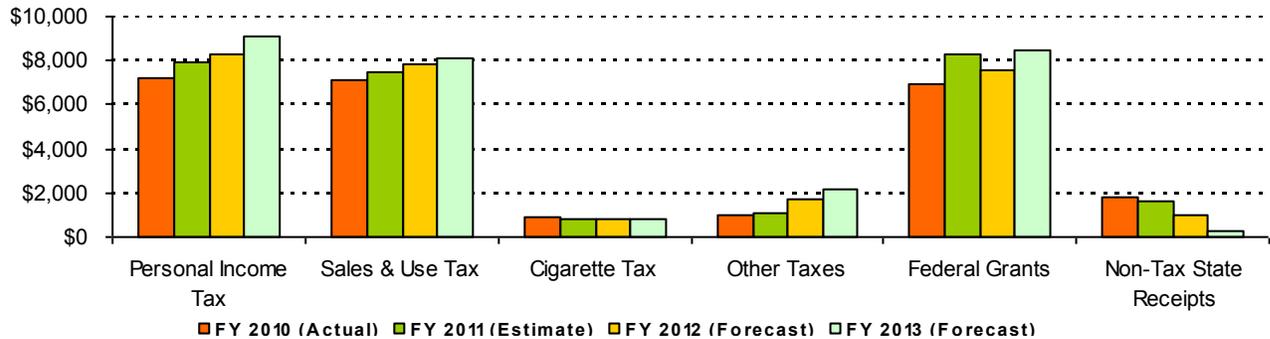


Ohio Legislative Service Commission

Budget In Brief

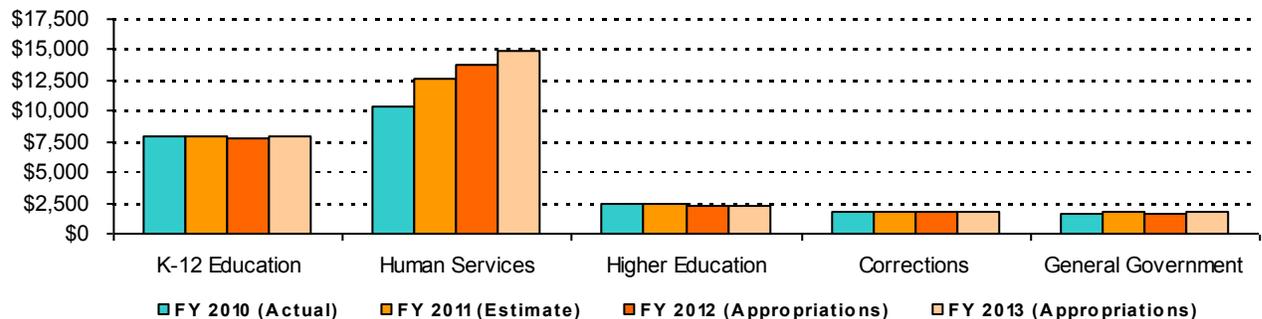
H.B. 153 - As Passed by the Senate

GRF Revenues by Source
(\$ in millions)



Revenue Source	FY 2010 (Actual)	FY 2011 (Estimate)	FY 2012 (Forecast)	FY 2013 (Forecast)
Personal Income Tax	\$7,247.2	\$7,900.0	\$8,275.1	\$9,141.4
Sales & Use Tax	\$7,077.4	\$7,520.0	\$7,818.9	\$8,137.5
Cigarette Tax	\$886.9	\$842.5	\$820.4	\$788.7
Other Taxes	\$1,022.0	\$1,086.3	\$1,737.1	\$2,176.5
Federal Grants	\$6,898.8	\$8,312.8	\$7,545.6	\$8,437.4
Non-Tax State Receipts*	\$1,818.0	\$1,625.4	\$980.9	\$227.4
Total	\$24,950.3	\$27,287.0	\$27,178.0	\$28,909.0

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



Program Area	FY 2010 (Actual)	FY 2011 (Estimate)	FY 2012 (Appropriations)	FY 2013 (Appropriations)
K-12 Education	\$7,926.9	\$7,970.5	\$7,718.2	\$7,998.0
Human Services	\$10,406.3	\$12,582.2	\$13,809.1	\$14,906.7
Higher Education	\$2,495.5	\$2,508.4	\$2,226.1	\$2,308.9
Corrections	\$1,716.4	\$1,832.2	\$1,710.8	\$1,709.4
General Government	\$1,595.8	\$1,717.9	\$1,551.4	\$1,741.1
Total	\$24,141.0	\$26,611.3	\$27,015.5	\$28,664.1

* Decreases in non-tax state receipts in FY 2012 and FY 2013 are related to the elimination of temporary transfers in. Revenues may not equal expenditures due to factors such as carryover balances, encumbrances, and transfers.

Highlights

The budget provides total state and federal GRF appropriations of \$27.02 billion in FY 2012 and \$28.66 billion in FY 2013, increases of 1.5% and 6.1%, respectively. Human Services and K-12 Education account for 51.6% and 28.2%, respectively, of the biennial total. State-source GRF appropriations total \$19.43 billion in FY 2012 and \$20.18 billion in FY 2013, increases of 6.7% and 3.9%. K-12 Education and Human Services represent 39.7% and 31.9%, respectively, of the state-source GRF biennial total. Across all funds, the appropriations total \$55.75 billion in FY 2012 and \$56.34 billion in FY 2013, a decrease of 5.1% in FY 2012 and an increase of 1.1% in FY 2013.

Medicaid and Other Human Services

- Across all funds, Medicaid funding totals \$18.80 billion in FY 2012 and \$19.72 billion in FY 2013, an increase of about \$0.93 billion per year. The majority of the Medicaid budget is funded by the state and federal GRF appropriations—\$12.35 billion in FY 2012 and \$13.41 billion in FY 2013. The state share of the GRF is \$4.81 billion in FY 2012 and \$4.97 billion in FY 2013.
- The Governor created the Office of Health Transformation to streamline the Medicaid Program and improve the overall quality of the health care system in Ohio. The budget moves into the Department of Job and Family Services \$587 million in FY 2012 and \$599 million in FY 2013 for the PASSPORT, Choices, and Assisted Living programs from the Department of Aging, and \$571 million in FY 2013 from the departments of Alcohol and Drug Addiction Services and Mental Health.
- The budget extends the hospital assessment that was due to expire and increases it from 1.38% to about 2.8%. The assessment revenue is estimated to be \$494.7 million in FY 2012 and \$496.2 million in FY 2013. The budget also adjusts the nursing facility franchise fee to \$11.38 per bed per day in FY 2012 and \$11.60 in FY 2013. The franchise fee revenue is estimated to be \$392.1 million in FY 2012 and \$392.9 million in FY 2013.
- The budget assumes that both the administrative portion of the capitation rate paid to managed care organizations and the medical inflation trend used to determine the medical services component of the rate will be reduced. The Medicaid pharmacy benefit that was carved out in the last two years will be included in managed care plans again. Under the budget, managed care plans are prohibited from imposing prior authorization requirements for mental health drugs that are antidepressants or antipsychotics. The budget creates the Medicaid Managed Care Hospital Incentive Payment Program under which Medicaid managed care organizations are provided funds to increase payments to hospitals under contract with the organizations.
- The budget transfers the responsibility for the nonfederal share of Medicaid matching funds from local community behavioral health boards to the state. This change will allow local boards to use local behavioral health levy dollars exclusively to serve those who are not eligible for Medicaid.

K-12 Education

- The budget repeals the formula (commonly called the evidence-based model) used in FY 2010 and FY 2011 for distributing foundation funding for schools. It distributes funding for FY 2012 and FY 2013 based on each district's FY 2011 funding level adjusted to stay within the total foundation appropriation in each year, with a guarantee that each district receives at least the amount of its FY 2011 foundation funding supported by state funds (versus by federal stimulus money). The budget provides \$6.27 billion in FY 2012 and \$6.31 billion in FY 2013 for foundation funding. In FY 2011, foundation funding totals \$6.51 billion, including \$515.5 million in federal stimulus money.
- The budget establishes a \$17 per pupil subsidy for "Excellent with Distinction" and "Excellent" districts and community schools.
- The budget provides \$263.0 million per year to flat fund joint vocational schools in the next biennium.
- The budget accelerates the phase-out of fixed-rate tangible personal property (TPP) and public utility property tax reimbursements for most school districts in the next biennium, based on each district's "reliance" on the reimbursements. The reliance is based on each district's FY 2010 total resources (state and local operating revenue). Each district's reimbursements are reduced by up to 2% of its total resources in FY 2012 and FY 2013. Reimbursements remain at the FY 2013 level thereafter. The budget provides \$722.0 million in FY 2012 and \$475.0 million in FY 2013 for TPP reimbursements; FY 2011 reimbursements are estimated at \$1.04 billion. It also provides \$34.0 million in FY 2012 and \$30.0 million in FY 2013 for public utility tax reimbursements; FY 2011 reimbursements are estimated to be \$74.3 million.
- The budget increases the maximum number of Educational Choice scholarships from 14,000 to 30,000 in FY 2012 and 60,000 in FY 2013 and thereafter. It reduces a district's state aid deduction amount for each scholarship from \$5,200 to the lesser of tuition or \$4,250 for grades K to 8 or \$5,000 for grades 9 to 12. In FY 2011, \$79.6 million will be deducted from district state aid to fund the 14,000 scholarships awarded.
- The budget modifies some of the restrictions on the establishment of new community schools. Community schools are largely funded by a per-pupil deduction from each student's resident district's state foundation funding. The budget sets the base deduction amount at \$5,653 for FY 2012 and FY 2013, a decrease of \$50 per student from FY 2011. In FY 2011, over 99,000 students are enrolled in community schools; funding deductions total \$718.3 million.

Highlights

Higher Education

- The budget caps annual in-state undergraduate tuition increases at 3.5% for universities and their regional campuses and at \$200 for community and technical colleges. The state share of instruction (SSI) totals \$1.74 billion in FY 2012 and \$1.75 billion in FY 2013. In FY 2011, SSI funding totals \$2.00 billion, including \$287.8 million in federal stimulus money.
- The budget provides a total of \$86.3 million per year for the need-based financial aid program, Ohio College Opportunity Grant, an increase of \$10.0 million over FY 2011. It reopens the program to private for-profit schools.
- The budget allows an Ohio high school graduate, within ten years of graduation, to pay in-state tuition to attend a college or university in Ohio regardless of residency prior to enrollment. It also establishes a new program to forgive a student's out-of-state tuition surcharges if the student works in Ohio at least five years after graduation.
- The budget requires state universities, as a condition of seeking program reauthorization from the Board of Regents, to issue a statement describing a method for earning a baccalaureate degree in three years. It requires statements for 10% of baccalaureate degrees by October 15, 2012 and 60% by June 30, 2014.

Economic Development and Public Improvements

- The budget authorizes the state to transfer the liquor distribution system to JobsOhio, a private not-for-profit organization created in H.B. 1 of the 129th General Assembly, to provide an ongoing revenue stream to fund the economic development activities of JobsOhio. The executive estimates the transfer will generate \$1.2 billion in a lump-sum payment to the state, with \$500 million deposited into the GRF in FY 2012 and \$700 million used to pay off outstanding bonds supported by liquor profits.
- The budget increases the prevailing wage thresholds for construction and reconstruction on public improvements for projects other than roads, sewers, ditches, and other related works. It prohibits school districts and educational service centers from applying the prevailing wage requirements. The budget also eliminates the prevailing wage requirements for various economic development programs of the Department of Development, the construction or repair of a port authority facility, and public improvements undertaken by a port authority.
- The budget authorizes state agencies (other than the Ohio Turnpike Commission), state colleges and universities, school districts with state-assisted projects, and counties to use the alternative methods of construction delivery: construction manager-at-risk and design-build. It also increases the multiple-prime contracting threshold for these entities' construction projects to \$600,000.

Other State and Local Government Issues

- The budget authorizes political subdivisions to enter into shared service agreements upon approval of their respective legislative authorities. It also authorizes boards of county commissioners to centralize certain services.
- The budget authorizes the directors of Budget and Management and Transportation to make recommendations to the General Assembly concerning outsourcing Ohio Turnpike projects and subjects the potential sale or lease of the Ohio Turnpike to further legislative approval.
- The budget authorizes the Department of Rehabilitation and Correction to sell five state facilities: Lake Erie (Ashtabula), Grafton (Lorain), North Coast (Lorain), North Central (Marion), and the currently closed Marion juvenile facility. It also authorizes the Department of Youth Services to sell any facility that is closed before January 1, 2012 for use as a privately operated correctional facility. The budget assumes that the proceeds will first be used to retire outstanding bonds on these facilities, with the remainder (\$75 million) deposited into the GRF in FY 2012.
- The budget requires the Department of Administrative Services (DAS) to develop and maintain a public notice web site, free of charge, for state agencies and political subdivisions to publish certain public notices. It also makes various other changes regarding required public notices in newspapers to reduce the costs incurred by state agencies and local governments in publishing such notices.
- The budget requires DAS to develop health care plans to be used by employees of school districts, state colleges and universities, and political subdivisions. It requires the enactment of law by the General Assembly before taking any action regarding health care coverage of such employees.
- The budget appropriates \$577 million in FY 2012 and \$391 million in FY 2013 to the Local Government Fund (LGF) and \$354 million and \$345 million, respectively, to the Public Library Fund (PLF). Distributions of these funds are largely based on each entity's FY 2011 distribution amounts. In FY 2011, LGF and PLF distributions are estimated to be about \$686 million and \$368 million, respectively.
- As with school districts, the budget also accelerates the phase-out of fixed-rate TPP and public utility property tax reimbursements for most local governments in the next biennium. From tax year (TY) 2011 to TY 2013, reimbursements are reduced so that each taxing unit's TY 2010 "reliance" on the reimbursements falls by up to two percentage points per year. Reimbursements remain at the TY 2013 level in subsequent years. The budget provides \$307 million in FY 2012 and \$192 million in FY 2013 for these reimbursements; TY 2010 reimbursements are estimated to be \$551.9 million.

Total (State and Federal) GRF Appropriations by Agency

Agency	FY 2010 (Actual)	FY 2011 (Estimate)	FY 2012 (Appropriations)	FY 2013 (Appropriations)
K-12 Education				
Department of Education	\$7,750,812,844	\$7,771,795,021	\$7,539,595,467	\$7,628,083,477
School Facilities Commission	\$148,231,389	\$167,038,700	\$150,604,900	\$341,919,400
eTech Ohio Commission	\$12,825,882	\$15,699,487	\$11,949,490	\$11,953,394
School for the Deaf	\$8,096,487	\$8,727,657	\$8,727,657	\$8,727,657
School for the Blind	\$6,978,067	\$7,278,579	\$7,278,579	\$7,278,579
Human Services				
Job and Family Services	\$9,421,903,238	\$11,505,113,503	\$12,879,732,866	\$14,177,173,872
<i>Medicaid (Item 600525)</i>	\$8,437,417,808	\$10,480,554,867	\$11,805,172,995	\$13,075,896,589
<i>Other Job and Family Services</i>	\$984,485,430	\$1,024,558,636	\$1,074,559,871	\$1,101,277,283
Department of Mental Health	\$444,594,618	\$461,600,697	\$480,915,911	\$302,286,335
Department of Developmental Disabilities	\$294,563,102	\$331,236,595	\$303,865,155	\$305,572,581
Department of Health	\$87,109,467	\$90,040,091	\$80,612,432	\$85,896,654
Department of Alcohol and Drug Addiction Services	\$27,111,041	\$27,653,362	\$36,053,362	\$7,889,633
Department of Aging	\$116,759,493	\$152,269,693	\$14,693,242	\$14,694,369
Rehabilitation Services Commission	\$14,258,351	\$14,242,789	\$13,211,069	\$13,211,069
Higher Education				
Board of Regents	\$2,495,511,335	\$2,508,441,857	\$2,226,105,156	\$2,308,878,313
Corrections				
Department of Rehabilitation & Correction	\$1,482,645,418	\$1,580,483,394	\$1,492,079,838	\$1,480,691,448
Department of Youth Services	\$233,744,083	\$251,753,079	\$218,693,565	\$228,733,563
General Government				
Department of Taxation	\$714,160,944	\$682,687,338	\$684,615,804	\$689,765,804
Judiciary/Supreme Court	\$130,740,023	\$135,748,312	\$136,090,792	\$134,951,582
Public Works Commission	\$127,231,281	\$155,795,600	\$128,723,600	\$244,868,400
Department of Administrative Services	\$101,114,240	\$165,453,196	\$117,272,516	\$147,400,243
Department of Development	\$86,829,045	\$98,291,872	\$102,126,423	\$115,389,705
Department of Natural Resources	\$105,171,248	\$102,062,629	\$73,858,776	\$92,864,351
Attorney General	\$45,702,754	\$47,159,119	\$44,203,589	\$44,203,589
Department of Veterans Services	\$28,372,724	\$31,860,716	\$34,865,444	\$39,490,944
Treasurer of State	\$29,624,212	\$30,000,557	\$29,318,459	\$29,318,459
Auditor of State	\$30,058,884	\$29,979,031	\$28,234,452	\$28,234,452
Ohio Cultural Facilities Commission	\$26,423,133	\$28,400,236	\$27,903,536	\$28,563,636
Legislative Service Commission	\$18,166,325	\$21,450,530	\$21,450,530	\$21,450,530
House of Representatives	\$17,777,755	\$18,517,093	\$18,517,093	\$18,517,093
Department of Agriculture	\$13,968,803	\$15,405,814	\$14,054,229	\$14,054,229
Senate	\$10,035,077	\$10,911,095	\$10,911,095	\$10,911,095
Department of Transportation	\$17,473,349	\$14,081,656	\$10,050,000	\$10,050,000
Adjutant General	\$8,447,105	\$9,310,893	\$8,602,900	\$8,604,883
Ohio Historical Society	\$7,932,431	\$7,932,431	\$7,762,091	\$7,762,091
Ohio Arts Council	\$7,947,714	\$6,594,290	\$6,705,704	\$9,305,704
State Library Board	\$5,781,878	\$6,188,398	\$5,764,218	\$5,764,270
Public Defender Commission	\$20,401,806	\$16,770,040	\$5,663,922	\$6,674,425
Ohio Civil Rights Commission	\$4,688,215	\$4,897,185	\$4,725,784	\$4,725,784
State Employment Relations Board	\$3,599,902	\$3,863,612	\$3,758,869	\$3,761,457
Office of Budget and Management	\$2,197,922	\$2,806,845	\$3,168,310	\$2,378,166
Office of the Governor	\$2,683,730	\$2,855,832	\$3,001,806	\$2,851,552
Court of Claims	\$3,758,780	\$2,780,350	\$2,573,508	\$2,501,052
Secretary of State	\$2,445,779	\$2,540,705	\$2,378,226	\$2,378,226
Veterans' Organizations	\$1,798,081	\$1,798,082	\$1,887,986	\$1,887,986
Capitol Square Review and Advisory Board	\$1,772,033	\$1,838,171	\$1,801,408	\$1,801,408
Board of Tax Appeals	\$1,162,896	\$1,149,715	\$1,600,000	\$1,700,000
Commission on Minority Health	\$1,815,983	\$1,670,463	\$1,595,235	\$1,580,637
Ethics Commission	\$1,470,954	\$1,513,908	\$1,409,751	\$1,409,751
Inspector General	\$1,102,156	\$1,214,218	\$1,124,663	\$1,125,598
Department of Commerce	\$1,240,063	\$0	\$920,000	\$920,000
Judicial Conference of Ohio	\$789,121	\$800,000	\$720,000	\$720,000
Environmental Review Appeals Commission	\$460,187	\$487,000	\$580,145	\$545,530
Joint Legislative Ethics Committee	\$475,410	\$550,000	\$550,000	\$550,000
Controlling Board	\$0	\$41,108,386	\$475,000	\$475,000
Joint Committee on Agency Rule Review	\$356,172	\$435,168	\$435,168	\$435,168
Ohio Elections Commission	\$338,325	\$343,420	\$333,117	\$333,117
Commission on Hispanic/Latino Affairs	\$343,754	\$355,332	\$317,005	\$324,922
Expositions Commission	\$249,580	\$252,000	\$250,000	\$250,000
Legal Rights Service	\$233,737	\$246,619	\$239,258	\$60,064
Commission on Service and Volunteerism	\$0	\$0	\$129,998	\$126,664
Ohioana Library Association	\$125,000	\$125,000	\$120,000	\$120,000
Air Quality Development Authority	\$9,073,332	\$9,678,102	\$0	\$0
Dispute Resolution and Conflict Management	\$238,985	\$0	\$0	\$0
Department of Public Safety	\$49,264	\$0	\$0	\$0
TOTAL GRF	\$24,140,974,906	\$26,611,285,463	\$27,015,509,099	\$28,664,097,911