

HOT TOPICS

CURRENT TAX LEVIES Is There a Better Way?

This November, we will be confronted with far more financial issues on Election Day than we usually see. Among the issues on the Hamilton County ballot will be:

- an MR/DD levy
- a medical services (nee Drake) levy
- a Museum Center levy
- a Public Library levy

In addition, City of Cincinnati voters will be asked to vote on a Cincinnati Public Schools tax issue.

As our voted property tax process currently requires, each issue must stand separately. The voter must hear the agency's appeal and justification, then make a decision to support or not support its levy request, depending on whether or not the agency has successfully made its case. Educating the voter is a critical and expensive task, and under our current system it is multiplied many times.

In May 2004, at the request of membership, the LWVCA County Government Committee initiated an *"Evaluation of the Procedure for Voting on Property Tax Levies in Hamilton County."* The extensive eighteen-month study determined criteria for evaluating proposals to change our property tax levy system. After member discussion and consensus, the LWVCA approved the Committee's recommendations as a local League position in December 2005. That position reads as follows:

"CRITERIA FOR HAMILTON COUNTYWIDE VOTED PROPERTY TAX LEVIES

Position: A model tax levy process would include:

1. A committee of citizens with the authority to review tax levy proposals and tax levy recipient organizations; to review the requesting agencies' financial, management and performance audits; and make recommendations to the Hamilton County Board of County Commissioners. This committee must be adequately funded and staffed.

2. Reduction of the total number of voted levies without sacrificing needed services.
3. Timing that prevents placing all levies on a ballot at the same time.
4. Funding county services based on a determined level of need that balances funds, services and resources.
5. Funding broadly defined services that can respond to changing conditions and needs.
6. The provision of meaningful opportunities for citizen involvement, input, monitoring and review.
7. Assuring agency accountability to the Hamilton County Board of County Commissioners for the appropriate use of tax levy dollars.
8. Ballot language that is understandable to citizens and accurately describes services funded by the proposed levy."

Point 2 above supports fewer individual levies and is based on what the study team learned about the tax processes that are in place in Cuyahoga (Cleveland) and Montgomery (Dayton) Counties. There, related financial requirements for different agencies are combined into a single tax issue, such as a "Health" levy. For instance, Hamilton County could create a Human Services Levy by combining Senior Services, Children's Services, Mental Health, and Mental Retardation; and/or an Arts and Culture Levy for the Zoo and Museum Center. Methods of allocating the revenues from these levies and determining the means for citizen input and participation in the processes would have to be developed.

Advantages:

- ~ Opportunity for short and long range planning for services; discretionary and contingency funds can be included.
- ~ Reduce the total number of tax levies and associated costs.
- ~ Allows for flexibility to fund changing needs or conditions.
- ~ Ability to create a continuing, coordinated public relations, and community education campaign (can accept tax deductible contributions).
- ~ Reduce the number of campaign fund raising appeals.

Disadvantages:

- ~ Possible loss of individual service constituency support groups.
- ~ Greater impact if levy fails.
- ~ Corruption/scandal in one agency could negatively affect an entire levy.
- ~ Possible under-funding or over-funding of services.
- ~ Less discretion for voters.

Suggested Discussion Questions:

1. Do you feel that the above Advantages or Disadvantages are most critical in a property tax levy process?
2. What steps (if any) should be taken to improve our current voted property tax levy process? What should LWVCA do?

HEALTH CARE REFORM

Health care reform remains a hot topic, as well as a complex issue. This material is presented primarily to keep you abreast of how the League is using our position to lobby for health care reform. For a broader understanding of the issue, the Health Care Committee recommends the following online resources:

- The Kaiser Family Fund which has an excellent interactive side-by-side comparison of major health care reform proposals that is updated regularly. <http://healthreform.kff.org>
- An excellent booklet, *Issues Behind Healthcare Reform*, which was compiled by the Arizona League, that can be found at www.lwvaz.org.

There is a very active League e-mail health care discussion group. To join, go to www.lwv.org, click on "For Members" in the menu bar then click on "Get Involved", on the screen that comes up scroll down to "League Sponsored E-mail Lists" and click on "Join a new list or manage your account", check all the discussion lists you would like to be a part of.

The League has interpreted our health care position to support HR 3200. Mary Wilson, national League President, sent the following memo to the House of Representatives detailing the League's position on current legislation.

To: Members of the House of Representatives
From: Mary G. Wilson, President
Re: Comprehensive Health Care Reform Legislation

The League of Women Voters welcomes the introduction of America's Affordable Health Choices Act of 2009 in the House of Representatives and we urge you to support quick action on this essential legislation. We believe that it is imperative for Congress to send real health care reform to the President for his signature as soon as possible.

America is facing a health care crisis caused by a combination of skyrocketing costs and an insurance system that leaves 47 million of us without any coverage. The current health care system is endangering both our economy and our health, and voters have made it clear that they want change. According to a study reported in "The New England Journal of Medicine," 70 percent of Americans surveyed believe the health care system needs major changes, if not a complete overhaul.

All Americans must have health care coverage, including the choice of a quality, affordable public insurance plan. It is universal coverage that will determine the humanity of our system. We believe that health care reform legislation must guarantee access to comprehensive and essential benefits to all U.S. residents.

But coverage is not enough. We need to provide for quality and safety in the health care system. We believe that health care legislation must establish a system-wide program to coordinate information, establish best practices and provide consumers the information they need to protect themselves and their families. It is essential that comparative data on treatments, benefits packages and medical outcomes be made publicly available so that individuals can make informed health decisions and so costs can be controlled.

The federal government needs to take additional strong action to reduce the costs of health care for individuals, businesses and communities. As a nation, we are spending \$1 out of every \$6 we earn on health care. Over the last three decades, increases in the amount we spend on health care have consistently risen faster than wages and inflation. If nothing is done to control costs, we

could be spending \$3 trillion for health care by 2011 and \$4.2 trillion by 2016.

The League believes that cost containment measures must take place in the context of overall health care reform. We must reduce or eliminate the cost-shifting that currently exists in health care financing and work to streamline the system. Legislation must provide effective cost controls, equitable distribution of services and allow for efficient and economical delivery of care. Offering everyone the choice of a government administered health insurance plan like Medicare that would compete with private health insurance plans will be key.

To achieve this kind of comprehensive, system-wide reform will take a shared effort by citizens and Congress. The League of Women Voters is ready to work with you to reach this goal.

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There were local and state Leagues putting pressure on national to take a strong stand for a single payer system. At least 10 state Leagues passed resolutions for single payer. In response to this internal campaign, national sent the following e-mail to one member and she posted it on the LWV Health Care Discussion List:

Having read your remarks on the LWV Healthcare discussion list, I would like for you to be aware of the current LWVUS advocacy strategy regarding health care.

Mary Wilson, LWVUS President, has sent a letter advising Leagues that the LWV is not now advocating for a single payer health care system. The LWV has not abandoned single payer as part of the position but believes that now is not the time to advocate for single payer. It is clear that the Congressional leadership and the President are in agreement that single payer is an untenable position in this economy and will not pass this Congress. The LWVUS is currently advocating certain principles that we would like to see included in any health care reform legislation and among those principles are universal care, quality care and reducing costs of health care. In this climate, these principles will be difficult enough to include in any health care reform package.

Health care reform will be a long and arduous process that will not be resolved this year. As the discussion goes forward and gains are made, new decisions will be

made about next steps. So, at this time, Mary Wilson has announced that the LWVUS is not now advocating for a single payer health plan nor should state or local Leagues. Any LWV contacts with the President or Members of Congress should not be advocating a single payer health plan.

If you have any questions, please feel free to contact me."

*Sincerely,
Judy Duffy, Chair, Advocacy Committee*

OHIO'S BIENNIAL BUDGET How the Budget Affects Education

The Ohio Legislature did finally adopt a budget that was signed by the Governor on July 17, seventeen days after the close of the state's fiscal year. During that interim, three budget extensions were put into place to keep the state's government operating while the legislature grappled with revenue shortfalls and projected deficits that painted a very bleak picture for the state's operations.

Debate was fierce as legislators and their constituents argued for protecting various programs from damaging cuts. The \$50.5 billion budget combined reduced spending (\$3.2 billion) with stimulus funds from the federal government (\$5.5 billion) to reach the required balance. Additionally, the state hopes to obtain new revenue (\$933 million) from video lottery terminals that will be installed at horse racing tracks throughout the state.

Governor Strickland has consistently advocated for change in Ohio's public education system: change in the way it's funded and change in the ways individual school districts approach the task of educating students. Cuts to school districts were kept to a minimum; state aid will drop by .25% each year over FY09 levels. Losses to individual districts will be limited to not more than 1% in FY10 and 2% in FY11. Some districts will see modest increases the evidence-based model funding program.

The American Recovery and Reinvestment Act (ARRA) will provide funds through Title I and Individuals with Disabilities Education Act. Federal funding will result in an average increase in funding for school districts of 5.78% in FY10 and 5.54% in FY11.

The budget establishes a new funding system, the evidence-based model; it will be phased in over 10 years due to the current lack of state resources. This model “provides a structure for distributing money to school districts based on educational components that researchers have identified as successful.” (J. Platz, Highlights of Am Sub. HB1¹ July 21, 2009)

This budget bill also phases out “phantom revenue” as it lowers the state charge-off to 20 mills and allows school districts to utilize a “conversion levy” to reach the 20-mill floor. This type of levy (if passed by voters) would also permit districts to receive some growth in property tax revenue.

Am. Sub. HB 1 makes a lot of changes in how local districts will educate their pupils in the future. In addition to the evidence-based model, the bill requires:

- all-day kindergarten in every district,
- the Superintendent of Public Instruction to report recommendations on extending the school year to the General Assembly by December 31, 2010,
- reduces the number of calamity days to three in 2010-11,
- requires the State Board of Education to establish new performance indicators for the school district and building report cards,
- requires the adoption of new statewide academic standards, and more.

These are just some of the changes that were made in Am. Sub. HB1 pertaining to education. There were numerous others as well—too many to describe in this brief update for our September unit meetings.

Throughout the past six to eight months, we have all been apprised of the state’s dire economic straits. During that time, the Governor has ordered all agencies and departments of the state to reduce their spending by a given percentage.

During May and June, we learned of efforts by various groups, including the LWV Ohio, to urge the legislature to restore the state’s income tax to 2005 levels, thus nullifying a tax cut that was put into place at that time.

If this action were taken, many of the social services so needed by low/moderate income families could be maintained at reasonable levels. This plan was not adopted by the legislature.

At the time this is being written, the extent of the cuts to human services is not known; we hope to have more complete information by the end of the month.

Suggested Discussion Questions:

1. Given the state of the economy in Ohio, how would you rate the performance of the Legislature? What priorities would you have set in making funding decisions?

2. Do you agree or disagree with the approach of using large amount of federal “stimulus funds” to balance the budget for this biennium? What’s the reasoning behind your response?

¹ Amended Substitute House Bill 1 is the official number of the biennial budget bill.