

House Bill 318/Senate Bill 52

Background

A proposal to restructure state government and cut the state workforce by 25 to 30 percent was first introduced in 2005 by then gubernatorial candidate Jim Petro. The revived proposal, now Senate Bill 52, will consolidate 20-plus state agencies down to 11 “monster” agencies and take huge slices out of the state workforce – like 11,000 employees. Anytime there’s a state budget crisis Republicans dust off the cobwebs of this proposal and take it out for a spin. This time they’re doing it as a response to Gov. Strickland’s proposal to fix a blow-out in the state budget with a freeze on an income tax cut. The Governor’s proposal, now House Bill 318, will do what OCSEA has been requesting be done and that is responsibly find new revenue sources and reexamine the so-called 2005 tax reform measures that gave tax cuts to the wealthy and corporations. HB 318 will suspend the last phase of an income tax cut and keep taxes at 2008 levels for the next two years—a sensible solution to a \$1 billion budget hole.

Talking Points

- **NO SAVINGS.** SB 52 is a Trojan horse, and has no relationship to anyone’s notion of good government, anywhere. But that hasn’t stopped conservatives from spinning it as “efficient government,” “balanced government” and the way to eliminate waste. Our counter-spin is that this won’t make government more efficient, in fact it will most certainly **cost MORE in the short term** and will create massive **unmanageable bureaucracies**. We know how to make government more efficient – through quality processes – and have saved the state millions using our labor/management partnerships through the years (e.g., Voinovich administration).
- **ODJFS.** We’ve been down this road before. The Ohio Bureau of Employment Services and the Ohio Dept. of Human Services merged ten years ago into the behemoth the **Ohio Dept. of Jobs and Family Services**, an agency with a \$19 billion budget and with over 30 separate program operations. Since then, the mission of the department has become so overly broad that the dept. continues to be plagued by faulty administrative functions, broken IT processes, human resource malfunctions, etc. The list of failed contractors that have tried to bail out ODJFS is endless: Citicorp, Management Information System and Anderson Consulting Group (Accenture), just to name a few.

The culture of the two agencies never truly “merged” anyway as there is no mission connecting the two. Ohio Health Plans, the Medicaid portion, is completely separate from Local Operations and Unemployment Compensation. In fact, the merger 10 years ago was implemented for political reasons—not operational—the same reasons for which SB 52 is being touted today.

- **MERGERS FAIL.** In the corporate world, consolidations such as outlined in SB 52 are strategies used by “sinking ship” businesses and, as such, almost never achieve their outcomes. According to industry pundits, **70 percent of mergers fail**. They fail to save the company, deliver economic gains or add efficiency.
- **NO PLAN.** Not only is SB 52 half-baked, it’s based on a political and philosophical strategy that has no relationship to notions of good government or increased efficiencies. In fact, there’s no viable analysis of how much will be saved. Nor is there a blueprint about how to get there. The \$1 billion dollar figure being thrown out is a made-up number based solely on the number of employees that will be whacked. True costs, which are much more complicated to ascertain, however, have not been determined.