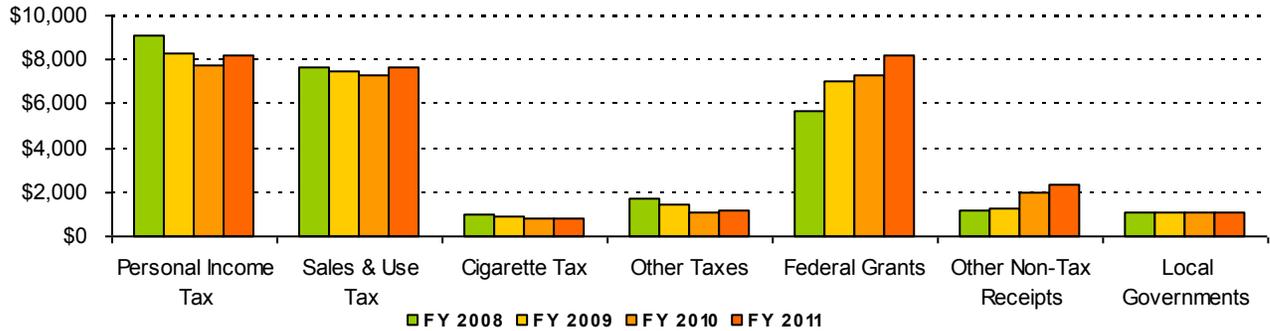


Ohio Legislative Service Commission

Budget In Brief

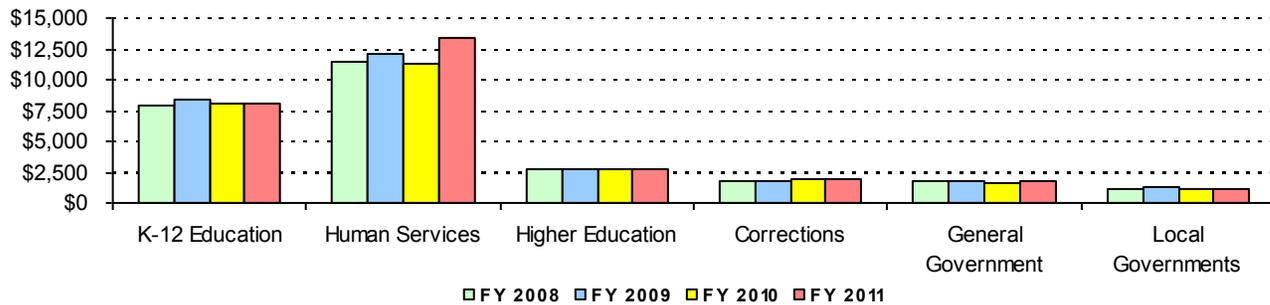
Am. Sub. H.B. 1—As Passed by the Senate

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 | \$826.2 | \$797.1 |
| Other Taxes | \$1,739.7 | \$1,418.0 | \$1,126.1 | \$1,142.1 |
| Federal Grants & Stimulus | \$5,643.9 | \$7,044.6 | \$7,262.5 | \$8,196.3 |
| Other Non-Tax Receipts | \$1,126.3 | \$1,264.7 | \$1,939.3 | \$2,362.8 |
| Local Governments | \$1,101.6 | \$1,071.5 | \$1,079.8 | \$1,083.4 |
| Total | \$27,291.3 | \$27,425.4 | \$27,251.5 | \$29,373.1 |

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 | \$8,109.7 | \$8,141.8 |
| Human Services | \$11,520.4 | \$12,155.5 | \$11,268.5 | \$13,441.2 |
| Higher Education | \$2,704.2 | \$2,791.8 | \$2,700.5 | \$2,729.4 |
| Corrections | \$1,811.0 | \$1,850.5 | \$1,895.5 | \$1,893.8 |
| General Government | \$1,700.1 | \$1,724.7 | \$1,685.1 | \$1,718.9 |
| Local Governments | \$1,190.9 | \$1,249.5 | \$1,079.8 | \$1,083.4 |
| Total | \$26,906.9 | \$28,180.1 | \$26,739.2 | \$29,008.6 |

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

Program Highlights

Primary, Secondary, and Higher Education

- For a district with annual enrollment growth less than 2%, the district's foundation payment allocation for FY 2010 will increase by 0.25% over what was allocated for FY 2009 and the allocation for FY 2011 will increase by 0.5% over what was allocated for FY 2010. For a district with annual enrollment growth of 2% or more, the district's foundation payment allocation for FY 2010 and FY 2011 will increase by 2% per year. A district's foundation payment allocation includes funding for all students residing in the district.
- The budget provides all-day kindergarten funding to an additional 5,000 kindergarteners in 32 school districts with higher concentrations of economically disadvantaged students.
- The budget provides joint vocational school districts a uniform annual increase of 1.9% over what they were allocated in the prior year in FY 2010 and FY 2011.
- The budget appropriates a total of \$6.86 billion in FY 2010 and \$6.91 billion in FY 2011 for foundation payments. As of May 2009, foundation payments for all school districts, community schools, and joint vocational school districts totals \$6.80 billion for FY 2009.
- The budget establishes the Student-Centered Evidence-Based Funding Council to study and develop a school funding model that establishes a per-pupil funding that will follow a student to the school that best meets the student's learning needs. The Council is required to submit its recommendations by September 7, 2010.
- 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 makes permanent the full reimbursement to school districts for the tangible personal property tax phase-out enacted in H.B. 66 of the 126th General Assembly and allocates the 70% of the commercial activity tax currently set aside for schools for this reimbursement. Once fully phased in beginning in FY 2011, the total reimbursement for school districts will amount to \$1.17 billion per year. The reimbursement consists of the *state education aid offset* (the amount of state education aid increase attributable to the tangible personal property tax phase-out) and *direct reimbursement* (the difference between a district's total reimbursement amount and the state education aid offset amount).
- The budget creates the Special Education Scholarship Pilot Program to award scholarships for disabled children in grades K through 12 that may be used to attend private special education programs. The Pilot Program runs from FY 2012 to FY 2018.
- The budget creates new educator licenses with increasingly stringent minimum qualifications: (1) four-year resident educator, (2) five-year professional educator, (3) five-year senior professional educator, and (4) five-year lead professional educator.
- 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 teacher recruitment, the Ohio Teacher Residency Program, and alternative teacher licensure components.
- The budget freezes the public in-state undergraduate tuition in FY 2010 for both four and two-year campuses. The tuition freeze is also extended to FY 2011 for two-year campuses. Four-year campuses are limited to a 3.5% tuition increase in FY 2011.
- The total funding for the state share of instruction (SSI) amounts to \$2.08 billion in FY 2010 and \$2.10 billion in FY 2011, increases of 12.6% and 1.3%, respectively. The budget earmarks these funds for universities, university branches, and community and technical colleges and requires the Chancellor of BOR to allocate the earmarked SSI funding based on specified formulas that take into account factors such as enrollment, course completion, degree attainment, and college access. Each campus is guaranteed to receive 99% and 98% of what was received in the prior year in FY 2010 and FY 2011, respectively.
- The budget provides \$190 million in FY 2010 and \$205 million in FY 2011 for the state's need-based student financial aid program, the Ohio College Opportunity Grant (OCOG). Of this amount, \$41 million per year is earmarked for students attending nonprofit private institutions and \$29 million per year is earmarked for students attending career colleges. The Chancellor of BOR is required to submit to the Controlling Board the financial aid award tables for academic year 2009-2010 by August 31, 2009. The awards are to take into account both the federal Pell grants and the expected family contribution (EFC) amounts.
- Building on the existing Jefferson Community College, the 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, 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 July 1, 2009. It also establishes a new hospital assessment at 1.61% of total facility costs for FY 2010 and at 1.61% for FY 2011. State-share revenue generated from the assessment is estimated at \$357.0 million for FY 2010 and \$354.0 million for FY 2011. These funds will be used to support hospitals.
- The budget increases the nursing facility franchise fee from \$6.25 to \$11.70 per bed per day, increasing state-share revenue by \$140.2 million in FY 2010 and \$186.9 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 amounts to \$84.5 million in each fiscal year, an increase of 1.9% over FY 2009. For purposes of implementing criminal sentencing reforms, the budget also requires the Director of Budget and Management, at the request of the Director of DRC, to transfer up to \$14 million per year in GRF appropriation from DRC's Institutional Operations line item for community-based corrections programs. DRC's total GRF funding is \$1.62 billion in FY 2010 and \$1.63 billion in FY 2011, increases of 2.1% and 0.5%, 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 \$154 million over the biennium for a new health information technology initiative. Of this amount, \$150 million comes from federal stimulus money and \$4 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 makes permanent the full reimbursement to local governments for the tangible personal property tax phase-out enacted in H.B. 66 of the 126th General Assembly and provides an additional \$11.2 million in FY 2011 for this reimbursement. The total reimbursement for local governments will amount to \$472.5 million per year once the reimbursement is fully phased in beginning in FY 2011. Thirty percent of the commercial activity tax is earmarked for this reimbursement.
- The budget requires a rule-making agency to prepare cost-benefit and regulatory flexibility reports for rules that may have adverse effects on nonprofit and for-profit small businesses and submit the rules and reports to the newly created Small Business Ombudsperson in the Office of Small Business of the Department of Development. The budget creates the Small Business Regulatory Review Board to review any potential objections to the rules.

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 | \$7,880,150,983 | \$7,939,335,596 |
| 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 | \$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 | \$10,136,572,581 | \$12,241,164,226 |
| <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 | \$1,270,495,569 | \$1,294,533,247 |
| Department of Mental Health | \$577,179,267 | \$513,555,963 | \$533,782,458 | \$542,271,030 |
| Department of MR/DD | \$365,577,281 | \$339,909,505 | \$329,943,992 | \$350,336,930 |
| Department of Aging | \$163,271,193 | \$174,066,021 | \$136,487,024 | \$172,887,660 |
| Department of Health | \$77,684,428 | \$79,238,718 | \$76,800,777 | \$76,800,777 |
| Department of Alcohol and Drug Addiction Services | \$37,886,151 | \$38,745,954 | \$36,537,131 | \$39,291,729 |
| Rehabilitation Services Commission | \$23,922,451 | \$21,723,830 | \$18,416,878 | \$18,416,878 |
| Higher Education | | | | |
| Ohio Board of Regents | \$2,704,178,276 | \$2,791,806,331 | \$2,700,525,170 | \$2,729,419,505 |
| Corrections | | | | |
| Department of Rehabilitation & Correction | \$1,547,435,425 | \$1,586,636,362 | \$1,619,886,115 | \$1,628,103,638 |
| 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 | \$170,240,795 | \$171,199,897 |
| Public Works Commission | \$187,865,939 | \$208,475,500 | \$169,043,000 | \$189,128,400 |
| Judiciary/Supreme Court | \$128,410,809 | \$137,363,315 | \$135,512,140 | \$135,512,140 |
| 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 | \$70,498,172 | \$83,477,972 |
| Attorney General | \$54,229,631 | \$47,100,732 | \$47,159,119 | \$47,159,119 |
| Department of Veterans Services | \$0 | \$26,964,001 | \$32,089,027 | \$32,089,027 |
| Treasurer of State | \$31,424,639 | \$30,277,019 | \$30,046,057 | \$30,000,557 |
| Auditor of State | \$31,747,141 | \$29,958,622 | \$29,979,031 | \$29,979,031 |
| 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 | \$20,888,168 | \$20,910,676 |
| House of Representatives | \$18,685,625 | \$20,574,548 | \$18,517,093 | \$18,517,093 |
| Department of Transportation | \$22,627,156 | \$19,582,167 | \$17,000,100 | \$16,891,035 |
| Department of Agriculture | \$19,776,493 | \$15,984,695 | \$15,407,313 | \$15,407,313 |
| Adjutant General | \$12,372,010 | \$11,639,882 | \$11,638,616 | \$11,638,616 |
| Senate | \$10,526,126 | \$12,123,439 | \$10,911,095 | \$10,911,095 |
| Air Quality Development Authority | \$8,172,372 | \$8,722,683 | \$10,342,546 | \$11,321,146 |
| Ohio Historical Society | \$14,396,933 | \$12,724,266 | \$10,027,805 | \$10,027,805 |
| Ohio Arts Council | \$11,951,797 | \$10,066,406 | \$7,072,545 | \$7,072,545 |
| State Library Board | \$12,860,094 | \$11,769,326 | \$5,928,560 | \$5,928,560 |
| Ohio Civil Rights Commission | \$7,012,394 | \$5,758,727 | \$5,441,317 | \$5,441,317 |
| 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 | \$2,714,490 | \$2,471,990 |
| 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 |
| Department of Commerce | \$2,003,463 | \$1,681,319 | \$2,025,776 | \$2,025,776 |
| Department of Insurance | \$0 | \$0 | \$2,000,000 | \$2,000,000 |
| Veterans' Organizations | \$1,793,877 | \$1,614,192 | \$1,798,082 | \$1,798,082 |
| Ethics Commission | \$1,659,310 | \$1,780,138 | \$1,659,310 | \$1,659,310 |
| Board of Tax Appeals | \$2,025,583 | \$2,053,062 | \$1,642,450 | \$1,642,450 |
| Commission on Minority Health | \$932,718 | \$2,082,817 | \$1,597,824 | \$1,597,824 |
| Controlling Board | \$0 | \$1,033,017 | \$1,533,017 | \$1,533,017 |
| Inspector General | \$1,180,256 | \$1,339,903 | \$1,164,218 | \$1,164,218 |
| Judicial Conference of Ohio | \$915,518 | \$1,015,281 | \$800,000 | \$800,000 |
| Joint Legislative Ethics Committee | \$412,040 | \$550,000 | \$550,000 | \$550,000 |
| Commission on Hispanic/Latino Affairs | \$412,195 | \$569,629 | \$324,580 | \$324,580 |
| Joint Committee on Agency Rule Review | \$369,904 | \$483,520 | \$435,168 | \$435,168 |
| 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 |
| Ohioana Library Association | \$196,000 | \$170,569 | \$125,000 | \$125,000 |
| Dispute Resolution and Conflict Management | \$452,596 | \$416,242 | \$0 | \$0 |
| 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 | \$25,659,368,531 | \$27,925,157,127 |
| 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 | \$26,739,168,531 | \$29,008,557,127 |