

Good morning, Chairman Schaffer, Vice-Chairman Scherer, Ranking Member Rogers, and honorable members of the House Ways and Means Committee.

Thank you for the opportunity to speak to you today. My name is Julie Ehemann. I am one of the Commissioners currently serving Shelby County. I have served in an elected position in local government for over 20 years and am currently serving my second term in county government. I am currently 2nd Vice President of the County Commissioners Association of Ohio (CCAO) and my testimony also is submitted on behalf of CCAO.

Today, I am before you to discuss a matter in the proposed SFY 18/19 Executive Budget that will greatly affect our state, counties, and transit authorities.

As many of you know, Ohio has benefited over the last several years through a sales tax on Medicaid Managed Care Organizations (MCO). The Federal Government's decision that Ohio could no longer collect a sales tax that targeted these entities is a big concern to counties. In 2016 the Medicaid Managed Care sales tax represented \$209 million, or 8.2 percent of all county and transit authority sales tax collections.

The SFY 18/19 Executive Budget proposal utilizes a waiver from the Centers for Medicare and Medicaid Services that will allow the state to fully replace its sales tax loss of \$597 million, but only provides counties with a one-time allocation that ranges from approximately three months for some counties to more than a year for others. For Shelby County, this proposal would give a one-time payment estimated to be \$201,342 to replace \$451,328 that helped to support our 2016 General Fund Revenues of \$11,617,324. I find this unequal treatment to be disturbing, as ALL counties have utilized these monies to provide services to their communities. Equally disturbing is the fact that the proposed plan takes the State's funding and no longer includes it in the GRF, taking it out of future calculations for counties' LGF distributions.

The proposed Executive Budget assumes that this one-time payment will allow counties to wean themselves off of this income. I must say that for many counties, Shelby County included, it will do no such thing. In fact, Shelby County's 2017 General Fund budget is currently \$176,000 LESS than the budget passed in 2002. To assume that this revenue has been supplemental ignores the facts.

Let me provide some background. In 2008 Shelby County experienced a serious downturn in sales tax and other revenue sources as the country began to experience its last recession. Interest income, TPP reimbursement, and LGF were just some of the revenues lost in addition to sales tax. Shelby County officials enacted numerous austerity measures including hiring freezes, voluntary cuts in pay to employees and elected officials, reduced hours of service to the community, and elimination of financial support to entities that were not state-mandated including the park district, the Arts and the historical societies of the county.

To date, many of these measures remain in place. Shelby County currently funds just five entities that are not state-mandated. These include OSU Extension, the Shelby County Soil and Water Conservation District, the Sidney-Shelby Economic Partnership, the Sidney Senior Center, and Shelby Public Transit.

With current pressures on our child welfare system, the county jail, our justice system and our infrastructure, I and my fellow Commissioners have discussed what we will need to do should the upcoming budget not address this funding gap. Our five non-mandated entities will be the first to be cut.

This means we will cut 4-H programming to almost 1000 youth, conservation services to over 300 farming families, senior services to 950 active senior citizens, economic development services to our many manufacturers and local businesses, and transit services to 4200 riders/month of which almost 50% are elderly or disabled. Unfortunately, an almost complete elimination of these entities would be required to fill the gap as these entities are currently funded at \$438,220.

We are pretty certain that increasing revenues via levies will be unsuccessful as levies targeting schools, parks and the historical society have all failed locally in recent history. Additionally, Shelby County currently has no remaining permissive sales tax to enact.

Our counties serve in a partnership with the State providing necessary services such as public safety, elections, and child protection to our citizens. We pride ourselves on doing this at a reasonable cost. Unfortunately this proposal threatens our ability to provide these services.

We are hopeful that you can work to protect counties by replacing these revenues for all counties with an equitable solution that provides fiscal stability allowing us to provide the services our constituents rely on.

I and my fellow Commissioners appreciate all of the members of the Ohio General Assembly and your efforts to make and keep Ohio a great place to live. We do, however, believe this budget proposal would cause harm to our communities and result in fiscal distress to many counties.

Thank you again for the opportunity to speak. I look forward to answering any questions you may have.