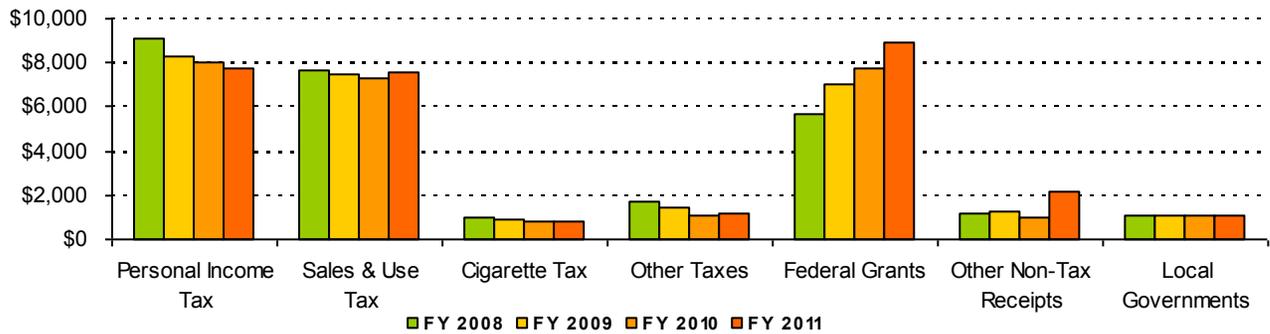


# Ohio Legislative Service Commission

## Budget In Brief

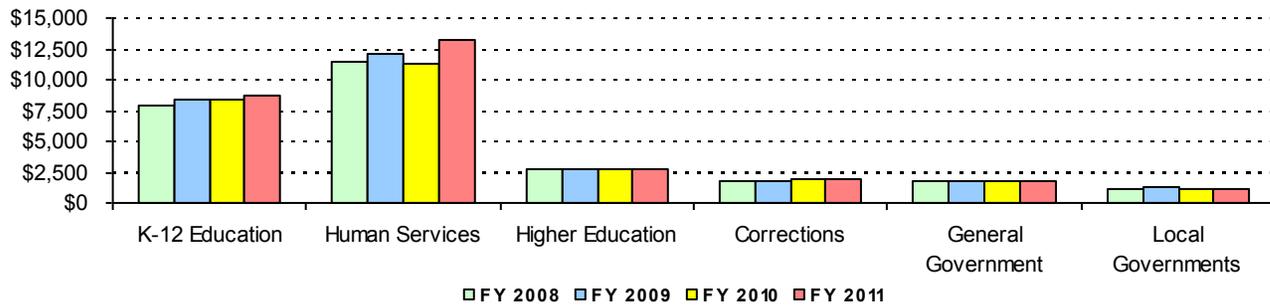
Sub. H.B. 1—As Introduced (LSC 128 0516-2)

**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	\$7,984.8	\$7,739.6
Sales & Use Tax	\$7,614.2	\$7,452.1	\$7,265.4	\$7,583.1
Cigarette Tax	\$950.9	\$917.0	\$850.0	\$796.4
Other Taxes	\$1,739.7	\$1,418.0	\$1,125.8	\$1,169.2
Federal Grants & Stimulus	\$5,643.9	\$7,044.6	\$7,773.5	\$8,894.8
Other Non-Tax Receipts	\$1,126.3	\$1,264.7	\$979.2	\$2,183.5
Local Governments	\$1,101.6	\$1,071.5	\$1,074.8	\$1,078.4
<b>Total</b>	<b>\$27,291.3</b>	<b>\$27,425.4</b>	<b>\$27,053.5</b>	<b>\$29,445.0</b>

**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	\$8,401.8	\$8,648.7
Human Services	\$11,520.4	\$12,155.5	\$11,275.7	\$13,209.1
Higher Education	\$2,704.2	\$2,791.8	\$2,753.7	\$2,774.5
Corrections	\$1,811.0	\$1,850.5	\$1,894.6	\$1,901.2
General Government	\$1,700.1	\$1,724.7	\$1,741.2	\$1,775.6
Local Governments	\$1,190.9	\$1,249.5	\$1,074.8	\$1,078.4
<b>Total</b>	<b>\$26,906.9</b>	<b>\$28,180.1</b>	<b>\$27,141.8</b>	<b>\$29,387.5</b>

Data source: Office of Budget and Management  
Revenues may not equal expenditures due to factors such as carryover balances and encumbrances.

# Program Highlights

## Primary, Secondary, and Higher Education

- The executive budget adopts the “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 eight 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 executive 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.
- The teacher compensation for school districts is adjusted by the Instructional Quality Index, which ranges from 0.9 to 1.65 depending on a district’s educational attainment, wealth, and concentration of economically disadvantaged students. Neither brick-and-mortar community schools nor e-schools receive this adjustment.
- While there is no local share requirement for all community schools, school districts are expected to contribute an amount equal to 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 115% and 116%, respectively. All community schools are funded based on current year enrollments without guarantee or cap.
- The executive 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 executive budget recommends a total of \$7.13 billion in FY 2010 and \$7.39 billion in FY 2011 for formula funding. As of February 2009, formula aid for all school districts, community schools, and joint vocational school districts totals \$6.81 billion for FY 2009.
- The executive budget establishes the Ohio Research-Based Funding Model Advisory Council to make recommendations for revisions of the adequacy components on a biennial basis.
- The executive budget provides another levy option called the conversion levy to allow school districts to reduce their Class 1 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 executive budget reimburses school districts for their revenue losses from commercial and industrial real property and public utility tangible personal property.
- The executive 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 executive budget establishes various initiatives that require collaboration between the Department of Education and the Board of Regents 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 executive 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 four-year and two-year campuses.
- The executive budget restructures the state’s need-based student financial aid program. Funded at \$120.0 million in FY 2010 and \$135.0 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 \$70.0 million per year, financial aid for students attending nonpublic institutions will be distributed as block grants based on each institution’s share of Pell-eligible students.
- The executive budget provides \$50.0 million per year 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.
- Building on the existing Jefferson Community College, the executive budget establishes the Eastern Gateway Community College to serve Ohioans in Columbiana, Jefferson, Mahoning, and Trumbull counties.

# Program Highlights

## Health and Human Services

- The state is to receive a total of \$2.9 billion in enhanced federal reimbursements for Medicaid during the upcoming biennium, reducing the need for the GRF to support Medicaid.
- 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 executive budget proposes to subject MCPs to the state sales and use tax (5.5%) and to the existing health insuring corporation tax. MCPs are currently exempted from the latter tax.
- The executive 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 executive budget increases inpatient and outpatient hospital payment rates by 5% beginning January 2010. It also establishes a new hospital assessment at 1.27% and 1.37% of total facility costs for FY 2010 and FY 2011, respectively. State-share revenue generated from the assessment is estimated at \$282.8 million and \$315.6 million, respectively. These funds will be used to support Medicaid programs.
- The executive budget increases the nursing facility (NF) 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. It also proposes to pay NFs based on a *standard price* determined by a statutory formula without applying a “stop-loss” (annual loss floor) or “stop-gain” (annual increase cap) limit.
- The executive 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 executive budget expects *no waiting* for PASSPORT enrollment in the upcoming biennium.
- The executive budget proposes to use 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

- The executive budget proposes various changes to criminal sentencing that target low-level, nonviolent offenders to reduce the prison population in the Department of Rehabilitation and Correction’s (DRC) system. GRF funding for 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. Total GRF funding for DRC increases by 2.0% in FY 2010 and 1.0% in FY 2011.
- GRF funding for RECLAIM Ohio totals \$205.5 million in FY 2010 and \$193.0 million in FY 2011. The federal stimulus money accounts for \$7.8 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.

## Economic Development and Other

- The executive budget provides \$250.0 million over the biennium for three economic development programs: \$100.0 million for the Logistics and Distribution Infrastructure Program, \$50.0 million for the Ohio Bioproducts Development Program, and \$100.0 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 on-going court case. The executive budget assumes the money will be available for use by the Department of Development in the upcoming biennium.
- The executive budget provides \$170.0 million over the biennium for a new health information technology initiative. Of this amount, \$150.0 million comes from federal stimulus money and \$20.0 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 executive budget provides \$10.0 million per fiscal year in non-GRF spending authority for the Department of Administrative Services (DAS) to administer the Leverage Enterprise Purchase Program under which participating government entities will be able to make information technology purchases using DAS-negotiated procurement contracts. Participating government entities will reimburse DAS for the costs of enterprise-wide purchases.
- The executive budget grants greater authority to the Central Service Agency within DAS to provide consolidated finance, human resources, procurement, and other administrative functions to Ohio’s 28 occupational licensing boards and commissions. It provides approximately \$543,000 in GRF funding over the biennium for this consolidation initiative. DAS estimates that the initiative could save the boards and commissions up to \$12 million per year on those administrative functions.

# Total (State and Federal) GRF Appropriations by Agency

Agency	FY 2008 (Actual)	FY 2009 (Adj. Appropriations)	FY 2010 (Appropriations)	FY 2011 (Appropriations)
<b>Education</b>				
Department of Education	\$7,652,964,298	\$8,030,441,057	\$8,190,075,748	\$8,464,046,361
School Facilities Commission	\$285,773,054	\$339,648,300	\$192,559,200	\$165,510,500
eTech Ohio Commission	\$23,776,626	\$20,511,201	\$19,169,392	\$19,169,392
School for the Blind	\$7,847,133	\$7,703,155	\$0	\$0
School for the Deaf	\$10,067,322	\$9,722,909	\$0	\$0
<b>Human Services</b>				
Job and Family Services	\$10,274,835,103	\$10,988,292,387	\$10,116,558,778	\$11,983,393,541
<i>Medicaid</i>	\$9,102,667,207	\$9,877,719,909	\$8,814,479,115	\$10,693,668,495
<i>Other Job and Family Services</i>	\$1,172,167,896	\$1,110,572,478	\$1,302,079,663	\$1,289,725,046
Department of Mental Health	\$577,179,267	\$513,555,963	\$535,299,632	\$541,196,830
Department of Mental Retardation	\$365,577,281	\$339,909,505	\$327,761,232	\$350,860,480
Department of Aging	\$163,271,193	\$174,066,021	\$135,869,058	\$172,269,694
Department of Health	\$77,684,428	\$79,238,718	\$102,462,593	\$102,462,593
Department of Alcohol and Drug Addiction Services	\$37,886,151	\$38,745,954	\$38,367,296	\$39,553,894
Rehabilitation Services Commission	\$23,922,451	\$21,723,830	\$19,356,878	\$19,356,878
<b>Higher Education</b>				
Ohio Board of Regents	\$2,704,178,276	\$2,791,806,331	\$2,753,743,032	\$2,774,464,522
<b>Corrections</b>				
Department of Rehabilitation & Correction	\$1,547,435,425	\$1,586,636,362	\$1,618,992,062	\$1,635,494,161
Department of Youth Services	\$263,514,787	\$263,885,566	\$275,637,766	\$265,720,766
<b>General Government</b>				
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	\$172,448,897	\$173,307,999
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	\$119,808,529	\$116,162,629
Department of Development	\$91,046,501	\$111,468,423	\$99,612,660	\$112,092,460
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	\$29,706,138	\$23,957,200
Ohio Cultural Facilities Commission	\$36,634,385	\$37,613,623	\$26,595,809	\$28,442,509
Legislative Service Commission	\$17,144,606	\$21,450,530	\$21,450,530	\$21,450,530
House of Representatives	\$18,685,625	\$20,574,548	\$20,574,548	\$20,574,548
Department of Transportation	\$22,627,156	\$19,582,167	\$19,581,656	\$19,581,656
Department of Agriculture	\$19,776,493	\$15,984,695	\$16,069,856	\$16,069,856
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 Historical Society	\$14,396,933	\$12,724,266	\$11,332,043	\$11,332,043
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
Ohio Arts Council	\$11,951,797	\$10,066,406	\$9,420,413	\$9,420,413
State Library Board	\$12,860,094	\$11,769,326	\$6,598,028	\$6,598,028
Ohio Civil Rights Commission	\$7,012,394	\$5,758,727	\$5,441,317	\$5,441,317
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
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
Secretary of State	\$3,410,430	\$5,282,336	\$2,540,705	\$2,540,705
Office of the Governor	\$3,719,243	\$3,163,635	\$2,533,201	\$2,533,201
Department of Commerce	\$2,003,463	\$1,681,319	\$2,132,396	\$2,132,396
Commission on Minority Health	\$932,718	\$2,082,817	\$1,856,070	\$1,856,070
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
Board of Tax Appeals	\$2,025,583	\$2,053,062	\$1,642,450	\$1,642,450
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
Environmental Review Appeals Commission	\$438,997	\$487,000	\$487,000	\$487,000
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
Commission on African American Males	\$75,371	\$0	\$0	\$0
Department of Public Safety	\$5,376,175	\$4,445,859	\$0	\$0
Ohioana Library Association	\$196,000	\$170,569	\$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
<b>TOTAL GRF</b>	<b>\$25,715,974,437</b>	<b>\$26,930,571,344</b>	<b>\$26,067,015,390</b>	<b>\$28,309,129,272</b>
<b>Local Governments</b>	<b>\$1,190,928,855</b>	<b>\$1,249,500,000</b>	<b>\$1,074,800,000</b>	<b>\$1,078,400,000</b>
<b>Total GRF + Local Government Funds</b>	<b>\$26,906,903,292</b>	<b>\$28,180,071,344</b>	<b>\$27,141,815,390</b>	<b>\$29,387,529,272</b>