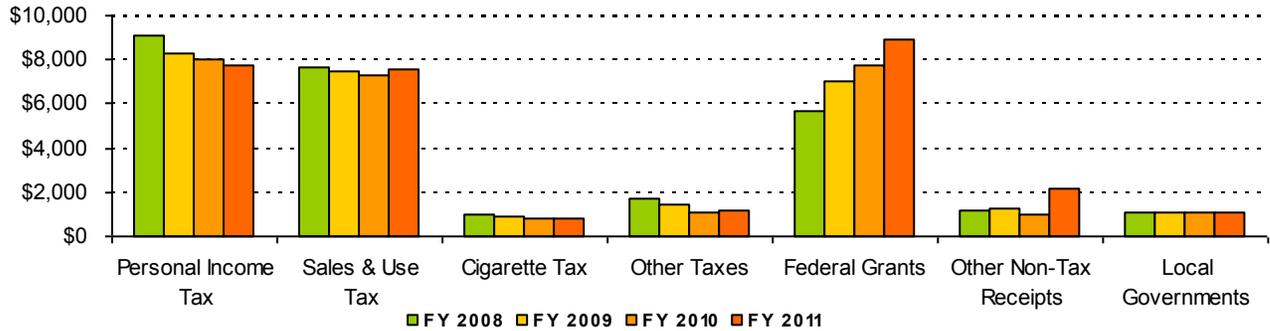


Ohio Legislative Service Commission

Budget In Brief

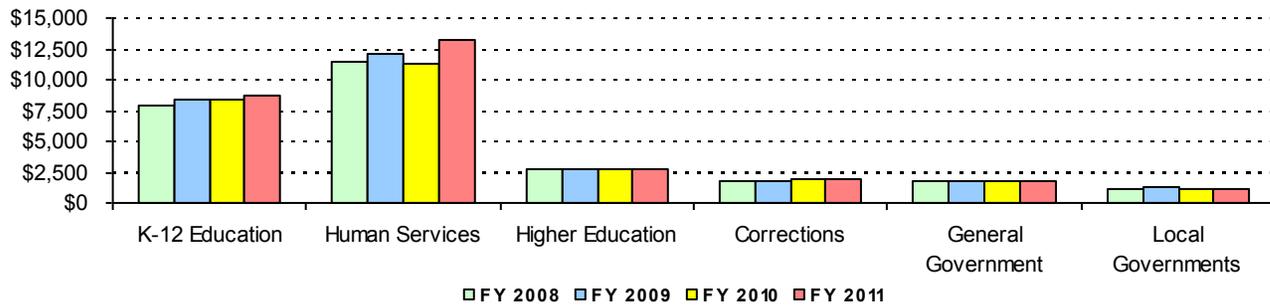
Am. Sub. H.B. 1—As Passed by the House

General Revenue Fund and Local Government Fund Revenues by Source
(\$ in millions)



Revenue Source	FY 2008 (Actual)	FY 2009 (Estimate)	FY 2010 (Forecast)	FY 2011 (Forecast)
Personal Income Tax	\$9,114.7	\$8,257.5	\$7,716.3	\$8,154.3
Sales & Use Tax	\$7,614.2	\$7,452.1	\$7,301.3	\$7,637.1
Cigarette Tax	\$950.9	\$917.0	\$881.2	\$849.5
Other Taxes	\$1,739.7	\$1,418.0	\$1,126.1	\$1,142.1
Federal Grants & Stimulus	\$5,643.9	\$7,044.6	\$7,271.6	\$8,203.0
Other Non-Tax Receipts	\$1,126.3	\$1,264.7	\$2,172.7	\$2,612.2
Local Governments	\$1,101.6	\$1,071.5	\$1,079.8	\$1,083.4
Total	\$27,291.3	\$27,425.4	\$27,549.1	\$29,681.6

Total (State and Federal) GRF Appropriations
(\$ in millions)



Program Area	FY 2008 (Actual)	FY 2009 (Adj. Appropriations)	FY 2010 (Appropriations)	FY 2011 (Appropriations)
K-12 Education	\$7,980.4	\$8,408.0	\$8,050.7	\$8,070.5
Human Services	\$11,520.4	\$12,155.5	\$11,377.6	\$13,550.3
Higher Education	\$2,704.2	\$2,791.8	\$2,765.7	\$2,789.1
Corrections	\$1,811.0	\$1,850.5	\$1,913.9	\$1,920.4
General Government	\$1,700.1	\$1,724.7	\$1,765.2	\$1,794.8
Local Governments	\$1,190.9	\$1,249.5	\$1,079.8	\$1,083.4
Total	\$26,906.9	\$28,180.1	\$26,952.8	\$29,208.5

Note: Revenues may not equal expenditures due to factors such as carryover balances and encumbrances.

Program Highlights

Primary, Secondary, and Higher Education

- The budget adopts an “evidence-based model” approach for school funding in Ohio. The new formula, which includes funding for universal all-day kindergarten, will be phased in over ten years. The total amount of funding calculated under the model is termed the adequacy amount. Separate adequacy models are recommended for school districts, brick-and-mortar community schools, and e-schools. Under the budget, all community school students are funded directly instead of through a transfer of district state aid as under current law.
- The models for school districts and brick-and-mortar community schools both include eight major components: (1) instructional services, (2) additional support, (3) administrative services, (4) operations and maintenance, (5) gifted instruction and enrichment, (6) technology resources, (7) professional development, and (8) instructional materials. However, the calculations for the first three components are somewhat different. The model for e-schools contains fewer components with different calculations for most components.
- Certain components of the model are adjusted by the Educational Challenge Factor, which ranges from 0.75 to 1.65 depending on a district’s educational attainment, wealth, and concentration of economically disadvantaged students. Community schools receive this adjustment if they are rated continuous improvement or above or have at least 50% of their students come from a district that also sponsors them.
- While there is no local share requirement for all community schools, school districts are expected to contribute an amount equal to 2.2% of their taxable or recognized property value depending on whether the district’s Class I (residential and agricultural) real property current expense millage is at the H.B. 920 floor of 20 mills.
- School districts are funded based on prior year enrollments unless the district’s current year enrollment grows 2% or more. Annual changes in a district’s total state aid are subject to transitional aid (guarantee) and growth cap provisions. The guarantee levels are 100% and 98% and the growth caps are 101.9% in each year. All community schools are funded based on current year enrollments without guarantee, but with a cap of 101.9% each year on per pupil aid.
- The budget provides joint vocational school districts a uniform annual increase of 1.9% over what they received in the prior year in FY 2010 and FY 2011.
- The budget recommends a total of \$6.75 billion in FY 2010 and \$6.77 billion in FY 2011 for formula funding. As of April 2009, formula aid for all school districts, community schools, and joint vocational school districts totals \$6.80 billion for FY 2009.
- The budget establishes the Ohio School Funding Research Advisory Council to make recommendations for revisions of the adequacy components on a biennial basis.
- The budget provides another levy option called the conversion levy to allow school districts to reduce their Class I real property current expense millage to the H.B. 920 floor of 20 mills. Once the millage reaches the floor, tax revenue from these 20 mills will fully grow with inflation. The budget reimburses school districts for their revenue losses from commercial and industrial real property and public utility tangible personal property.
- The budget replaces the current Ohio Graduation Test with a four-part assessment: ACT, end-of-course exams, a service learning project, and a senior project. It also calls for revisions to the current academic standards and model curricula, and realignment of the current Ohio Achievement Tests.
- The budget establishes various initiatives that require collaboration between the Department of Education and the Board of Regents (BOR) in order to develop a P-16 statewide system. One such initiative is Teach Ohio, which includes Ohio Teaching Fellows, Ohio Teacher Residency, and alternative teacher licensure components. The combined funding for this new initiative totals \$6.1 million in FY 2010 and \$8.6 million in FY 2011.
- The budget freezes the public in-state undergraduate tuition in FY 2010 for both four and two-year campuses. The tuition freeze is extended to FY 2011 for two-year campuses only. The total funding for the state share of instruction (SSI) increases by 12.3% in FY 2010 and 0.8% in FY 2011. The Chancellor of BOR will develop new, separate formulas for distributing SSI to universities, university branches, and community and technical colleges.
- The budget restructures the state’s need-based student financial aid program. Funded at \$120 million in FY 2010 and \$135 million in FY 2011, the Ohio College Opportunity Grant (OCOG) will serve public institution students. The awards will take into account both the federal Pell grants and the expected family contribution (EFC) amounts. Funded at \$70 million per year, financial aid for students attending nonpublic institutions will be distributed as block grants based on a prescribed formula that will be largely based on each institution’s share of Pell-eligible students.
- The budget provides \$80.5 million over the biennium for the Co-op/Internship Program. Established in H.B. 554 of the 127th General Assembly, the program is to promote cooperative education and internship programs at public and private, nonprofit institutions of higher education.

Program Highlights

Health and Human Services

- The state is to receive a total of \$2.9 billion in enhanced federal reimbursements for Medicaid, reducing the need for the GRF to support Medicaid in the FY 2010-FY 2011 biennium.
- To replace the \$550 million annual revenue loss resulting from the termination of the 5.5% franchise tax on Medicaid managed care plans (MCPs) beginning October 1, 2009, the budget subjects MCPs to the state sales and use tax (5.5%) and to the existing health insuring corporation tax.
- The budget “carves out” the MCP pharmacy program to increase Medicaid drug rebate revenue. The combined state and federal shares of revenue increases are estimated at \$5.2 million in FY 2010 and \$235.5 million in FY 2011.
- The budget increases inpatient and outpatient hospital payment rates by 5% beginning January 2010. It also establishes a new hospital assessment at 1.52% of total facility costs beginning October 2009 and at 1.61% beginning October 2010. State-share revenue generated from the assessment is estimated at \$338.5 million for FY 2010 and \$370.9 million for FY 2011. These funds will be used to support Medicaid programs.
- The budget increases the nursing facility franchise fee from \$6.25 to \$11.00 per bed per day, increasing state-share revenue by \$122.2 million in FY 2010 and \$162.9 million in FY 2011.
- The budget provides \$50 million per year in GRF funding for county departments of job and family services to provide various social services, including protective services for children and adults. These funds are allocated according to the formula used to distribute federal Title XX funds, which is largely based on each county's proportional share of total low-income population.
- The budget implements the first phase of the unified long-term care budget and combines the Department of Aging's GRF items for PASSPORT, Assisted Living, and PACE.
- The budget uses the GRF instead of federal TANF dollars as under current law for the Early Learning Initiative. It also creates the Center for Early Childhood Development to research and make recommendations for the consolidation of all early care and education programs within the Department of Education.

Corrections and Justice

- GRF funding for the Department of Rehabilitation and Correction's (DRC) community correction programs totals \$95.5 million in FY 2010 and \$98.1 million in FY 2011, increases of 15.2% and 2.7%, respectively. DRC's total GRF funding is \$1.63 billion in FY 2010 and \$1.65 billion in FY 2011, increases of 3.3% and 1.0%, respectively.
- GRF funding for RECLAIM Ohio amounts to \$205.5 million in FY 2010 and \$193.0 million in FY 2011. The federal stimulus money accounts for \$3.8 million of the \$14.8 million increase in FY 2010. RECLAIM Ohio funds are used to provide institutional placement and community program services for juvenile offenders.
- Funding for county indigent defense cost reimbursement totals \$52.3 million in FY 2010 and \$56.9 million in FY 2011, increases of 70.8% and 8.8%, respectively. These increases are entirely supported by fee revenue. The state reimbursement rate is expected to increase from about 25% to about 42%-44% in the next biennium.

Economic Development and Other

- The budget provides \$200 million over the biennium for three economic development programs: \$50 million for the Logistics and Distribution Infrastructure Program, \$50 million for the Ohio Bioproducts Development Program, and \$100 million for the Ohio Biomedical Development Program. These programs were established by H.B. 554 of the 127th General Assembly. Funding for the latter two programs is intended to come from liquidating the assets of the former Tobacco Use Prevention Fund. The availability of this funding is contingent on the outcome of an ongoing court case. The budget assumes the money will be available for use by the Department of Development in the next biennium.
- The budget provides \$170 million over the biennium for a new health information technology initiative. Of this amount, \$150 million comes from federal stimulus money and \$20 million comes from the GRF as required state match. Administered by the Department of Insurance, this new initiative is to promote and support the development of electronic medical records.
- The budget requires the Central Service Agency of the Department of Administrative Services (DAS), in conjunction with the individual boards and commissions, to develop and implement specific service level agreements that will provide consolidated finance, human resources, procurement, and other administrative functions to Ohio's 28 occupational licensing boards and commissions. DAS estimates that the initiative could save the boards and commissions up to \$12 million per year on those administrative functions.
- The budget provides \$11.2 million to extend through the next biennium full reimbursement to local governments for the tangible personal property tax phase-out enacted in H.B. 66 of the 126th General Assembly.

Total (State and Federal) GRF Appropriations by Agency

Agency	FY 2008 (Actual)	FY 2009 (Adj. Appropriations)	FY 2010 (Appropriations)	FY 2011 (Appropriations)
Education				
Department of Education	\$7,652,964,298	\$8,030,441,057	\$7,816,169,371	\$7,865,079,984
School Facilities Commission	\$285,773,054	\$339,648,300	\$192,559,200	\$165,510,500
eTech Ohio Commission	\$23,776,626	\$20,511,201	\$24,169,392	\$22,169,392
School for the Blind	\$7,847,133	\$7,703,155	\$8,087,301	\$8,087,301
School for the Deaf	\$10,067,322	\$9,722,909	\$9,697,389	\$9,697,389
Human Services				
Job and Family Services	\$10,274,835,103	\$10,988,292,387	\$10,211,481,675	\$12,319,681,025
<i>Medicaid</i>	\$9,102,667,207	\$9,877,719,909	\$8,866,077,012	\$10,946,630,979
<i>Other Job and Family Services</i>	\$1,172,167,896	\$1,110,572,478	\$1,345,404,663	\$1,373,050,046
Department of Mental Health	\$577,179,267	\$513,555,963	\$537,483,544	\$543,972,116
Department of MR/DD	\$365,577,281	\$339,909,505	\$330,909,542	\$350,885,480
Department of Aging	\$163,271,193	\$174,066,021	\$136,334,058	\$172,734,694
Department of Health	\$77,684,428	\$79,238,718	\$103,864,593	\$103,864,593
Department of Alcohol and Drug Addiction Services	\$37,886,151	\$38,745,954	\$38,483,215	\$39,784,358
Rehabilitation Services Commission	\$23,922,451	\$21,723,830	\$19,416,878	\$19,416,878
Higher Education				
Ohio Board of Regents	\$2,704,178,276	\$2,791,806,331	\$2,765,677,725	\$2,789,072,058
Corrections				
Department of Rehabilitation & Correction	\$1,547,435,425	\$1,586,636,362	\$1,638,265,962	\$1,654,668,061
Department of Youth Services	\$263,514,787	\$263,885,566	\$275,637,766	\$265,720,766
General Government				
Department of Taxation	\$590,468,094	\$574,042,375	\$651,673,219	\$659,218,812
Department of Administrative Services	\$162,331,992	\$169,690,734	\$174,977,497	\$175,236,599
Public Works Commission	\$187,865,939	\$208,475,500	\$169,043,000	\$189,128,400
Judiciary / Supreme Court	\$128,410,809	\$137,363,315	\$138,917,912	\$138,917,912
Department of Natural Resources	\$123,893,276	\$116,589,709	\$123,838,237	\$119,314,993
Department of Development	\$91,046,501	\$111,468,423	\$107,417,660	\$116,897,460
Attorney General	\$54,229,631	\$47,100,732	\$48,089,119	\$48,089,119
Department of Veterans Services	\$0	\$26,964,001	\$32,089,027	\$32,089,027
Auditor of State	\$31,747,141	\$29,958,622	\$30,599,775	\$30,599,775
Treasurer of State	\$31,424,639	\$30,277,019	\$30,146,057	\$30,100,557
Ohio Public Defender Commission	\$37,915,269	\$33,883,946	\$39,706,138	\$23,957,200
Ohio Cultural Facilities Commission	\$36,634,385	\$37,613,623	\$26,595,809	\$28,442,509
Department of Transportation	\$22,627,156	\$19,582,167	\$25,581,656	\$25,581,656
Legislative Service Commission	\$17,144,606	\$21,450,530	\$21,950,530	\$21,950,530
House of Representatives	\$18,685,625	\$20,574,548	\$18,517,093	\$18,517,093
Department of Agriculture	\$19,776,493	\$15,984,695	\$16,282,356	\$16,282,356
Ohio Historical Society	\$14,396,933	\$12,724,266	\$12,182,043	\$12,182,043
Senate	\$10,526,126	\$12,123,439	\$12,123,439	\$12,123,439
Adjutant General	\$12,372,010	\$11,639,882	\$11,638,616	\$11,638,616
Ohio Arts Council	\$11,951,797	\$10,066,406	\$11,170,413	\$10,920,414
Air Quality Development Authority	\$8,172,372	\$8,722,683	\$10,392,546	\$11,371,146
Insurance	\$0	\$0	\$10,000,000	\$10,000,000
State Library Board	\$12,860,094	\$11,769,326	\$6,438,028	\$6,438,028
Ohio Civil Rights Commission	\$7,012,394	\$5,758,727	\$6,391,317	\$6,391,317
Controlling Board	\$0	\$1,033,017	\$5,033,017	\$5,033,017
State Employment Relations Board	\$3,105,963	\$3,343,775	\$4,090,876	\$4,090,876
Office of Budget and Management	\$2,702,568	\$3,933,542	\$3,505,318	\$3,505,318
Office of the Governor	\$3,719,243	\$3,163,635	\$3,173,146	\$3,173,146
Secretary of State	\$3,410,430	\$5,282,336	\$2,790,705	\$2,540,705
Court of Claims	\$2,603,050	\$2,841,441	\$2,699,369	\$2,780,350
Capitol Square Review and Advisory Board	\$3,128,002	\$2,961,547	\$2,625,959	\$2,625,958
Commission on Minority Health	\$932,718	\$2,082,817	\$2,356,070	\$2,356,070
Board of Tax Appeals	\$2,025,583	\$2,053,062	\$2,192,450	\$2,317,450
Department of Commerce	\$2,003,463	\$1,681,319	\$2,132,396	\$2,132,396
Veterans' Organizations	\$1,793,877	\$1,614,192	\$1,798,082	\$1,798,082
Ethics Commission	\$1,659,310	\$1,780,138	\$1,682,020	\$1,682,120
Inspector General	\$1,180,256	\$1,339,903	\$1,164,218	\$1,164,218
Judicial Conference of Ohio	\$915,518	\$1,015,281	\$1,034,281	\$1,065,281
Joint Legislative Ethics Committee	\$412,040	\$550,000	\$550,000	\$550,000
Commission on Hispanic / Latino Affairs	\$412,195	\$569,629	\$507,617	\$507,617
Joint Committee on Agency Rule Review	\$369,904	\$483,520	\$483,520	\$483,520
Ohio Elections Commission	\$407,212	\$423,975	\$381,578	\$381,578
Expositions Commission	\$396,573	\$400,000	\$360,000	\$360,000
Legal Rights Service	\$440,292	\$395,351	\$352,312	\$352,312
Dispute Resolution and Conflict Management	\$452,596	\$416,242	\$349,600	\$349,600
Ohioana Library Association	\$196,000	\$170,569	\$160,000	\$160,000
Commission on African American Males	\$75,371	\$0	\$0	\$0
Department of Public Safety	\$5,376,175	\$4,445,859	\$0	\$0
Environmental Review Appeals Commission	\$438,997	\$487,000	\$0	\$0
Ohio Veterans' Home Agency	\$29,293,970	\$0	\$0	\$0
State Personnel Board of Review	\$1,117,055	\$1,201,643	\$0	\$0
Southern Ohio Agricultural and Community Development	\$0	\$7,189,624	\$0	\$0
TOTAL GRF	\$25,715,974,437	\$26,930,571,344	\$25,873,004,632	\$28,125,143,210
Local Governments	\$1,190,928,855	\$1,249,500,000	\$1,079,800,000	\$1,083,400,000
Total GRF + Local Government Funds	\$26,906,903,292	\$28,180,071,344	\$26,952,804,632	\$29,208,543,210