

H.B. 64 Budget Testimony, FY 2016 – 2017
Gary Smith, Director of Finance and Operations
Licking County Board of Developmental Disabilities
March 26, 2015

Chairman Smith, Ranking Member Driehaus, and Members of the House Finance Committee, my name is Gary Smith and I am the Director of Finance and Operations for the Licking County Board of Developmental Disabilities. I also serve on the Business Managers Organization of County Boards of Development Disabilities. *I am here today to testify on the impact the elimination of Tangible Personal Property Tax (TPPT) Reimbursement funds would have on County Boards of Developmental Disabilities (CBDD).*

As you may already know, HB64 makes investments in the Ohio Department of Developmental Disabilities (DODD) to create new Medicaid waivers so that more people can live and work in the community. Unfortunately, HB64 also includes a phase-out of TPPT reimbursement funds to CBDD that would significantly diminish the impact of these new waivers. I am concerned that the ability to move Ohio's DD system forward will be neutralized by the TPPT phase-out.

Therefore, we respectfully ask for your support of an amendment that would ensure the TPPT phase-out would not impact local county boards of DD.

Ohio's DD system is currently in a state of great flux as we try to comply with new federal mandates that increase requirements around service provision. Removing resources at such a vulnerable time will have a negative impact on the DD system, and hurt Ohioans with developmental disabilities. As introduced, the TPPT phase-out will lead to 77 CBDD losing \$35 million, with 12 CBDD losing all of their TPPT in less than four months (\$7 million) with a total lost to the DD system in the first year being \$16 million.

In cooperation with DODD, county boards of DD have been very aggressive in drawing down federal Medicaid dollars to support Ohio's various waiver programs. However, the elimination of the TPPT reimbursement will reduce our ability to bring federal dollars back to Ohio. County boards of DD already provide approximately \$235 million dollars of local levy funds to draw down approximately \$393 million dollars of federal funds. The proposed TPPT reimbursement will have an impact on CBDD ability to draw down federal funds, and thus have an impact on people who rely on these funds for survival.

County boards of DD levies are unique in their ability to use local dollars to drawdown a federal match. In fact, each dollar in TPPT brings an additional \$1.67 of federal funds back to Ohio—meaning a \$35 million lost in TPPT reduces federal funds by \$59 million. All in all, the \$94 Million of combined TPPT and federal funds provides services to 1,460 individuals. The loss in this revenue would need to be replaced by local levy dollars or the services to those individuals would be impacted.

More concerning is the timeframe for which this phase-out will impact Ohio's DD system. The phase-out timeline is aggressive and would not allow for responsible financial planning. For CBDD to begin replacing TPPT through their local levy they would need to be on November

2015 ballot. Unfortunately, the ballot deadline is August 5, 2015—just 36 days after the beginning of the biennium. Even if CBDD were able to make that short timeline, they would have just three months to educate voters and pass the levy.

Ohio's DD safety net is in a time of transformation with many unknowns about what the future holds. While some changes may be difficult to achieve, we hope that the state can be our partner and avoid making those changes more difficult by addressing TPPT reimbursement impact to CBDD. For these reasons, we ask that HB64 be amended to ensure that the phase-out of TPPT reimbursement funding does not impact Ohio's county boards of developmental disabilities. Such a change would ensure this funding is used to leverage additional federal funding and allow Ohio's DD system to move forward. We believe this change would be a valuable use of taxpayer dollars. However, without a change investments made to create new waivers will have little net benefit.

In conclusion, I have shown that the proposed phase-out of TPPT reimbursement would have a profound impact on county boards of DD operation and people served; the timeframe is too aggressive; it would affect the ability to use dollars for federal match; and would not provide enough time to ask local taxpayers to approve a new levy to replace funds lost from the TPPT phase-out.

Given all the negative consequences the TPPT phase-out would have on CBDD, I humbly ask that you consider people with developmental disabilities in your community and create a stable financial environment by ensuring the county boards of DD are not affected by the proposed TPPT phase-out.

Thank you. I welcome any questions you may have.