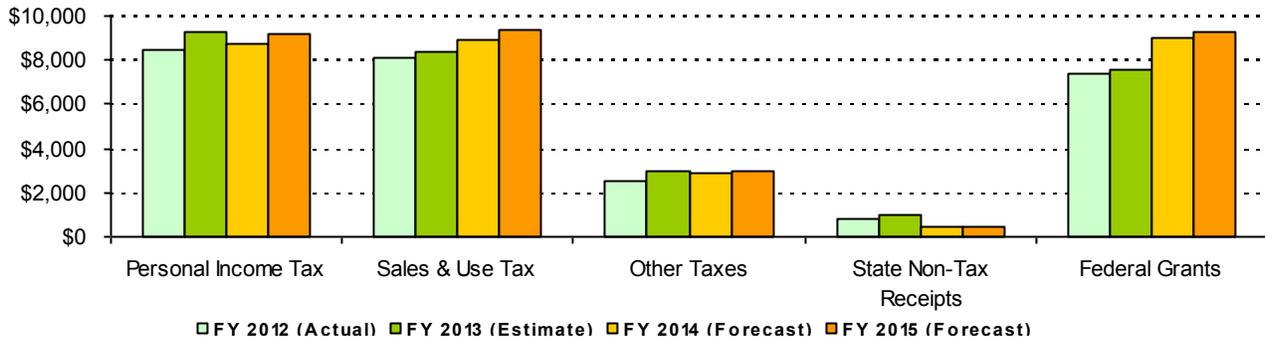


Ohio Legislative Service Commission

Budget In Brief

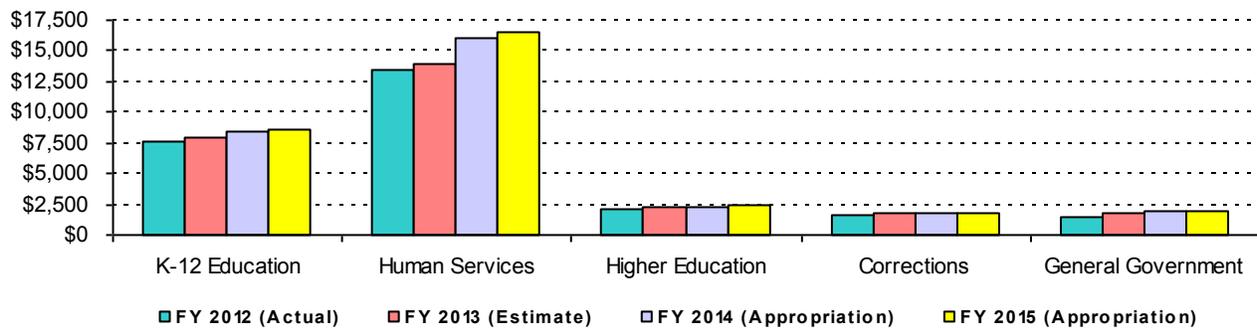
H.B. 59 – As Passed by the House

GRF Revenues by Source
(\$ in millions)



Revenue Source	FY 2012 (Actual)	FY 2013 (Estimate)	FY 2014 (Forecast)	FY 2015 (Forecast)
Personal Income Tax	\$8,432.9	\$9,250.5	\$8,757.5	\$9,224.4
Sales & Use Tax	\$8,087.0	\$8,367.9	\$8,894.2	\$9,403.5
Other Taxes	\$2,485.3	\$2,986.2	\$2,886.4	\$2,940.5
State Non-Tax Receipts	\$817.4	\$1,001.1	\$457.1	\$441.2
Federal Grants	\$7,363.0	\$7,608.6	\$9,001.2	\$9,314.0
Total	\$27,185.5	\$29,214.3	\$29,996.5	\$31,323.6

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



Program Area	FY 2012 (Actual)	FY 2013 (Estimate)	FY 2014 (Appropriation)	FY 2015 (Appropriation)
K-12 Education	\$7,631.8	\$7,992.1	\$8,357.8	\$8,655.4
Human Services	\$13,398.7	\$13,868.8	\$15,970.0	\$16,555.8
Higher Education	\$2,182.7	\$2,308.0	\$2,330.1	\$2,375.2
Corrections	\$1,660.6	\$1,709.4	\$1,728.4	\$1,731.1
General Government	\$1,520.8	\$1,777.4	\$1,885.0	\$1,938.3
Total	\$26,394.6	\$27,655.6	\$30,271.3	\$31,255.7

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

Appropriation Highlights

The House budget provides total state and federal GRF appropriations of \$30.27 billion in FY 2014 and \$31.26 billion in FY 2015, increases of 9.5% and 3.3%, respectively. Human Services and K-12 Education account for 52.9% and 27.7% of the biennial total. State-source GRF appropriations total \$21.23 billion in FY 2014 and \$21.90 billion in FY 2015, increases of 6.1% and 3.2%, respectively. K-12 Education and Human Services represent 39.4% and 32.8% of the state-source GRF biennial total. Across all funds, the appropriations total \$59.23 billion in FY 2014 and \$61.05 billion in FY 2015, increases of 5.5% and 3.1%, respectively.

Medicaid and Other Human Services

- Across all funds in six agencies, Medicaid funding totals \$22.01 billion in FY 2014 and \$23.03 billion in FY 2015, increases of \$2.24 billion and \$1.02 billion, respectively. The majority of the Medicaid budget is funded by state and federal GRF appropriations – \$14.71 billion in FY 2014 and \$15.30 billion in FY 2015. The state share of the GRF is \$5.71 billion in FY 2014 and \$5.98 billion in FY 2015.
- The budget prohibits Medicaid from covering the optional eligibility group that is authorized by the federal Affordable Care Act (ACA). It requires legislation to be introduced in the House of Representatives to reform Medicaid and Ohio's health care delivery system.
- Due to an ACA requirement, the budget includes \$320.9 million in FY 2014 and \$261.9 million in FY 2015 of GRF Medicaid appropriation to pay certain primary care physicians at the higher Medicare rate. The federal government will reimburse 100% of the increased costs.
- The budget transitions the Office of Medical Assistance currently within the Department of Job and Family Services to the Department of Medicaid to lead and improve efficiency of Ohio Medicaid. The budget assumes that various cost avoidance initiatives will reduce Medicaid costs by \$345.3 million in FY 2014 (\$127.6 million state share) and \$514.4 million in FY 2015 (\$190.2 million state share).
- The budget includes \$492.9 million (\$181.6 million state share) in FY 2014 and \$298.5 million (\$110.4 million state share) in FY 2015 for an Integrated Care Delivery System to provide coordinated care for 114,000 individuals who are eligible for both Medicare and Medicaid. Enrollment is to begin in FY 2014.
- The budget includes \$83.3 million (\$30.7 million state share) in FY 2014 and \$176.7 million (\$65.3 million state share) to continue a 5% rate add-on for hospital inpatient and outpatient services. It also provides \$30.0 million (\$11.1 million state share) in each fiscal year for bonus payments to nursing facilities.
- The budget formally merges the current two separate departments to form the new Department of Mental Health and Addiction Services to better serve individuals with mental illness and substance abuse disorders and to better support county boards of mental health and addiction services.
- The budget increases GRF funding for community behavioral health boards by \$50.0 million per year. It earmarks \$20.0 million per year for addiction services, including for drug treatment using non-opiate drugs, and \$30.0 million per year for mental health services.
- The budget includes \$8.0 million in FY 2014 for a newly created Workforce Training Pilot Program for the Economically Disadvantaged to provide training in life and technical skills.

K-12 Education

- The budget proposes a new school funding formula that extends all-day kindergarten funding to all school districts. Total formula allocations for school district resident students are estimated at \$6.61 billion in FY 2014 and \$6.90 billion in FY 2015, increases of 4.4% and 4.3%, respectively.
 - Core opportunity aid. The state and local shares of this aid is \$5,732 in FY 2014 and \$5,789 in FY 2015 per pupil. The state share index depends on a district's valuation, and for districts with lower incomes, on median income. It ranges from 90% to 5%.
 - Targeted assistance. The first tier of this assistance equalizes from about 5 mills to almost 16 mills additional millage up to the 80th percentile district's wealth level, a measure that weighs each district's property and income wealth equally. The second tier of this assistance ranges from 40% of the first tier amount for a district with agricultural property that is 10% or more of real property to 0% for a district with no agricultural value.
 - Additional per pupil funding for students and schools with unique needs. There are state and local shares in additional funding for students with disabilities, students receiving career-technical education, and students with limited English proficiency, and in additional funding for pupil transportation and early learning programs. There is no local share for additional funding for economically disadvantaged students and gifted students.
 - Guarantees. This provision ensures that, in both FY 2014 and FY 2015, the formula allocates at least the same amount of total formula aid for a district's resident students as it allocated in FY 2013.
 - Caps. This provision limits a district's total formula aid allocation increase to 6% per year.
- The budget includes a similar new formula for joint vocational school districts (JVSDs). Instead of the state share index, the JVSD formula uses a 0.5-mill charge-off for core opportunity aid to derive each district's local share. Total JVSD formula aid is estimated to amount to \$269.2 million in FY 2014 and \$274.9 million in FY 2015, increases of 2.4% and 2.1%, respectively.

Appropriation Highlights

- The budget provides \$50.0 million in FY 2014 and \$100.0 million in FY 2015 for a newly created competitive grant program, the Straight A Fund, for projects that aim to achieve increased student achievement and progress, improved productivity, and sustainable cost reduction of operations.
- The budget earmarks \$40 million per year for catastrophic special education cost reimbursement.
- The budget increases GRF funding for early learning programs by \$5.0 million per year to serve an additional 2,200 preschoolers from lower income families.
- The budget sets aside \$43.5 million in FY 2014 and \$40.0 million in FY 2015 for per pupil state payments of \$37 and \$35, respectively, for educational service centers.
- The budget expands the Ed Choice scholarship program beginning with the 2013-2014 school year, to qualify students with family incomes at or below 200% of the federal poverty guidelines, regardless of the academic rating of the district school they would otherwise attend. In the first year, kindergarten students are eligible and an additional grade is added to the eligibility in each subsequent year. The budget provides \$8.5 million in FY 2014 and \$17.0 million in FY 2015 from lottery profits to directly support the scholarship awards.
- The budget provides \$510.0 million per year to school districts to maintain tangible personal property tax direct reimbursement at the FY 2013 level as provided under current law.
- The budget increases assessment funding by \$20.0 million in FY 2015 for new assessments that will include both formative and summative assessments to better inform teachers and students of progress made over the course of the school year. It also provides \$10.0 million in FY 2014 to connect schools to the state broadband network to support the online assessments, blended learning, and other mobile technology initiatives in schools.

Higher Education

- The budget generally caps annual in-state undergraduate tuition increases at the greater of 2.0% or \$188 for university main campuses, the greater of 2.0% or \$114 for university regional campuses, and \$100 for community and technical colleges. It also allows a state university to establish an Undergraduate Tuition Guarantee Program under which the university guarantees a cohort of students a set rate of tuition for four years; the university is authorized to increase tuition by 6% for the first cohort.
- The state share of instruction (SSI) appropriations are \$1.78 billion in FY 2014 and \$1.82 billion in FY 2015. The budget also provides \$8.1 million in SSI bridge funding in FY 2014 to ensure that all campuses receive at least the amount of SSI funding received in FY 2013. Including this bridge funding, total SSI funding increases by 2.3% in FY 2014 and 1.4% in FY 2015.
- The budget increases the degree completion allocation of the university SSI formula from 20% in FY 2013 to 50% beginning in FY 2014. Beginning in FY 2015, there will be one formula for university main and regional campuses. At-risk weights will be applied at the student level instead of a general campus index. The current SSI formula for community and technical colleges is based primarily on enrollment. This will change to a formula based on success points and course completions; in FY 2014, these two factors will determine 50% of SSI funding.
- The budget provides \$89.1 million per year for the Ohio College Opportunity Grant (OCOG), a need-based student financial aid program. The budget creates the OCOG Reserve Fund to carry over unexpended and unencumbered appropriations from the prior year.

Other

- The budget provides \$3.5 million in FY 2014 in the Department of Administrative Services budget for a newly created Local Government Information Exchange Grant Program to demonstrate how the information exchange may provide local governments with insights regarding efficiency, productivity, and services.
- The budget transfers \$3.0 million cash in FY 2014 and \$4.0 million cash in FY 2015 from the GRF to the Local Government Innovation Fund used by the Development Services Agency and earmarks the transfers for the grant portion of the Local Government Innovation Program. This program provides innovation loans and grants to local governments.
- The budget provides \$155.4 million in FY 2014 and \$159.3 million in FY 2015 for community correction programs, increases of 5.9% and 2.5%, respectively. It also authorizes transfers of \$14.0 million per year from the Department of Rehabilitation and Correction's (DRC) institutional operations appropriations to provide additional funding for community correction programs. Criminal sentencing reforms enacted in H.B. 86 of the 129th General Assembly are expected to reduce the size of the DRC inmate population by diverting low-level, nonviolent offenders from prison into community-based sanctions.
- The budget provides \$152.1 million in FY 2014 and \$113.5 million in FY 2015 to reimburse local governments for the phase-out of the tangible personal property tax. Reimbursement stays at the TY 2013 level as provided under current law.
- The budget increases Clean Ohio capital appropriations for the FY 2013-FY 2014 biennium by \$26.0 million, consisting of increases of \$3.25 million to the Clean Ohio Trail Fund appropriation item in the Department of Natural Resources, \$19.5 million to the Clean Ohio Conservation Fund appropriation item in the Public Works Commission, and \$3.25 million to the Clean Ohio Agricultural Easement Fund appropriation item in the Department of Agriculture.

Total (State and Federal) GRF Appropriations by Agency

Agency	FY 2012 (Actual)	FY 2013 (Estimate)	FY 2014 (Appropriation)	FY 2015 (Appropriation)
K-12 Education				
Department of Education	\$7,483,874,446	\$7,633,946,944	\$7,982,452,634	\$8,254,434,217
Ohio Facilities Construction Commission	\$120,581,098	\$332,587,358	\$387,408,251	\$409,464,951
Ohio School for the Deaf	\$8,586,004	\$8,727,657	\$8,727,657	\$8,727,657
Ohio State School for the Blind	\$6,830,765	\$7,278,579	\$7,278,579	\$7,278,579
eTech Ohio/Broadcast Educational Media Commission	\$11,973,972	\$12,253,394	\$7,574,744	\$7,574,744
Human Services				
Department of Medicaid	\$0	\$0	\$14,204,685,457	\$14,785,946,007
Department of Job and Family Services	\$12,465,738,708	\$12,926,640,150	\$755,798,675	\$754,298,675
Department of Developmental Disabilities	\$302,856,910	\$513,656,934	\$524,186,339	\$529,937,865
Department of Mental Health and Addiction Services	\$485,048,359	\$307,086,335	\$366,376,563	\$366,609,963
Department of Health	\$81,353,127	\$85,720,926	\$88,607,614	\$88,607,614
Rehabilitation Services Commission	\$13,197,645	\$13,211,069	\$15,711,070	\$15,711,070
Department of Aging	\$13,796,298	\$14,547,425	\$14,647,425	\$14,647,425
Department of Alcohol and Drug Addiction Services	\$36,693,724	\$7,889,633	\$0	\$0
Higher Education				
Board of Regents	\$2,182,688,385	\$2,307,974,102	\$2,330,070,762	\$2,375,168,502
Corrections				
Department of Rehabilitation and Correction	\$1,436,683,121	\$1,480,691,448	\$1,496,839,928	\$1,497,794,707
Department of Youth Services	\$223,870,015	\$228,733,563	\$231,548,263	\$233,323,163
General Government				
Department of Taxation	\$700,500,143	\$715,202,146	\$737,886,530	\$761,452,132
Public Works Commission	\$109,574,978	\$237,868,400	\$261,186,900	\$263,396,600
Department of Administrative Services	\$108,848,690	\$148,005,736	\$161,552,951	\$163,247,551
Judiciary/Supreme Court	\$130,237,558	\$136,308,695	\$141,602,706	\$143,818,909
Development Services Agency	\$97,628,265	\$117,789,745	\$114,210,145	\$135,276,145
Department of Natural Resources	\$74,270,168	\$97,384,351	\$105,180,489	\$108,618,536
Attorney General	\$46,176,372	\$44,203,589	\$45,703,589	\$45,703,589
Department of Veterans Services	\$31,978,657	\$39,590,944	\$37,021,444	\$39,393,644
Treasurer of State	\$29,189,113	\$29,318,459	\$29,206,559	\$29,206,559
Auditor of State	\$27,018,657	\$28,234,452	\$28,234,452	\$28,234,452
Legislative Service Commission	\$19,017,892	\$21,350,530	\$21,992,475	\$22,072,475
House of Representatives	\$16,924,338	\$21,031,091	\$21,031,091	\$21,031,091
Department of Agriculture	\$13,942,419	\$14,554,231	\$15,404,231	\$15,204,231
Ohio Public Defender Commission	\$5,596,494	\$6,674,425	\$14,430,966	\$14,566,485
Senate	\$10,537,811	\$11,947,822	\$11,947,822	\$11,947,822
Environmental Protection Agency	\$0	\$0	\$10,923,093	\$10,923,093
Department of Public Safety	\$0	\$0	\$10,500,000	\$10,500,000
Ohio Arts Council	\$7,234,393	\$9,605,704	\$10,449,204	\$10,449,204
Department of Transportation	\$10,333,856	\$10,050,000	\$10,050,000	\$10,050,000
Ohio Historical Society	\$8,512,091	\$7,762,091	\$9,549,625	\$10,049,625
Adjutant General	\$9,140,034	\$9,359,648	\$8,594,883	\$8,594,883
State Library Board	\$5,474,798	\$5,764,270	\$5,759,947	\$5,759,947
Office of Budget and Management	\$2,312,014	\$3,402,418	\$4,741,675	\$4,601,054
Ohio Civil Rights Commission	\$4,725,784	\$4,725,784	\$4,725,784	\$4,725,784
State Employment Relations Board	\$3,573,718	\$3,761,457	\$3,761,457	\$3,761,457
Capitol Square Review and Advisory Board	\$1,819,167	\$1,801,408	\$3,578,565	\$3,578,565
Office of the Governor	\$2,738,191	\$2,851,552	\$2,851,552	\$2,851,552
Court of Claims	\$2,969,680	\$2,501,052	\$2,501,052	\$2,501,052
Secretary of State	\$2,143,989	\$2,378,226	\$2,378,226	\$2,378,226
Veterans' Organizations	\$1,887,914	\$1,887,986	\$1,887,986	\$1,887,986
Board of Tax Appeals	\$1,479,475	\$1,700,000	\$1,700,000	\$1,700,000
Inspector General	\$764,364	\$1,125,598	\$1,650,598	\$1,525,598
Commission on Minority Health	\$1,535,020	\$1,580,637	\$1,580,637	\$1,580,637
Ethics Commission	\$1,305,222	\$1,409,751	\$1,409,751	\$1,381,556
Judicial Conference of Ohio	\$799,939	\$801,700	\$824,900	\$847,200
Joint Legislative Ethics Committee	\$531,535	\$550,000	\$550,000	\$550,000
Environmental Review Appeals Commission	\$482,342	\$545,530	\$545,530	\$545,530
Controlling Board	\$0	\$475,000	\$475,000	\$475,000
Joint Committee on Agency Rule Review	\$347,097	\$435,168	\$455,858	\$456,376
Ohio Elections Commission	\$335,461	\$333,117	\$333,117	\$333,117
Commission on Hispanic/Latino Affairs	\$295,706	\$324,922	\$324,922	\$324,922
Commission on Service and Volunteerism	\$129,915	\$126,664	\$286,661	\$294,072
Expositions Commission	\$249,393	\$1,250,000	\$250,000	\$250,000
Ohioana Library Association	\$120,000	\$120,000	\$135,000	\$140,000
Ohio Cultural Facilities Commission	\$27,904,981	\$28,563,636	\$0	\$0
Air Quality Development Authority	\$47,491	\$0	\$0	\$0
Legal Rights Service	\$175,326	\$42,872	\$0	\$0
Total (State and Federal) GRF	\$26,394,583,024	\$27,655,646,324	\$30,271,281,334	\$31,255,711,796