



BLUEPRINT FOR A NEW OHIO

GOV. JOHN R. KASICH'S FISCAL YEARS 2016-2017 BUDGET



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EMPOWERING LOW-INCOME OHIOANS

A Comprehensive Plan for Helping All Ohioans Share in Our State's Prosperity

The best strategy for combating poverty is a living wage. Gov. John R. Kasich understands this and has worked hard to both foster a jobs friendly climate and improve the support systems for needy Ohioans. The governor's FY16-17 budget proposal builds on the policies that are helping get Ohio back on track and which are also helping more Ohioans emerge from the shadows so they too can share in Ohio's emerging economic recovery.

Eliminating Income Taxes for Virtually All Small Businesses, More Low-Income Tax Cuts: Small businesses employ half of Ohio's private sector workers, create two-thirds of all new jobs and, for many Ohioans, provide their first paid employment opportunities. The skills and experiences obtained in these positions are essential stepping stones to moving up the economic ladder, therefore the governor's budget proposes new tax cuts to strengthen small businesses, as well as low-income workers.

- **No Income Tax for Almost All Small Businesses:** Ohio will eliminate tax on income from all small businesses with annual gross receipts of \$2 million or less, which includes sole proprietorships and pass-through entities (PTEs) such as partnerships, Subchapter S corporations (S-corps) and Limited Liability Companies (LLCs). This dramatic move will free up needed capital for Ohio's small businesses to better leverage the expanding economic recovery, make new investments and hire more employees.
- **New Tax Relief for Low and Middle-Income Ohioans:** Ohio will nearly double the personal income tax exemption for low- and middle-income workers. Ohioans earning less than \$40,000 a year will see the exemption increase from \$2,200 to \$4,000 in 2015 and those earning between \$40,000 and \$80,000 a year will see it increase from \$1,950 to \$2,850. In 2013, the exemption was \$1,700 for all incomes.

Focusing on People, Not Programs, to Help Ohioans Move Up and Out of Poverty: Gov. Kasich's budget helps end the siloed, fragmented approach that has struggled for far too long to treat the collected "symptoms" of poverty instead of the underlying challenges that needy Ohioans face. The budget starts fixing this by allocating \$310 million in existing federal and state funding to create the framework for a comprehensive case management and employment initiative that can wrap unique collections of services around individuals based on their unique needs, better supporting them as they move up and out of poverty. The goal is to expand this approach to all Ohioans on public assistance by July 1, 2016.

Breaking the Poverty Cycle Before It Starts: A cornerstone of the strategy to strengthen services and work supports for Ohioans starts with a focus on teens and young adults, ages 16 to 24, where early intervention can have the greatest impact in breaking the cycle of poverty by preventing it before it starts.

- **Improving Job Placement and Job Retention:** Funding from two existing programs, Temporary Assistance for Needy Families and Workforce Innovation and Opportunity Act, will be integrated to serve low-income individuals ages 16 to 24 beginning this calendar year.
- **Providing Intensive Support to Those Who Need the Most Help:** Some low-income teens and young adults who require additional help to obtain and maintain employment will be eligible to receive expanded services tailored to their unique needs. County departments of job and family services or OhioMeansJobs centers and their community partners will identify the most at-risk youth – such as single parents, ex-offenders, the homeless, non-custodial parents, high school dropouts, and youth aging out of foster care – for a new comprehensive case management and employment program.

Removing Barriers to Moving Up: Bureaucratic policies and complex red tape can often create problems in well-intended efforts to help Ohioans in need of assistance. By applying commonsense and making better use of technology, barriers can be removed to help Ohioans move up and out of poverty.

- **Child Care:** The lack of access to affordable and quality child care remains one of the top barriers to work. Furthermore, the loss of subsidized child care once a family's income grows above 200 percent of the federal poverty level (approximately \$3,298 a month for a family of three) is one of the most detrimental benefit "cliffs" that the working poor encounter as their economic situations improve. Softening the impact of these types of cliffs removes a significant disincentive to economic advancement for the working poor and Gov. Kasich's budget proposal does that by raising the income limit for initial child care eligibility and allowing families to keep subsidized child care longer as their incomes gradually increase. Families instead would have their child care subsidies phased out gradually until their income reaches 300 percent of the federal poverty level (approximately \$4,948 a month for a family of three).
- **Simplifying the Process:** Assistance programs have separate and complex eligibility processes and navigating them can be difficult for individuals and case managers when an individual is enrolled in more than one program. By standardizing, aligning and automating eligibility processes Ohio can better serve those in need in a simpler, more efficient, more accountable way. Enhancements to *Ohio Benefits*, the case management and eligibility computer system currently used for Medicaid, will improve the timeliness and ease of eligibility determination for public assistance programs. Work currently is underway to add both cash and food assistance eligibility to *Ohio Benefits*

Holding Government Accountable as Well: The state will develop consistent, meaningful evaluation standards to measure how well we are helping low-income Ohioans move up and out of poverty. This begins with aligning funds from the Temporary Assistance for Needy Families Youth and the Workforce Innovation and Opportunity Act of 2014 to the same success measures. Counties that administer these important programs will have clear expectations and consequences for failing to meet established standards.

Bottom Line: Over the past years Ohioans have worked hard to get our state's economy back on track and let all Ohioans have the opportunity to share in our economic renaissance. Gov. Kasich's new budget proposal builds on this work by further improving the climate for job creation—especially in ways intended to benefit low-income Ohioans, and by making sure that efforts to help Ohioans in need provide the value that taxpayers expect and the quality services that low-income Ohioans need.

