ohio has met a large portion of its transportation needs with a motor vehicle fuel (gas) tax and license fees. Counties and other local governments receive a share of both revenue sources. While the combination of gas taxes and license fees has worked well for Ohio’s counties and the state, inflationary increases in the cost of construction have effectively reduced the buying power of state and local funding to make necessary improvements to state and county roads and bridges. The state last adjusted the motor vehicle fuel tax in 2005, and last adjusted state motor vehicle license fees for the benefit of local governments in 1980. (Appendix F: Main Transportation funding for counties)

The funding shortfall creates significant hazards and costs for motorists. The American Society of Civil Engineers estimates that nearly one in five Ohio roads are in poor condition and the average Ohio motorist loses $475 per year from driving on roads in poor repair. In recent years, the state supplemented the Ohio Department of Transportation construction budget by increasing fares on the Ohio Turnpike to fund ODOT projects in Northeast Ohio. The transfer of Turnpike funds is temporary, however, and ODOT will experience a $190 million annual shortfall in its major new construction projects budget by 2020.

Counties have done what they can to fill in the gaps from state funding by adopting local license fees as permitted by state law, but increased state funding is needed. Twenty-seven states have adjusted their motor vehicle fuel taxes in some fashion since 2010, including all of Ohio’s neighbors. In 2015, Michigan increased the state motor fuel tax on gasoline by 7.3 cents per gallon and the motor fuel tax on diesel by 11.3 cents and indexed them to inflation starting in 2022. More recently, in 2017, Indiana increased its gas tax by 10 cents and indexed it to inflation.
**Water and Sewer Funding**

Ohio, like much of the country, is facing massive water and sewer infrastructure upgrades. The water crisis in Flint, Michigan, and the lead contamination tragedy in Sebring, Ohio, illustrated the challenges that our aging infrastructure is facing to adequately provide quality drinking water for both our citizens and businesses.

The U.S. Environmental Protection Agency recently released its water quality report to Congress that says that more than $14.5 billion is needed to fully fund storm water and waste water projects in Ohio over the next 20 years. Over half of this cost is needed to prevent or control mixed storm water and untreated waste water from discharging into water systems – the second highest of all states. Drinking water projects require $12.2 billion over 20 years, not including any potential replacement of lead supply lines.

Project costs for new construction and repair or maintenance of our water and sewer infrastructure far exceed the financial capacity of counties and local governments to incur these obligations. Together, the state and counties must find ways to address this challenge and facilitate payment of these project costs. Counties ask the state to consider allocating public works bonding capacity to these projects, re-establish the Ohio water and sewer rotary commission and provide significantly greater funding support including more matching grants for governments and citizens confronted with EPA orders to install water and sewer systems.

Finally, general health districts should be allowed to require property owners with a residence or facilities with a septic system within 400 feet of a county sanitary sewer line to connect to the county sewer line. In 1984, the Ohio Supreme Court ruled in the case of *DeMoise v. Dowell*, that “individual household sewage disposal systems are inherently more dangerous to the public health than sanitary sewerage systems and must be replaced when possible.”

**Access to Broadband**

According to a 2017 Ohio State University study (Connecting the Dots of Ohio’s Broadband Policy, OSU Swank Program in Rural-Urban Policy), more than one million Ohioans do not have access to broadband services in their homes. This unserved population largely lives in rural regions of the state where it is too expensive for internet service providers to extend service. The state would receive significant economic benefits from broadband extension. The study calculated that the full extension of broadband would generate between $1 billion and $2 billion in economic benefits for consumers over the next 15 years. Other benefits, which were not calculated, included improving job search prospects for unemployed workers.

State programs that address this issue, like those proposed in House Bill 378, which would appropriate $50 million per year to create the Ohio Broadband Development Grant Program, and HB 281, which establishes a state and local partnership where communities work together to sponsor a share of the last mile infrastructure costs, are an important piece of the puzzle. Strong state support is imperative because most local governments will find it
financially difficult to improve broadband access on their own.

**Workforce and Education**

One of the biggest assets a community can offer employers is a qualified, job-ready workforce. County government in Ohio has played a critical role in local economic development initiatives and implementing human services programs aimed at helping residents obtain, maintain or improve their employment. Tools that counties utilize in this task include the federal workforce program known as the Workforce Innovation and Opportunity Act (WIOA) and strong partnerships with the state’s OhioMeansJobs centers. Some counties also use dollars from the federal Temporary Assistance for Needy Families (TANF) block grant, delivered through the county JFS, to invest in the local workforce infrastructure. In all counties, the TANF block grant funds a variety of initiatives led by counties to help connect people to the workforce and keep them there, such as local Prevention, Retention and Contingency programs.

Ohio should avoid a one-size-fits-all approach to workforce development policy. The success of county-level workforce development programs is dependent on the degree to which those programs are employer-led and employer-centric at the local level. As Ohio develops workforce development success measures and programming, we urge a comprehensive look at best practices driving success at the local level. One-stops and workforce investment areas must continue to have the flexibility to partner with different counties and areas who fall outside arbitrary, bureaucratic boundaries and instead work across systems to meet both local and regional needs.

Technology is a vital piece of the workforce and overall human services system. The computer systems that are used to provide these services must foster communication between the various public assistance programs and should be easy for county caseworkers to use. The Ohio Integrated Eligibility System (Ohio Benefits) will finally be launched statewide this year, which will provide some relief to counties who have been working public assistance cases across two systems and provide a big leap in modernizing Ohio’s public assistance IT infrastructure. The implementation of Ohio Benefits has been extremely taxing for county caseworkers and substantial work will need to continue between the state and counties to ensure a smooth continued implementation, including an examination of possible system, policy, and training changes that may be necessary for an efficient administration of programs. The state must nurture an ongoing dialog with local agencies to make sure these systems give caseworkers the tools and access they need to serve families in a holistic and efficient manner.

Building a solid workforce begins long before someone enters the OhioMeansJobs center. Ohio’s economic success is strongly linked to the health and development of our youngest children. Studies show that kids who experience a high quality pre-school program are more likely to attain a living wage, are healthier and are less likely to be involved in crime. (Appendix G: Early Childhood Education: Quality and Access Pay Off)
The Step Up To Quality initiative promotes early learning and development programs that meet quality program standards and exceed licensing health and safety regulations. However, a long-term funding source for the full implementation of the initiative has yet to be identified. Ohio’s attainment of a consistent definition of quality in all child care programs is an important goal, but it relies heavily on dollars from the Temporary Assistance for Needy Families block grant – a funding source typically dedicated to county JFS programs that provide assistance to the working poor. For example, the Prevention, Retention and Contingency program provides emergency assistance to families who have at least one minor child or a pregnant woman living in the home and meet financial eligibility requirements. This assistance is used for things like shelter, transportation and job related expenses.

Commissioners are concerned about how Step Up To Quality will affect the funding of these other human service programs. They are also concerned about how to minimize the impact on local childcare providers, which may be scarce in some areas, so that low income families don’t lose access to childcare. Ohio’s next governor and General Assembly must provide adequate funding for early childhood education initiatives in a way that does not compromise county funding or access to child care.

**Water Quality**

Water quality has become one of Ohio’s highest priorities. Wastewater treatment plants, combined sewer overflows and bypasses, industrial discharges, failing home sewage treatment systems, dredged material and runoff from agriculture all are contributing to excessive amounts of nutrients in our waterways.

Advancing farming practices and the enhancing crop yields have led to agriculture activities impacting both point and non-point sources of phosphorus and nitrogen. The agriculture industry is taking significant steps toward reducing the amount of nutrients entering our watersheds, ensuring the quality of this critical natural resource for future generations.

More research and funding are needed to find solutions to agricultural run-off. The state should provide more funding to County Soil and Water Conservation Districts, which play a critical role in improving water quality across the state. Senate Bill 299, enacted by the 132nd General Assembly, is a good initial investment into county Soil and Water Conservation Districts as well as other run-off prevention tools and technologies.

Historic storm events that produce heavy rainfall have been identified as a significant challenge. These storms cause a large percentage of nutrients to leave the field and enter the watershed. These heavy rains are also consequential for point sources such as wastewater treatment plants, which need funding to upgrade infrastructure. Ohio should allocate additional public works bonding capacity for water and sewer projects.
County Government Reform

A fresh look at how county and state government can re-invent and strengthen their partnership to provide services to Ohioans is needed. Counties are a creature of the state for the execution of state policies and have only the powers granted to them by the state. Ohio’s counties’ structure and the responsibilities that they are asked to perform should be re-examined to see if some functions and responsibilities should be realigned and if greater efficiencies can be achieved.

Budgetary Control

CCAO asks policymakers to provide boards of county commissioners with much needed budgetary tools to more efficiently manage taxpayer dollars and special funds, particularly in times of fiscal distress:

• **Use of special funds during fiscal distress**

Consistent with the authority of state government to divert money from certain special revenue funds to the state general revenue fund during periods of significant fiscal stress and to provide for the most efficient use of county resources, CCAO supports similar authority for county commissioners to divert money in special funds to the county general fund.

Such authority should be exercised in accordance with all of the following: (1) not apply to funds comprised of voted property tax levies for specific purposes or to the real estate assessment fund; (2) be done pursuant to a resolution of the board after public notice to other elected officials and the public as well as a public hearing; (3) assure that adequate monies remain in the special fund to meet any specific statutory mandate; and (4) be authorized through a resolution that applies only to the current fiscal year.

CCAO generally opposes the creation of special funds as they can inhibit the ability to set overall priorities. In regards to certain existing special funds, CCAO requests that a board of county commissioners be able to access certain revenues in special funds if a county is in fiscal distress and resources available to the commissioners are exhausted.

• **Limitations on salary appropriations for selected county entities**

CCAO urges the General Assembly to limit the authority of the courts, the prosecutor, the board of elections and the veterans’ service commission to require the commissioners to appropriate to their offices a total amount for salaries which exceeds the average of the annual aggregate percentage increase or decrease for salaries appropriated by the commissioners to the other county offices. County
commissioners generally possess the authority to limit the aggregate amount of funds to be used for salary purposes in the various county offices through the county appropriation process. This modification would not change the autonomy enjoyed by elected officials over the individual compensation of their employees but simply restrict spending to no more than the total appropriated by the commissioners.

One of the main functions of the board of county commissioners is to serve as the taxing authority of the county and exercise general control over county finance. The board levies taxes and special assessments, adopts the annual budget and makes appropriations. It also authorizes the borrowing of money and issues bonds. Practically, contracts to which the county is a party must be authorized and executed by it. Most purchases either require the approval of the board or are made by it directly.

It is a sound principle of finance that the control of expenditures should rest with the body responsible for raising the funds. The board of commissioners is the proper body to determine the relative need of the various agencies and activities and to keep the county budget in balance.

Modernizing County Government Structure

CCAO asks policymakers to provide boards of county commissioners with the authority to modify their antiquated structure and improve the way they perform functions in the absence of a county charter, which provides flexibility.

Since Ohio’s constitution was changed in 1933, voters in Ohio have had the ability to modify their county’s structure and elected officials. To date, two counties have undertaken this heavy lift while other counties have been seeking to make smaller modifications. Therefore, CCAO is seeking permissive authority to make incremental changes to the antiquated form of county government.

CCAO seeks legislation that would provide permissive authority for contracting of coroner services between counties and the eventual elimination of the elected office. Recently, the law was changed to allow a board of county commissioners to contract with another county’s coroner to exercise the powers and perform the duties of the coroner when the office becomes vacant as a result of:

- The death or resignation of a coroner and the vacant office is unable to be filled by election or appointment of a qualified resident of the county; or

- No resident that meets the qualifications to be a coroner runs for the office, leaving the office unfilled after the election.

CCAO recognizes county coroner offices have had a long history of shared services and that a vast majority of counties already contract with the largest counties to perform autopsies.
Commissioners recognize that further sharing of coroner services by multiple counties begs the question as to why the original service delivery model with a county elected coroner should continue. Does nearly every county need an elected coroner? Counties should have a permissive option of eliminating this elected office without adopting a county charter.

This is just one example of structural and functional county government realignment, and CCAO is interested in exploring more to help modernize and improve it.

**Veterans Service Commissions**

CCAO urges the following changes in the structure of Ohio’s veterans service commissions (VSC’s) to provide better fiscal accountability and delivery of services to our veterans.

- Appointments to a VSC board should be made by the board of county commissioners. Currently, state law vests the appointment authority with the common pleas judges, yet the burden of the VSC budget falls upon the board of county commissioners.

- The appointment restrictions should be removed and any former veteran who is a resident of the county should be eligible for appointment to a VSC board. Currently, members are selected from the various veterans’ organizations. The overwhelming majority of veterans are not eligible to serve because they do not belong to a qualifying organization.

- Additional checks and balances are needed to ensure that needy veterans are receiving essential financial assistance and other services in a cost efficient and responsible manner that fully utilizes other health and human services.

- Veterans service commissions should not have the authority to provide for staff compensation increases that exceed the average increase provided to other county appointing authorities through the budget process.

- The mandate contained in ORC Section 5901.11 to fund veterans service commissions at a level of up to five-tenths of a mil per dollar on the assessed value of the property of the county should be studied by the Department of Veteran Services in an effort to identify alternative funding options to replace current county funding.

- Boards of county commissioners should have the authority to review and revise the budget of a veterans service commission regarding the administrative and operational expenses of the commission to ensure that money is directed to programing rather than administrative operations.
APPENDIX A: Changes to the Local Government Fund

The LGF was frozen between 2001 and the end of 2007 but was cut almost in half after 2008.

Source: Ohio Department of Taxation, Tables LG-3 and LG-8. 2016-2017 are estimated. Fig. 1 includes the Local Government Revenue Assistance Fund, which was eliminated in 2008.
APPENDIX B:
Counties with Maximum Sales Tax Rates May 2018

*Forty-nine counties have the maximum sales tax rate of 1.5 percent. In October 2018, Tuscarawas County will join these ranks when their rate increases to 1.5 percent.
APPENDIX C:
County Medicaid Managed Care Organization Sales and Use Tax: Revenue Distributed In Calendar Year 2016

<table>
<thead>
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<th>COUNTY</th>
<th>Amount</th>
<th>Share of Total County Sales Tax Revenue</th>
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Source: Ohio Department of Taxation

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APPENDIX D: Average Age-Adjusted Unintentional Drug Overdose Death Rate Per 100,000 Population, by County, 2011-2016

Source: Ohio Department of Health
APPENDIX E: PCSAO Foster Hope for Ohio’s Children

Foster Hope for Ohio’s Children

*Policy Solutions for a System in Crisis*

Public Children Services Association of Ohio
Angela Sausser, Executive Director
angela@pcsao.org

37 West Broad Street, Suite 1100
Columbus, OH 43215
614-224-5802
www.pcsao.org

Spring 2018
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V  Family First Prevention Services Act
Executive Summary

Public Children Services Association of Ohio (PCSAO) is a nonprofit, nonpartisan, membership-driven association of Ohio’s county Public Children Services Agencies (PCSA) that advocates for and promotes child protection program excellence and sound public policy for safe children, stable families, and supportive communities.

In the “home rule” state of Ohio, state government ceded authority for day-to-day oversight of the child protection function to county government. County PCSA directors, therefore, work for elected county commissioners, and in this way, counties have assumed the administration, risk, liability, and ultimately funding of what in most states is a state government function. Ohio is one of only nine states with such a state-supervised, county-administered system.

Over time, through steep cuts to or elimination of the Local Government Fund, the Tangible Personal Property Tax, the estate tax, the managed care tax, and other revenue sources, the state has sharply reduced its share of funding available to counties for carrying out this delegated service. At the same time, the Ohio Department of Job and Family Services has dramatically increased the level of oversight, rules, audits, and practice expectations of PCSAs, partly in response to federal government initiatives and new federal laws. The result over the past 10 years for county agencies that have assumed so much of the state’s responsibility for ensuring child safety: drastically higher state requirements combined with devastating cuts in state resources.

Ohio’s children services agencies share the same values of getting better outcomes for children and their families, but the state’s disinvestment in children services, combined with a devastating opioid epidemic, has resulted in significant barriers to achieving these values. Ohio’s children, families, and the children services system are in crisis from more children in foster care, more complex needs, more kinship families in need, more overburdened workforce, and more expensive costs.

Ohio needs statewide leadership and reform action to improve outcomes for children and families. PCSAO’s policy solutions will put the state on the right path to containing costs while achieving better outcomes.

Reform Ohio’s children services system by establishing a children’s continuum of care model:

1) Create a robust foster care system that meets the challenging needs of children close to home, supports foster families, and enhances reunification efforts.
2) Increase prevention, intervention, crisis and diversion services so that children remain with their families.
3) Increase aftercare and reunification services so that children safely return to their families and achieve sustained permanency.
4) Decrease use of congregate care by building a more robust foster care system and, when needed, ensure that high-quality, short-term residential treatment facilities meet the needs of children.

Support kinship caregivers:

1) Establish a statewide kinship navigator program to link kinship caregivers to services and supports.
2) Open publicly funded child care to children in foster care and children living with kinship caregivers.
3) Ensure kinship caregivers can access financial assistance to meet children’s needs.
4) Provide tailored, trauma-informed services and supports for children and caregivers.
5) Educate kinship caregivers on legal options and improve their access to legal assistance.
6) Maximize use of the National Family Caregiver Support Program.

Preserve essential federal funding streams and increase state investment:

1) Maximize recent reforms to federal funding referred to as the Family First Prevention Services Act
2) Preserve Title XX (Social Services Block Grant) and Medicaid Expansion.
3) Preserve other critical funding streams and oppose cuts or elimination.
4) Increase state funding for PCSAs, including the continuum of care reform and kinship supports.
5) Save money by allowing data sharing.

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Who We Are

Public Children Services Association of Ohio (PCSAO) is a membership-driven association of Ohio’s county Public Children Services Agencies (PCSAs) that advocates for and promotes child protection program excellence and sound public policy for safe children, stable families, and supportive communities.

Founded in 1980, PCSAO is a 501(c)(3) nonprofit, nonpartisan organization that serves as a collective voice for Ohio’s PCSAs. We act as an advocate, innovator, and leader in Ohio’s state-supervised, county-administered child protection system – one of only nine states structured in such a way.

PCSAO is a small but effective team that consists of the following staff: Angela Sausser, Executive Director; Scott Britton, Assistant Director; Mary Wachtel, Director of Public Policy; Jeed Jitprasert, Director of Operations; Fawn Gadel, Director of Ohio START; William Murray, Director of Ohio Reach; and Bhumika Patel, Anti-Human Trafficking Coordinator. (See Appendix A, Staff Bios.)

PCSAO is governed by a Board of Trustees consisting of 15 peer-elected county directors of PCSAs who represent the needs and issues across the state. The Officers are appointed annually by the Board. PCSAO’s current Officers are Cathy Hill, President, Athens County Children Services; Kathi Spirk, Vice President, Clinton County Job and Family Services; Kate Offenberger, Treasurer, Carroll County Job and Family Services; Julie Barnes, Secretary, Summit County Children Services; and Matthew Kurtz, Past President, Knox County Job and Family Services. (See Appendix B, Board of Trustees Roster.)

PCSAO is funded primarily through membership dues from the county PCSAs and our Annual Conference held every year in September for three days. In addition, PCSAO currently has grants from the Attorney General’s Office, Casey Family Programs, Office of Criminal Justice Services, and the Ohio Department of Youth Services. PCSAO also conducts fundraising through our Mission Champions program.

Who We Represent: County Public Children Services Agencies

PCSAO represents the county Public Children Services Agencies (PCSAs) in Ohio. There are currently 85 PCSAs as three counties in southern Ohio and two counties in northwest Ohio have consolidated. Of those, 61 counties have children services within their department of job and family services. In the remaining counties, children services is considered a stand-alone agency with an appointed board or, in two cases, direct oversight by a county executive. Currently, 84 of the 85 PCSAs are members of PCSAO.

Few systems compare to children services when it comes to complexity and risk. Protecting children from abuse and neglect while stabilizing families remains one of the most challenging jobs in social services. Ohio government ceded authority for day-to-day oversight of the child protection function to county government. PCSAs designated by each county are given the responsibility under ORC Chapter 5103 and 5153 to provide for prevention or remedy of the dependency, neglect, abuse, or exploitation of children unable to protect their own interests. (See Appendix C, Index of Child Protection-Related State Law.) County PCSA directors, therefore, work for elected county commissioners, either directly or through a commissioner-appointed children services board, and in this way, counties have assumed the administration, risk, liability, and ultimately funding of what in most states is a state government function. (See Appendix D, CCAO Handbook for Ohio County Commissioners, Chapter 45.)

In addition to ensuring implementation of federal and state laws pertaining to protecting children, county PCSAs are ultimately responsible for funding services by leveraging federal funding when possible, using limited state dollars, and securing local funding through county general revenue funds and/or a dedicated property tax levy. In 2016, 52 percent of all children services expenditures were paid with local funding, 38 percent with federal funding, and 10 percent with state dollars. Meanwhile, only 48 counties, marked in green on the map above, have a dedicated children services levy. (See Appendix E, Counties with Voted Children Services Property Tax Levies.)
Over time, through steep cuts to or elimination of the Local Government Fund, the Tangible Personal Property Tax, the estate tax, the managed care tax, and other revenue sources, the state has sharply reduced its share of funding available to counties for carrying out this delegated service. At the same time, the Ohio Department of Job and Family Services has dramatically increased the level of oversight, rules, audits, and practice expectations of PCSAs, partly in response to federal government initiatives and new federal laws. The result over the past 10 years for county PCSAs that have assumed so much of the state’s responsibility for ensuring child safety? Drastically higher state requirements combined with devastating cuts in state resources.

What We Value

Ohio’s PCSAs share a set of values that must be supported by sound public policy. These include:

- **No child should live in fear or chaos in the home.** Ohio’s children deserve to grow up in families and communities that assure their safety and basic human needs, without abuse or neglect. Protecting children from abuse and neglect is the community’s responsibility, and that of every government service that touches children and families, from schools and hospitals to community and faith-based service providers. A robust set of community supports must be in place to prevent abuse and neglect before it happens.

- **When child abuse and neglect do come to the attention of a PCSA, children deserve a swift response based on best practices** in the field. At the same time, families deserve an opportunity to be preserved intact, as children’s long-term outcomes will improve if they can remain with their families, with supportive services designed to strengthen and stabilize families.

- **When removal from the home is needed to ensure safety, children deserve to be placed in the least restrictive environment possible** that will limit any further trauma. That means placing them with relatives or friends (kin) first and placing them in family foster care only if kin placements are not available. Placement in a residential treatment center or group home (congregate care) should be rare and of short duration. Every effort must be made by PCSAs, the courts, and other stakeholders to reunify children with their families as swiftly as possible.

- **Foster and kinship families deserve to be well trained and supported,** trauma informed, committed to reunifying children with their families, and genuinely engaged with PCSAs and the courts as partners in supporting the best interests of the children in their care. While in care, children’s physical and behavioral health care, educational, and other well-being needs must be met with robust community services and coordination. Consideration must also be given to the needs of the caregiver family, whether kinship or foster.

- **When reunification is not possible, and parents’ rights are terminated, children deserve swift legal permanency** so that they do not linger in foster care and age out of (emancipate from) the system without meaningful permanent connections.

- **Children deserve a caseworker who is well trained, supported, and not overburdened** to ensure the best outcomes for that child and family.

- **Emancipated youth and young adults deserve to be supported,** connected to positive mentors, and offered assistance with postsecondary education, employment, and housing as they transition to adulthood.

While on the surface these appear to be rudimentary or obvious, transforming these values into a reality in Ohio’s 88 counties requires aligning federal, state, and local investments to promote best practices, support the child protection workforce, and address gaps in community services. At the same time, PCSAs must be good stewards of public money, paying for positive outcomes now to prevent costlier negative consequences for this population down the road, such as juvenile delinquency, unemployment, homelessness, incarceration, and significant trauma-related health problems.
What We Do

The work of child protective services is complex, governed by a myriad of federal and state laws and administrative rules. In general, the responsibilities include the following areas:

- **Screening:** Receiving and evaluating calls from the public and from mandated reporters regarding suspected abuse or neglect to determine if the situation meets statutory requirements for investigation, a significant governmental intrusion into the family.

- **Investigation and assessment:** An up to 45-day period during which family members are interviewed, strengths and challenges assessed, and standard instruments completed to determine whether abuse/neglect occurred and whether the child’s immediate safety is threatened, warranting a safety plan that may involve removal, and whether risks are present that require services to mitigate additional safety concerns.

- **Removal, placement and reunification:** With judicial oversight, taking temporary custody of children, moving them from a home where an active safety threat is present, determining the least restrictive and most appropriate placement (kin, family foster care, treatment foster care, congregate care), and later returning custody to the family after certain expectations are met.

- **Foster care recruitment, certification, and support:** Identifying and supporting community members interested in serving as foster caregivers in the process of training and certification, evaluating their success and needs, and developing supports to retain them.

- **Case planning and visitation:** Identifying, securing, and coordinating a range of services needed by the entire family that will stabilize them and prepare them for reunification and/or case closure so that the children can be safe again in the home. This includes arranging for and monitoring frequent visitation between parents and children while the children are in foster care, and making regular visits to the parents and the children in care to evaluate safety, service needs, and readiness for reunification.

- **Adoption, independent living, and emancipation:** When children come into permanent agency custody and legal custody to kin is not possible, matching them with an adoptive family; while in care, providing children 14 and older with skills to live independently so that at age 18 they can emancipate from care with positive permanent connections.

To get a sense of the number of children who flowed through the child protection system in 2016, see Appendix F, Infographic: Big Numbers, Big Needs in Children Services. Additional detail can be found in Appendix G, PCSAO Factbook, 13th Edition, 2017 State of Ohio Profile and Appendix H, Required Duties and Mandated Services of a PCSA.

How It’s Paid For

The cost of this work is borne by a complex mix of federal, state and local funding that varies significantly by state. Ohio, for example, relies more heavily than any other state on local dollars. As stated previously, PCSAs draw from county general revenue funds and/or a voted property tax levy to pay, on average in 2016, 52 percent of the range of services described above. The State of Ohio contributed only 10 percent that year, about half of which is set aside for counties through the State Child Protection Allocation (see Appendix I, State Child Protection Allocation: Ohio’s Investment in Children Services) and the other half of which covers statewide programming. Lastly, the federal government’s reimbursement constituted 38 percent of total child protection expenditures, which in that fiscal year was over $900 million.

Federal funding sources include several entitlements and programs, some of which have been and are being considered for reduction or elimination.
First and foremost, Title IV-E of the Social Security Act offers the most stable, uncapped support for abused and neglected children. Generally, IV-E is used for foster care and adoption and requires state or local match. Unfortunately, the funding mechanism is antiquated, only paying to remove children into foster care— not always the least expensive option and certainly not always the most appropriate. Efforts to reform this funding stream and offer more flexible resources aimed at keeping families together, rather than tearing them apart, fell short in 2016 with the unraveling of the Family First Prevention Services Act. Meanwhile, Ohio is winding down a highly successful 20-year Title IV-E waiver program in 15 counties that prevented children from coming into foster care, supported kin to take temporary or permanent custody of children, and engaged families in a decision-making process that yielded better results for everyone involved.

Fortunately, the Family First Prevention Services Act passed as part of the Bipartisan Budget Act of 2018 (Public Law 115-123) and offers the first significant change to federal child protective services financing in decades. These changes will permit PCSAs to spend federal funds (Title IV-E and Title IV-B) to prevent children from coming into foster care by enhancing support to children and families through the provision of mental health and substance abuse prevention and treatment services, in-home skill-based parenting programs, and kinship navigator services. The Act also focuses on reducing reliance on congregate care by allowing only short-term qualified treatment facilities to be acceptable for federal reimbursement of such placements. PCSAO will be actively engaged in Ohio’s implementation of these provisions over the next 18 months. Much consideration needs to be given to whether Ohio is ready to implement such monumental change and how the non-federal match will be met.

Another critical funding stream for children services in Ohio is Title XX, the Social Services Block Grant (SSBG). Especially in Ohio, where the state share of child protective services funding is lowest in the nation, SSBG offers children and families a critical lifeline. Particularly in non-levy counties, SSBG may be the only funding stream keeping agencies afloat. Yet every year, Congressional committees consider eliminating SSBG. The Child Welfare League of America has published helpful information and a coalition letter in support of SSBG, highlighting the critical role it plays in supporting children and families. The Newark Advocate recently editorialized about the importance of these funds. PCSAO opposes any effort to cut SSBG or the related Title XX TANF Transfer. (See Appendix I, SSBG Resources.)

Though not a child protection-specific funding stream, Medicaid Expansion and the Affordable Care Act have supported children, youth and families in several important ways. Many parents who otherwise would not have been able to afford addiction treatment services have accessed health care under the expanded income and categorical guidelines of the ACA, giving many an opportunity to recover and to be reunified with their children. Former foster youth who have emancipated from agency custody at age 18 can now remain covered by Medicaid through age 26— a tremendous benefit for young people who tend to have more serious physical and behavioral health challenges than their peers because of the trauma they have suffered.
The Problem: Ohio’s Children Have Been Ignored

Every child deserves a safe, stable, and permanent family. But on any given day in Ohio, over 15,500 children are now living in foster care because it is not safe for them to live at home. The trauma of being removed from all that is familiar makes it hard for children to feel connected and develop healthy relationships. (See Appendix K, Working Toward Reunification During the Opioid Crisis: Best Interests.)

These traumatized children have been ignored for too long in Ohio. Historically, the state has provided flat funding to county PCSAs since 2008 while the number of children coming into care has climbed. Positive, long-term policy solutions have been limited. The availability, accessibility, and affordability of community-based services and supports for families have been dwindling. Consequently, Ohio’s children, families, and the children services system are in crisis from:

- more children in foster care
- more complex needs
- more kinship families in need
- more overburdened workforce
- more expensive costs

In 2017, the General Assembly recognized the desperate situation of an under-resourced system facing a staggering number of children in care due to the opioid epidemic by investing an additional $15 million per year in the State Child Protection Allocation, the primary pool of funds dedicated by the state for use by county PCSAs; the legislature also earmarked $15 million per year in the Temporary Assistance for Needy Families block grant to provide child care assistance to kinship caregivers.

In addition, the Ohio Attorney General provided $6 million in federal grant dollars to support southern Ohio county PCSAs in creating a program to reduce the trauma experienced by children and address the substance abuse disorders of their parents. PCSAO is extremely grateful for these recent investments and their recognition that Ohio’s children should not be ignored.

However, more is needed to address the problems. Committed state leadership and reform action are needed for Ohio’s children, families, and the children services system. Without such leadership and reform, county children services agencies are at risk of being unable to find foster families where children can live safely, pay skyrocketing placement costs, provide necessary supports to maintain kinship placements, and appropriately ensure children’s safety.

More Children in Foster Care

The decade following 2002 saw Ohio gradually and safely reducing the number of children in foster care—leading the nation, in fact, with a 42 percent decline. But that number is rising again. The ravages of the Great Recession, the scourge of the opioid epidemic, and the increasing complexity of children who need services from multiple systems have led to a 23 percent increase of children in foster care on any given day since 2013. That means an additional 3,000 Ohio children were living away from their families, dealing with trauma, in 2017 compared to just four years earlier. Many of these children are quite young: 67 percent of children in foster care are under the age of 12; 28 percent are ages 3 and younger.

More children are entering foster care at alarmingly higher rates than ever before

23% increase overall;
13% increase in 15 months
A major contributor to this trend is Ohio’s opioid epidemic. A PCSAO survey showed that half of all children taken into custody in 2015 had parental drug use as a removal factor; of those, more than half had parents using opioids, including heroin. That means 28 percent of children in custody that year were victims of the epidemic, and that number has almost certainly risen. Placing these children with kin, while a top priority, is complicated by the fact that opioid use can become a multi-generational family addiction. Consequently, agencies must turn to foster care. (See Appendix L, Infographic: Impact of the Opioid Epidemic on Children.)

Because parents who are addicted to opioids are likely to relapse – some multiple times during their recovery process – their children linger in care. The length of time that children stay in temporary custody is up 19 percent, from 202 to 240 days, over four years. If parents cannot demonstrate sobriety within the children services system’s timelines, or if they fall victim to an overdose, then children come into permanent custody of an agency. Not surprisingly, the number of children awaiting adoption is up, a trend many public children services agencies attribute to the epidemic.

While county PCSAs are charged with protecting children and stabilizing families, this can only be accomplished with partners such as the juvenile court, behavioral health providers, schools, pediatricians, and others. In fact, juvenile courts are responsible for determining if it is in the child’s best interest to remain in the home, to be removed from the home, or to return home. PCSAO recently released a white paper focused on how such decisions are made and how the opioid epidemic impacts these decisions related to children’s permanency. (See Appendix K.) In addition, children services cases are required by federal and state laws to be decided upon within certain timeframes. If judicial timelines are not met, cases become delayed and permanency cannot be achieved for children. Judicial decisions and timeliness can ultimately impact Ohio’s ability to meet certain federal measures for child protection, which can result in a federal financial penalty to counties. (See Appendix M, Timelines for Abuse, Neglect, and Dependency Cases.)

With such a sharp increase of children in foster care in the last three years, county children services agencies are struggling to find available and appropriate foster homes for children coming into care. While there are more than 15,500 children in foster care today, there are only 7,200 licensed foster homes. Over the past few years, the number of licensed foster homes has seen a steady increase of about 2.5 percent per year.

In response to the opioid epidemic, Attorney General Mike DeWine awarded federal Victims of Crime Act (Voca) funding to PCSAO to support Ohio Sobriety, Treatment, and Reducing Trauma (START), an evidence-informed approach currently being implemented in 16 southern Ohio counties to better engage parents with opioid and other substance use disorders in recovery so that children can either be maintained safely at home or reunify more quickly from foster care. Attorney General DeWine also awarded VOCA funds to Waiting Child Fund (now known as Kinnect) to support up to 10 PCSAs in recruiting more foster parents and more quickly identifying kin placement options for children.

Nevertheless, if the rate of children entering foster care does not change, it is estimated that by 2020, there will be more than 20,000 children in care on any given day. Ohio’s foster care model is outdated and will not be able to support and care for all of these additional children in care. (See Appendix N, Special Report: The Opioid Epidemic’s Impact on Children Services, December 2017.)

More Complex Needs

State and federal laws that govern children services were constructed to protect children from abuse and neglect. However, there has been an increase of children in foster care whose needs are primarily related to mental illness, developmental disability, or juvenile delinquency. It is often said that when one human services system reforms, children services is invariably impacted. Other social services systems have moved away from institutionalizing their youth population to more community-based services, which is a
positive trend as children do better with families. However, when community-based services are not readily available or accessible by families, county children services agencies are often relied on to take custody of the child and provide such services. These children are often referred to as “multi-system” youth.

These multi-system youth account for a significant percentage of children in custody of county children services agencies. In July 2016, 62 percent of youth in custody were there for reasons other than abuse and neglect. Often, they come into children services agency custody when a parent who is not abusive or neglectful is forced to relinquish custody in order to secure treatment and stabilization services for the child, or when a judge grants custody of a youth to children services to avoid juvenile incarceration. They primarily come into care deemed dependent, delinquent, or for other reasons beyond abuse and neglect. In fact, neglect as a removal factor has decreased from 32 percent in 2010 to 24 percent in 2016. (See Appendix O, Addressing the Needs of Ohio’s Multi-System Youth.)

In addition to the multi-system youth in care, children entering custody of county public children services because of their parents’ substance use are demonstrating more complex needs due to the trauma experienced in their home. For babies who are born drug-exposed, many of them require more intensive levels of care to address their withdrawal symptoms and lack of bonding. For children who have witnessed horrific drug-related scenes such as their parents overdosing, many require higher levels of care to address their trauma and stabilize their behaviors.

Children requiring higher levels of care to address their complex and multi-system needs are placed in treatment foster care, a group home, or a residential treatment facility. However, county children services agencies are struggling to find appropriate and available treatment placements to address the unique, intense, and challenging needs of these children. At times, due to the lack of options in the state, children are placed in residential treatment centers in other states. In July 2017, 118 children in PCSA custody were placed in out-of-state residential treatment facilities and group homes.

This has negative consequences, as the farther away a child is placed, the less likely the child will reunify with his/her family. In addition, the farther away a child is placed, the more challenging and expensive it is for the children services caseworker to make required monthly visits with the child or to arrange for the child to visit with family. For example, in 2017, the median days in custody for a child placed in an in-state residential treatment facility was 318 days compared to 559 days for children placed in an out-of-state residential facility.

In addition, PCSAs are required to arrange for services to meet the challenging and complex needs of children and their families. However, there are significant gaps in the continuum of care, including services that are accessible, affordable, and available in local communities. These gaps have been well documented in a needs assessment conducted by ODJFS several years ago. These service gaps impact the PCSAs’ ability to ensure the safety, well-being, and permanency of children. (See Appendix P, Ohio Needs Assessment for Child Welfare Services.)
More Kinship Families in Need

With more than a hundred thousand grandparents raising grandchildren in Ohio, there are far more informal kinship arrangements, outside the purview of children services, than the more formal placements arranged by county PCSAs. When children must come into agency custody, caseworkers try first to place them with kin (relative or nonrelative) rather than in foster homes, because they experience less trauma than those placed in unfamiliar settings including a foster family. (See Appendix Q, Kinship Resources.) However, tracking kin placement data in Ohio is complicated because some judges transfer custody directly to a grandparent or other relative and, thus, would not be captured in the statewide child welfare information system.

Between 2010 and 2016, Ohio has witnessed a 62 percent increase in children placed with relatives, when county PCSAs maintain custody. However, kinship families rarely receive the financial benefits available to licensed foster parents. Ohio provides little support for these kinship families who offer a temporary refuge for children. Kinship caregivers, often caring for their own children as well, struggle with additional child care costs, which can add up quickly, especially for multiple children. In 2017, the Ohio General Assembly established a new child care benefit for kinship families through the Temporary Assistance to Needy Families (TANF) Block Grant. While this new program will help some kinship families, there are concerns with the eligibility limitation and that only child care providers licensed through the existing licensing structure can qualify to provide such a service. It is anticipated that there will continue to be a great need for child care assistance for kinship families.

For kinship caregivers who offer a permanent home to children, Ohio provides the Kinship Permanency Incentive (KPI), a modest payment intended to help stabilize the family for the first three to five years after legal custody is granted. The number of children supported by KPI increased 37 percent between 2013 and 2016.

More Overburdened Workforce

Children services caseworkers are seldom recognized as the first responders they are. Their role is similar to that of law enforcement, firefighters, and paramedics. Every day, they knock on doors in response to reports of child abuse and neglect, not knowing what is on the other side. Sometimes it is a dirty home, sometimes a frightened child; more and more, it is a parent who has overdosed.

Within the strict guidelines of federal and state laws, caseworkers make critical decisions every day. Many work on call, making for long nights and weekends. Their satisfaction comes from reunifying children with their families, but the devastation of the opioid epidemic means that more and more children will never go home.

In state fiscal year 2016, one in four caseworkers left their position, some to promotion or retirement (“positive turnover”), but one in seven left with no performance concerns by their supervisor (“negative turnover”). Negative turnover hurts agencies and slows or reduces positive child and family outcomes. Burnout and secondary trauma lead many caseworkers to seek more traditional jobs that pay better. Regardless of the reason, such turnover costs agencies – in recruitment, training, and overtime. It costs the caseworkers who are left behind – in higher caseloads until a new worker can get up to speed. And it costs children – worker turnover is the leading contributor to young people getting stuck in foster care longer than they need to be. (See Appendix R, Infographic: High Caseworker Turnover and Substance Use/Caseload Relationship Research.)

Because caseworkers, like other first responders, may inadvertently come into contact with dangerous substances like fentanyl, some county PCSAs began authorizing caseworkers to carry Narcan (naloxone) for the first time in 2017 so that they might administer the life-saving drug to themselves or a coworker or to a client. PCSAO even developed a guide for PCSAs to use when developing such policies. (See Appendix S, Ensuring the Safety of Children Services Staff in the Era of Opioids.) In addition, with the rise of children coming into care, caseloads have most certainly risen across the state for PCSA caseworkers. (See Appendix L.)
More Expensive Costs

Maintaining more children in custody and addressing the trauma they experienced because of their parents’ neglect is increasingly expensive. When children are removed from their homes by a PCSA due to abuse, neglect, dependency, or delinquency, they are placed into foster care. Children in foster care may be placed in a variety of settings including kinship homes, family foster homes, group homes and residential treatment facilities. PCSAs are required to seek placement first with a family member (kinship care) and then, if not available, a foster home. Children are to be placed in group homes or residential centers only when their needs cannot be met in a kinship or foster home.

Foster caregivers must be licensed (either through a public children services agency or a private agency) and are responsible for providing the day-to-day needs necessary to promote the safety, permanency, and well-being of children in their care. This includes providing shelter, food, clothing, daily supervision, education, and other personal necessities. Ideally, it also means working with the birth family toward reunification and ensuring through trauma-informed care that the child’s behavioral health needs are met.

All licensed foster care settings (foster homes, group homes, child residential centers) are paid a daily maintenance per diem. The per diem is an agreed-upon amount between the PCSA and the provider and is included in the Individual Child Care Agreement (ICCA). An ICCA is developed each time a child is placed in a foster care setting and is signed by all parties. Across these settings, per diems can have “difficulty of care” payments established for children who have special, exceptional, and intensive needs.

The underlying funding sources for foster care payments differ based on whether the child is eligible for the federal Title IV-E Foster Maintenance Program. Title IV-E of the Social Security Act provides federal reimbursement for foster care maintenance and per diem expenses for eligible children in foster care. The PCSA pays the total cost of the per diem to the foster care provider. The PCSA then may be partially reimbursed for eligible children and expenses. The reimbursement rate mirrors the Medicaid Federal Financial Participation (FFP) rate for each state, currently 62.78 percent in Ohio. PCSAs are responsible for the remaining 37.22 percent for IV-E-eligible children. In Ohio, approximately 60 percent of children in foster care are eligible for IV-E; foster care payments for the remaining 40 percent of children are the sole responsibility of the PCSA.

To be eligible for the Title IV-E Foster Care Maintenance Program, children must:
- be in the custody of a PCSA,
- have entered care through a judicial determination or voluntary placement,
- meet the Aid to Dependent Children-relatedness requirement from July 1, 1996, and
- be placed in a licensed setting (foster home, group home, or residential center).

Agencies spent $275 million in total placement costs in 2013; by 2016, costs had increased 20 percent to $331 million. The Ohio Department of Job and Family Services estimates that $138 million of these costs were for substance abuse-related cases. (See Appendix T, The Opioid Epidemic’s Impact on Children Services, Spring 2017.)

In 2016, 52 percent of agency placement costs were spent on just a third of children in custody – children ages 12 to 17. When youth 18 and older are included, 63 percent of placement costs were spent on 37 percent of all youth in custody. The rationale for this is that those youth with complex needs and significant trauma require more expensive, more treatment-oriented levels of care.
Over the past two years on average, county PCSAs experienced almost a 2 percent increase in the per diem for family foster homes; almost a 3 percent increase in the per diem for treatment foster care; a 5 percent increase for in-state residential treatment facility per diem; and an 8 percent increase in group home per diem. If the rate of children entering foster care does not change and the intensity of needs in this population persists, it is predicted that by 2020, placement costs will increase by 67 percent to $550.8 million. (See Appendix N.)

Beyond the cost of serving children, PCSAs absorb extensive administrative costs including those related to technology. Currently, PCSAs are not able to access and share information across the various human services programs such as child support, child care, Medicaid, and public assistance. When the same families are served by these various programs, their historical and demographic information cannot easily be shared. This is even true for combined job and family services agencies. By not allowing data sharing and integration, PCSAs spend unnecessary time and effort to duplicate such information or attempt to access the information from other programs.

In addition, the state has decided to move forward this year to implement a statewide electronic document management system for all human services programs, including mobility capacity for child protection, which PCSAO supports. This opportunity is largely being paid for by federal funding but does require a state/local match. By moving forward with this effort, counties will now be able to upload documents related to cases, store such documents in a state server, and have access to unlimited licenses for the next 10 years. In addition, PCSAs will be able to access documents and information in the field with mobility capabilities—revolutionary for children services. This will ultimately save funding for counties that have had such a system in place and eliminate duplicate paperwork for counties that have not had such a system. However, beginning in the fall of 2019, counties are going to be required to cover the nonfederal ongoing maintenance costs for document management and mobility capacity for child protection and to provide the federal portion up front before they can ultimately be reimbursed. This creates problems for counties, especially for those that do not have local resources to front costs.
Policy Solutions: Foster Hope for Ohio’s Children

PCSAO respectfully submits the following policy solutions as a blueprint for improving outcomes for children and families.

Solutions for More Children in Foster Care and More Complex Needs

PCSAO established a planning group in August 2017 to research what other states have done to reform their children services system and address the issues of children being placed out of state for residential care, kids staying in care too long, kids being placed in institutions and not with families, and kids being placed too far away from their home.

Based on the research conducted, the group has developed a Children’s Continuum of Care Reform plan with the following goal:

To reduce reliance on congregate care settings and embrace that kids do better with families, Ohio needs to establish a children’s continuum of care that focuses on preventing and intervening with community-based, short-term crisis stabilization and diversion services. If children need to be removed from their families, there needs to be a robust foster care system that can support the challenging needs of kids in a family-based setting while focusing on reunification.

This plan will be shared and further developed in the coming months with state partners and stakeholders. PCSAO is hopeful that the next Administration will champion this much-needed transformation of our system. (See Appendix U, Children’s Continuum of Care Reform Plan.)

Recommendations:

1) Create a robust foster care system that can meet the variety of challenging needs of children in their own community, support foster families, and enhance reunification by developing statewide foster parent recruitment and retention assistance that includes dedicated state funding; increasing in-home supports to foster caregivers; using technology to target the type of homes that are needed; revising licensing standards based on national research-based models; expanding beyond the two current levels of foster care and support foster families working on reunification efforts by stratifying foster home per diems; providing trauma-informed care and intensive treatment services in the foster home; professionalizing foster caregivers by creating incentives for working directly with birth families on reunification, supporting other foster families, and serving more as a resource family; and establishing common outcomes of foster homes using research-based tools.

2) Increase availability and accessibility of prevention, intervention, crisis, and diversion services so that children can remain with their families by incorporating high-fidelity wraparound as a Medicaid-billable service; expanding the intensive home-based treatment continuum in Medicaid and allowing for services to be provided in the foster home; increasing short-term crisis options; expanding juvenile court diversion programs; expanding community-based supports to meet the family’s basic needs; expanding peer mentor models to keep families together; enhancing family search and engagement efforts; and developing effective, trauma-informed mental health, substance abuse, and parenting prevention services.

3) Increase availability and accessibility of aftercare and reunification services so that children can safely return to their families and achieve sustained permanency by expanding effective trauma-informed, home-based services that can support reunification and ensure such services can be included in the state’s Medicaid plan; developing appropriate aftercare services that can support the child’s varied levels of care (psychiatric impatient, residential, group home, foster care); employing outcome tools that can monitor services’ effectiveness in maintaining reunification so that children do not reenter the foster care system; and exploring tools that can determine the appropriate level of care setting for a child and allowing PCSAs to have the ultimate decision on best placement.

4) Decrease Ohio’s use of congregate care (residential, group homes) settings by building a more robust foster care system and, when needed, ensure that high-quality residential treatment facilities can meet the needs of children and are available in proximity to families, ensuring availability and
accessibility to instate high-acuity residential placements, including affordability for families to access without relinquishing custody; exploring options that would require Medicaid to pay room and board at residential facilities; creating a state-level funding option to cover the non-Medicaid cost of residential placements; developing more short-term, individualized, trauma-informed residential treatment facilities by working with providers; exploring tools that can determine the appropriate level of care setting for a child; and employing outcome tools that can monitor services’ effectiveness in meeting the needs of youth in facilities.

**Solutions for More Kinship Families in Need**

PCSAO convened a Kinship Policy Workgroup in 2017 to develop sound public policy options for enhancing services and supports for kinship families. As research shows, children do better in kinship care than in stranger foster care. However, kinship care providers typically do not receive a foster care per diem to help defray the cost of raising children, though they may qualify for other supports such as Temporary Assistance for Needy Families (TANF) Child Only. Ohio must maintain a pool of committed professional foster caregivers, but new supports should be developed to ensure that kinship placements are stable and well supported. (See Appendix Q.)

**Recommendations:**

1) **Establish a statewide kinship navigator program** to link kinship caregivers to services and supports to ensure that throughout Ohio they have access to guidance, information and referral, and help obtaining services for which they are eligible.

2) **Open the publicly funded child care program to children in foster care and children living with kinship caregivers.** Currently, eligibility for publicly funded child care is based on the income of foster parents and kinship caregivers, leaving many caregivers without access to the program. Instead, children in foster care and children living with defined kinship caregivers should be categorically eligible for child care.

3) **Ensure kinship caregivers can access financial assistance** to meet children’s needs. Taking on the unexpected expense of caring for a child – or children – is one of the biggest challenges for kinship caregivers, both initially and in the long term. Financial support must be available for a range of kinship caregiver situations including increasing the Ohio Works First child-only grant for children being raised by specified relatives other than parents; restoring the Kinship Permanency Incentive Program (KPI) to the original 2005 levels to better support kinship caregivers who have legal custody or guardianship of kin children; maintaining licensing as optional for kinship caregivers; and exploring other subsidy models for kinship caregivers, such as maximizing TANF, child support, and Title IV-E options.

4) **Provide tailored, trauma-informed services and supports for children, parents and caregivers.** Services need to be available to prevent children from entering or reentering foster care if issues arise after caregivers adopt or take legal custody of the child.

5) **Educate kinship caregivers on legal options and improve their access to legal assistance.** Relatives need to know the available legal relationship options and understand the differences among adoption, guardianship, and legal custody.

6) **Maximize use of the National Family Caregiver Support Program** (NFCSP). A portion of NFCSP funds may be used to provide supportive services to children and kinship caregivers who are age 55 or older.

7) **Monitor the impact of D.O. v. Glisson**, where the U.S. Court of Appeals for the Sixth Circuit ruled the Kentucky Cabinet for Health and Family Services must provide monthly foster care maintenance payments to relatives approved to care for children in custody just as licensed foster parents receive. The U.S. Supreme Court declined to hear Kentucky’s appeal, meaning the Sixth Circuit’s decision stands and is applicable to the additional states in that circuit: Ohio, Michigan, and Tennessee. Of these three states, only Ohio similarly approves relatives and thus could be impacted in the near future with a similar court decision.
Solutions for More Overburdened Workforce

Children services caseworkers are at minimum bachelor’s-level professionals who must maintain more continuing education training than someone with a Master of Social Work degree: 36 hours per year vs. 30 hours every two years. Yet caseworkers are often paid the same as or less than other county employees who have less education and no training requirements – and who do not have to enter sometimes dangerous homes.

Recommendations:

1) PCSAs need more caseworkers to handle an increasingly unmanageable caseload. While better pay and benefits are desirable, PCSAs are constrained by lack of local resources, county FTE limits, and other barriers that make pay increases challenging. Solutions must be localized, and in addition to increases, they might include more capacity to pay overtime; more supportive services such as case aides, transportation aides and visitation supervisors; and education loan forgiveness.

2) PCSAs need access to professional supports for caseworkers impacted by secondary trauma or who experience critical incidents on their caseloads.

3) PCSAO was pleased to support the Ohio Department of Job and Family Services in securing a federal workforce grant from the Quality Improvement Center on Workforce Development. Over the next three years, five experimental PCSAs and three comparison agencies will identify, implement and evaluate an evidence-based workforce practice designed to improve recruitment and retention of caseworkers. PCSAO supports statewide implementation of any practice that demonstrates results.

Solutions for More Expensive Costs

Federal and state funding is critical to the success of serving abused, neglected, and dependent children in Ohio, and to achieving better outcomes for them and their families. In 2016, federal funds accounted for 38 percent of child protection dollars spent in Ohio – more than $352 million. Now more than ever, given the impact of the opioid epidemic, vulnerable children need Ohio’s next governor to champion federal funding security, flexibility, and reform with the President’s Administration and with the state’s Congressional delegation.

PCSAO supports strong collaboration among the Governor’s Office, Ohio’s Congressional delegation, and the Administration of the President, particularly the U.S. Department of Health and Human Services. Skillful advocacy by the Governor’s Administration on matters of federal policy and financing can make a difference in the lives of the more than 20,000 Ohio children and their families receiving services from a county child protection agency.

Recommendations:

1) Fully align and maximize the recent reforms to federal funding referred to as the Family First Prevention Services Act in the period leading up to its rollout. (See Appendix V, Family First Prevention Services Act.)

2) Preserve Title XX (Social Services Block Grant) and Medicaid Expansion, and oppose efforts to reduce or block-grant Medicaid.

3) Preserve other critical federal funding streams to ensure that no child lives in fear or chaos in the home, and oppose any effort to eliminate or cut back on the following:
   - Provisions of the Social Security Act that are used to protect children, prevent abuse and support at-risk families, and to support caseworker visits in the home;
   - Emergency Services Assistance Allocations (ESAA), used to prevent unnecessary separation of children from their families;
   - Chafee, used to support independent living and education for transition-age and emancipated youth; and
• Temporary Assistance to Needy Families (TANF), which supports families so that children can be cared for in their own homes, with special emphasis on TANF Child Only, which is critical to helping kin care for children.

4) Now more than ever, given the impact of the opioid epidemic and the complex needs of children, Ohio must increase its share of funding for children services. Years of disinvestment by the state in child protection needs to be given much attention and consideration by the next Administration. In 2016, state funds accounted for 10 percent of child welfare dollars spent in Ohio – more than $95 million. However, less than half of that was allocated to the county children services agencies to provide direct services to children and families in need. If PCSAO’s projections are at all correct for 2020, an additional $175 million will be needed just for foster care placement costs. In addition, the reform efforts that are significantly needed in children services, including creating a strong continuum of care for children, providing kinship supports, and building a supported workforce, will require new state investments.

5) ODJFS should grant all human services programs, including PCSAs, the opportunity to exchange data between and among the systems, including Medicaid and the managed care plans, so as to ensure the safety of children and workers and to better meet the needs of families. In addition, the state should cover the ongoing maintenance costs for the electronic document management system and mobility for child protection. These minimal costs that could be covered by the state would allow counties to more appropriately use their local resources to meet the needs of children and families. In addition, in order for the mobility portion of this new system to work most effectively, the state should allow the child welfare information system to interface with this new technology.

Recommendations within this policy paper will require significant investments, but Ohio cannot continue to rely solely on additional local dollars. It is time for the State of Ohio to reform the children services system, before the custody and cost trends break the system, and begin to foster hope by investing in Ohio’s children.
APPENDIX F: Transportation Funding

Facts about Ohio’s transportation system

- Ohio’s motor fuel tax of 28 cents per gallon has not been increased since 2005, and brings in about $1.8 billion annually
- From FY09 to FY17, fuel consumption in Ohio increased by 6.9%
- Motorists traveled 118.6 billion miles on Ohio roads in 2016, a 7.2% increase since 2007
- Adjusted for construction inflation, ODOT’s FY 2017 highway and maintenance contracts have 23% less purchasing power than in FY 2001
- The state projects federal funding sources will not increase for the foreseeable future

Main Transportation Funding Sources for Counties (2017)

- $103 million – county permissive motor vehicle license taxes (4 X $5 license plate fees)
- $246 million - county share of state motor vehicle license tax distributions
- $209 million – county share of motor fuel tax distributions (see below)

State Fiscal Year 2017 Distribution of Motor Fuel Tax (in millions $)
Early Childhood Education: Quality and Access Pay Off

James J. Heckman is the Henry Schultz Distinguished Service Professor of Economics at the University of Chicago, a Nobel laureate in economics and an expert in the economics of human development.

Professor Heckman’s comprehensive new study, Early Childhood Education, addresses two important issues in the debate over early childhood education programs: are they effective and should they be subsidized by the government. Heckman and co-authors Sneha Eïango, Jorge Luis García and Andrés Hoijman, find that disadvantaged children benefit the most from a variety of early childhood interventions and society receives a higher return from targeted investments. As a result, policy makers would be wise to use means-testing rather than universal subsidies for all children.

Making sense of multiple studies.
The variety of early childhood programs and their evaluations often leads to confusion about the overall effectiveness of public investment. Early Childhood Education makes sense of it all by gathering in one place the effectiveness of a wide range of means-tested and universal programs—including Head Start, state preschool programs, and demonstration programs such as the Perry Preschool Program and the Carolina Abecedarian Project. The study analyzes data from randomized controlled trials and less rigorous evaluations to compare treatments, treated populations and findings across programs. The results consistently show program effectiveness and the economic value of providing disadvantaged children with access to quality early childhood programs.

Programs work for the disadvantaged.
Heckman finds that effectiveness depends on program quality, the characteristics of those being served and their access to alternative programs. Government programs that provide disadvantaged families with access to high quality center-based care are better and more effective alternatives than no formal care. Affluent families who can afford higher quality center-based and in-home care are more likely to do better with those alternatives, calling into question the economic effectiveness of influencing their choices with government subsidies.

Quality matters.
High quality programs produce high quality outcomes. The Perry Preschool Program and Abecedarian Preschool Project—long considered the quality gold standards—delivered better education, health-related behavior, social and economic outcomes for disadvantaged children who received treatment versus those who received none. Abecedarian, a comprehensive birth to age five program, had lasting effects on IQ, boosted academic and economic achievement and helped prevent the incidence of chronic disease and obesity in adulthood. Despite their costs, they more than pay for themselves in increased productivity and reduced social spending. However, the study also shows that less intensive programs such as Head Start still have significant short- and long-term positive effects for disadvantaged children and society.
Head Start works.

Imperfections in the frequently cited Head Start Impact Study (HSIS) cloud the evidence of the program's effectiveness. HSIS does not address the lack of uniform quality across Head Start, control contamination in the evaluation and the lack of long-term follow-up. Heckman analyzes the work of three independent research groups that used HSIS data to assign participants into three distinct experiences: those who attended Head Start, those who received other center-based care and those who had home-based care. They found that Head Start had significant beneficial effects, was as good as other available center-based alternatives and was much better than what disadvantaged children would have received at home or with a relative. While HSIS lacks long-term follow up data, other studies have found Head Start to be effective when judged on multiple outcomes rather than just short-term cognitive gains. Across a number of different studies, positive effects were found on behavioral outcomes such as grade repetition and special education, as well as on health behaviors. Long-term, Head Start reduced obesity at ages 12 and 13, depression and obesity at ages 16 and 17, and crime at ages 20 and 21.

Lasting effects, not fadeout.

Quality early childhood education provides persistent boosts in socio-emotional skills even if the effects on cognitive skills diminish in the shortrun. The current obsession with cognitive fadeout obscures the important fact that socio-emotional skills have greater effects on later-life outcomes than cognitive skills. For example, data from the Perry Preschool Program shows that increased academic motivation creates 30% of the effects on achievement and 40% on employment for females. Reduced externalizing behavior creates a 65% reduction in lifetime violent crime, 40% reduction in lifetime arrests and 20% reduction in unemployment. Positive later-life effects are consistent across other programs with long-term follow up and speak to the need to invest in programs that develop the whole child with a full range of skills.

Policy makers should invest in quality and access.

It makes dollars and sense to target disadvantaged children with quality early childhood programs rather than subsidize low quality universal programs. Investing public dollars in quality early childhood education for disadvantaged children will provide significant social and economic outcomes in the short- and long-term. However, disadvantage in early childhood is not just income based but also depends on the quality time parents can spend with their children and the parental resources they can allocate for early development. Today's economic pressures force poor and middle-income parents alike to spend more time away from their children to make ends meet. The need for quality early childhood education is intensifying, the costs are increasing and many more parents will find themselves without the means to provide it. Every child needs quality early childhood education. Those most in need should receive the most help from policy makers. Those with means do best on their own—and that is best for everyone.


www.heckmanequation.org

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APPENDIX H: CCAO Leadership and Policy Staff

2018 CCAO Executive Committee

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2nd Vice President – Carl Davis, Monroe County Commissioner
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