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Savings account (Editorial)

<http://www.dispatch.com/content/stories/editorials/2012/07/09/savings-account.html>

Rebuilding Ohio's fiscal integrity after years of ruinous overspending is difficult and will take time. Gov. John Kasich is working on that by putting all surplus cash from the recent end of the fiscal year in the state's rainy-day fund.

What's easy, on the other hand, is for state Rep. Vernon Sykes to accuse Kasich of "callous disregard," for not spreading that money around to school districts and local governments whose budgets are squeezed because of previous cuts in state aid. The Akron Democrat said, "To simply continue to put money into our rainy-day funds overlooks the need that is out there."

No. What it does is establish that Kasich is serious about stewardship of Ohio's treasury.

Any public official, including Sykes, should know the basics of sound public finance. The Government Finance Officers Association advises governments to keep a two-month reserve in the bank for emergencies. With the addition of the surplus from the closing fiscal year, Ohio's reserve now is at \$482 million — less than a week's worth of spending.

Given that Kasich started his term with 89 cents in the fund, that's an accomplishment to be proud of. But it's still well short of a healthy savings account, at 1.8 percent of the general revenue fund. Debt-rating agencies require an 8 percent reserve for their highest rating, and the finance officers' association recommends 16 percent.

Insisting on a prudent fiscal course for the state can't fairly be labeled as "callous disregard."

That term better describes the actions of former Gov. Ted Strickland and the previous legislature, who together plunged Ohio's budget into an \$8 billion hole by draining every source of cash and folding every available federal stimulus dollar into the spending plan, heedless of the fact that those revenue sources wouldn't be available for the next budget.

This shortsightedness created budget time bomb.

No doubt, school districts and local governments feel the reduction in state dollars, yet they hardly are crippled; according to data from the U.S. Department of Labor's Bureau of Labor Statistics, Ohio has gained 5,600 local-government jobs in the past year, under Kasich's budget. Most of those gains have come since February.

Nevertheless, local governments, along with families and individuals struggling through a sluggish recovery, need long-term solutions to tight budgets. This has to include refocusing priorities to keep spending within revenues.

Tossing them a quick handout, setting them and the state up for another cycle of deficits and drastic cuts, wouldn't help anyone.

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