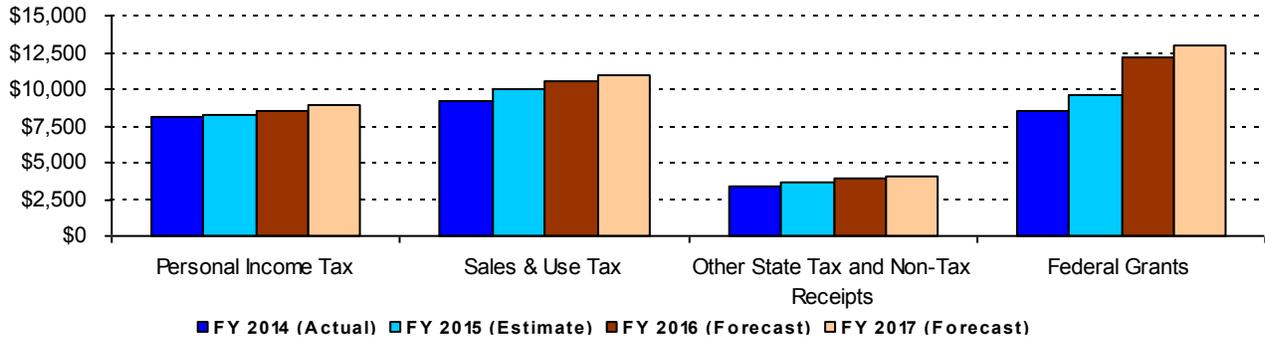


Ohio Legislative Service Commission

Budget In Brief

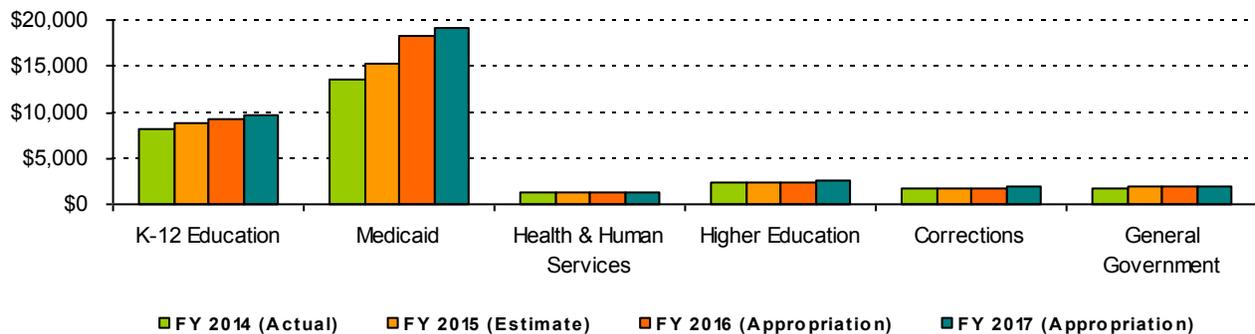
House Bill 64 – As Passed by the House

GRF Revenues by Source
(\$ in millions)



Revenue Source	FY 2014 (Actual)	FY 2015 (Estimate)	FY 2016 (Forecast)	FY 2017 (Forecast)
Personal Income Tax	\$8,064.9	\$8,308.8	\$8,486.9	\$8,851.4
Sales & Use Tax	\$9,165.8	\$10,021.0	\$10,492.5	\$10,913.2
Other State Tax and Non-Tax Receipts	\$3,426.5	\$3,655.8	\$3,868.6	\$4,023.2
Federal Grants	\$8,575.6	\$9,562.3	\$12,199.8	\$12,932.5
Total	\$29,232.8	\$31,547.9	\$35,047.7	\$36,720.2

State and Federal GRF Expenditures by Program Area
(\$ in millions)



Program Area	FY 2014 (Actual)	FY 2015 (Estimate)	FY 2016 (Appropriation)	FY 2017 (Appropriation)
K-12 Education	\$8,257.4	\$8,797.9	\$9,200.8	\$9,663.1
Medicaid	\$13,570.5	\$15,232.0	\$18,174.7	\$19,179.8
Health & Human Services	\$1,232.2	\$1,291.1	\$1,347.2	\$1,352.2
Higher Education	\$2,304.9	\$2,379.9	\$2,457.2	\$2,516.6
Corrections	\$1,740.8	\$1,772.3	\$1,805.3	\$1,850.4
General Government	\$1,795.8	\$1,901.8	\$1,961.4	\$2,011.1
Total	\$28,901.7	\$31,375.1	\$34,946.5	\$36,573.2

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 \$34.95 billion in FY 2016 and \$36.57 billion in FY 2017, increases of 11.4% and 4.7%, respectively. The inclusion in the GRF of Medicaid funding for newly eligible individuals ("Group 8") is the main contributor to the 11.4% increase in FY 2016. Medicaid and K-12 Education account for 52.2% and 26.4%, respectively, of the biennial total state and federal GRF appropriations. State-source GRF appropriations total \$22.63 billion in FY 2016 and \$23.52 billion in FY 2017, increases of 3.7% and 3.9%, respectively. K-12 Education and Medicaid represent 40.9% and 26.1%, respectively, of the state-source GRF biennial total. Across all funds, the appropriations total \$65.01 billion in FY 2016 and \$66.58 billion in FY 2017, increases of 3.0% and 2.4%, respectively.

Medicaid and Other Human Services

- Across all funds in six agencies, Medicaid funding totals \$27.54 billion in FY 2016 and \$28.28 billion in FY 2017, increases of \$2.77 billion and \$0.75 billion, respectively. The majority of the Medicaid budget is funded by state and federal GRF appropriations – \$18.17 billion in FY 2016 and \$19.18 billion in FY 2017. The state share of the GRF is \$5.90 billion in FY 2016 and \$6.16 billion in FY 2017.
- The \$6.16 billion state share for FY 2017 includes about \$126 million for the required 5% state contribution to fund Group 8 for the second half of FY 2017. From calendar year (CY) 2014 through CY 2016, Group 8 is fully funded by the federal government. For CY 2017, the state is required to pay 5% of the total costs.
- The House budget assumes various Medicaid reform initiatives that produce net savings to the state, including requiring childless, non-pregnant adults with incomes from 100% to 138% of the federal poverty level (FPL) to pay a monthly premium and moving certain groups with incomes above 138% of FPL from Medicaid into the federal marketplace. Without these policy changes, the executive estimates that the overall state share of GRF Medicaid funding would have to be \$127 million higher in FY 2016 and \$193 million higher in FY 2017.
- The House budget transfers \$50 million from the Medicaid Reserve Fund to the Healthier Buckeye Fund in FY 2016 and appropriates \$8.5 million in FY 2016 and \$9.5 million in FY 2017. These funds are to be used to award grants to local healthier buckeye councils, other public entities, private entities, and individuals to promote opportunities for individuals and families to achieve and maintain optimal health.
- The House budget increases the hospital assessment rate from 3% as proposed by the executive to 4% in FY 2016 and FY 2017. This increase will result in an estimated revenue gain of \$220.3 million in FY 2016 and \$231.8 million in FY 2017. The majority of these amounts and their federal matches will be used to make payments to hospitals. A smaller portion (\$35.0 million state share in FY 2016 and \$38.0 million state share in FY 2017, and their federal matches) will be used to offset GRF Medicaid expenditures.
- The House budget increases nursing facility reimbursement by \$115.9 million (\$43.6 million state share) in FY 2017. It increases physician rates by \$21.3 million (\$8.0 million) in FY 2016 and \$67.6 million (\$25.4 million) in FY 2017 and dental rates by \$1.5 million (\$562,000) in FY 2016 and \$3.0 million (\$1.1 million) in FY 2017.
- The House budget also increases the rate for certain home health aide services by 10% over the biennium and sets aside \$29.0 million in each fiscal year for this purpose.
- The House budget includes the use of \$310 million in existing Temporary Assistance for Needy Families (TANF) and Workforce Innovation and Opportunity Act funding to create a comprehensive case management and employment initiative for low-income individuals.

K-12 Education

- The House budget modifies the school funding formula and provides an estimated \$7.46 billion in FY 2016 and \$7.86 billion in FY 2017 in formula aid, increases of 6.4% and 5.3%, respectively.
 - ◊ Core opportunity grant. The House budget increases the per pupil amount of this aid from \$5,800 in FY 2015 to \$5,900 in FY 2016 and \$6,000 in FY 2017. It also changes the way the state share is determined; instead of an index, the House budget subtracts a charge-off amount that is calculated with a charge-off rate that varies depending on income. This variable charge-off rate is multiplied by three-year average property value for most districts and six-year average value for agricultural districts.
 - ◊ Additional per pupil funding for students and schools with unique needs. The House budget increases the per pupil amounts for special education, career-technical education, and K-3 literacy. It also decreases the minimum state share for transportation funding from 60% to 50% and fully funds the resulting formula. For those components with a state share, the state share percentage of the opportunity grant is used.
 - ◊ Targeted assistance. The House budget adds a new funding component called capacity aid that targets funds to districts below the median in total taxable property value. This component adds about \$260.7 million in FY 2016 and \$260.8 million in FY 2017 to the formula before the cap.
 - ◊ Guarantee and cap. The House budget guarantees that formula allocations will not decrease from their FY 2015 level and caps allocations at 7.5% of the prior fiscal year. It also provides an additional guarantee after the cap so that all districts receive at least 20% of the formula amount per pupil. This guarantee payment is phased-in at 50% and adds \$21.1 million in FY 2016 and \$20.4 million in FY 2017.
- The House budget continues the formula for joint vocational school districts (JVSDs) and incorporates the same changes as those for traditional districts to per pupil amounts and the guarantee and cap. The JVSD formula continues to use a 0.5-mil charge-off for core opportunity aid to derive each district's local share. Total JVSD formula aid is estimated to amount to \$276.1 million in FY 2016 and \$279.3 million in FY 2017, increases of 1.9% and 1.2%, respectively.

Appropriation Highlights

- The House budget phases down the remaining reimbursements for school district and JVSD losses due to utility deregulation and the elimination of the tax on general business tangible personal property (TPP). Appropriations for these reimbursements fall from \$510.0 million in FY 2015 to \$361.8 million in FY 2016 and \$251.6 million in FY 2017, decreases of 29.1% and 30.5%, respectively. However, the House budget also provides \$36.0 million in FY 2016 and \$66.0 million in FY 2017 to offset any funding decreases not offset by increases in school foundation aid.
- The House budget provides \$80.3 million in FY 2016 and \$90.3 million in FY 2017, increases of \$35.0 million and \$10.0 million, respectively, from the combination of the GRF and casino operator settlement money to fund early childhood education for lower income families. It also provides GRF funding of \$2.5 million per year in the Ohio Department of Mental Health and Addiction Services (ODMHAS) budget to promote identification and intervention for early childhood mental health.
- The House budget provides \$50 million per year to continue the Straight A Fund Program. It earmarks \$10.0 million in FY 2016 and \$3.5 million in FY 2017 to support graduate coursework for high school teachers to receive credentialing to teach college credit plus (CCP) courses in a high school setting. It also earmarks \$2.5 million in FY 2017 to award schools for outstanding successful completion rates for the advanced placement program and \$1.3 million each year for districts with AP completion rates between 0%-10%. In addition, the House budget provides \$4.9 million in FY 2016 and \$5.0 million in FY 2017 for supplemental CCP payments to schools.
- The House budget provides lottery profits of \$15 million per year, an increase of \$5 million in FY 2016, to provide funding for local networks of volunteers and organizations to sponsor career advising and mentoring for students in districts with high poverty rates and low graduation rates.
- The House budget provides GRF funding of \$23.5 million in FY 2016 and \$31.5 million in FY 2017, increases of \$6 million and \$8 million, respectively, to continue the income-based EdChoice expansion. It also increases the EdChoice scholarship amount for high school students from \$5,000 to \$5,700.
- The House budget increases the per pupil funding for community school facilities from \$100 to \$200 for brick and mortar schools and adds funding of \$25 per pupil for e-schools, providing lottery profits of \$19.4 million in FY 2016 and \$20.7 million in FY 2017 to fund these payments. It also provides \$25 million in capital funding to make facilities grants to "exemplary" community schools.

Higher Education & Workforce Development

- The House budget generally caps annual in-state undergraduate tuition increases for FY 2016 at the greater of 2.0% or \$200 for university campuses, and the greater of 2.0% or \$100 for university regional campuses and community and technical colleges; it freezes tuition for FY 2017 at the FY 2016 levels.
- The House budget increases the total state share of instruction (SSI) funding by 2% per year to \$1.86 billion in FY 2016 and \$1.89 billion in FY 2017. It earmarks \$1.43 billion in FY 2016 and \$1.46 billion in FY 2017 for universities and their regional campuses and \$428.2 million in FY 2016 and \$436.8 million in FY 2017 for community and technical colleges.
- The formula for universities (including regional campuses) allocates 50% of the SSI for degree completions, a little over 28% for course completions, and the remainder for doctoral and medical education and for phasing out certain historical set-asides. The formula for community and technical campuses allocates 50% of the SSI for course completions and 25% each for success factors and completion milestones. Neither formula has a "stop-loss" provision for individual campuses.
- The House budget funds the Ohio College Opportunity Grant (OCOG), a need-based student financial aid program at \$96.2 million in FY 2016 and \$97.2 million in FY 2017, increases of 6.5% and 1.0%, respectively. It also provides \$7.5 million per year to reduce debt and financial burdens on students attending state colleges and universities.
- The House budget provides \$20 million in FY 2017 to fund the newly created Higher Education Innovation Grant Program to achieve sustainable, long-term cost savings for students.
- The House budget provides \$7.5 million per year for distributing workforce development grants across the state.
- The House budget provides \$10 million per year in the Higher Education budget and \$5 million per year in the Development Services budget to strengthen Ohio's aviation, aerospace, and defense industries and to align the University System of Ohio's research and workforce development assets with the needs of public and private employers.
- The House budget provides \$2.5 million per year for the Ohio Military Facilities Commission to assist in the financing of infrastructure capital improvements on military and defense installations in the state.

Local Government and Other

- The House budget provides \$10 million per year during the next biennium for the Local Government Safety Capital Grant Program to enhance public safety.
- The House budget, for purposes of increasing the state reimbursement rate for county indigent defense from the current 40% to about 50%, funds state reimbursements at \$23.6 million in FY 2016, an increase of 105.6%, and \$23.7 million in FY 2017, an increase of 0.1%.
- The House budget phases down the remaining reimbursements for local government losses due to utility deregulation and the elimination of the general business tangible personal property tax. Appropriations for these reimbursements are reduced from \$127.6 million in FY 2015 to \$66.1 million in FY 2016 and \$40.4 million in FY 2017, decreases of 48.2% and 38.8%, respectively.
- Under the House budget, while the Local Government Fund (LGF) will continue to share 1.66% of the total GRF tax revenues in FY 2016 and FY 2017, the share for the Public Library Fund (PLF) will increase to 1.70%.
- The House budget transfers the Bureau of Recovery Services from the Department of Rehabilitation and Correction to ODMHAS and provides \$27.4 million in FY 2016 and \$34.4 million in FY 2017 in GRF funding within the ODMHAS budget to fund alcohol and drug addiction services to inmates and prepare them for re-entry to society.

Total (State and Federal) GRF Appropriations by Agency

Agency	FY 2014 (Actual)	FY 2015 (Estimate)	FY 2016 (Appropriation)	FY 2017 (Appropriation)
Department of Medicaid	\$13,065,250,163	\$14,710,099,360	\$17,611,341,605	\$18,561,311,199
Department of Education	\$7,904,998,180	\$8,415,765,295	\$7,618,575,127	\$8,049,885,889
Department of Higher Education	\$2,304,928,556	\$2,379,887,812	\$2,457,171,283	\$2,516,623,335
Revenue Distribution Fund	\$0	\$0	\$1,846,500,000	\$1,877,100,000
Department of Rehabilitation and Correction	\$1,512,192,641	\$1,539,011,322	\$1,588,247,002	\$1,637,673,549
Department of Job and Family Services	\$733,256,449	\$793,782,672	\$821,459,027	\$824,883,386
Department of Developmental Disabilities	\$521,699,150	\$533,803,413	\$578,890,728	\$630,323,758
Ohio Facilities Construction Commission	\$365,063,859	\$390,464,951	\$404,968,000	\$411,777,900
Department of Mental Health and Addiction Services	\$363,386,480	\$365,794,709	\$390,035,756	\$396,060,102
Public Works Commission	\$237,245,104	\$261,396,600	\$261,112,300	\$269,028,900
Department of Youth Services	\$228,622,143	\$233,323,163	\$217,003,154	\$212,733,454
Department of Administrative Services	\$145,921,080	\$164,387,951	\$166,126,811	\$165,332,866
Judiciary/Supreme Court	\$134,165,973	\$143,818,909	\$147,938,488	\$150,470,662
Development Services Agency	\$115,692,270	\$134,012,966	\$141,337,842	\$153,857,642
Department of Natural Resources	\$98,532,150	\$99,068,536	\$103,376,636	\$103,412,136
Department of Health	\$88,617,505	\$89,257,614	\$89,008,285	\$88,308,285
Department of Taxation	\$706,678,526	\$721,218,532	\$69,065,985	\$69,065,985
Attorney General	\$46,173,434	\$45,803,589	\$46,303,589	\$46,303,589
Department of Veterans Services	\$36,454,945	\$39,393,644	\$38,750,496	\$53,010,196
Treasurer of State	\$29,028,399	\$29,206,559	\$30,243,959	\$30,243,359
Auditor of State	\$27,600,915	\$28,234,452	\$28,479,072	\$28,479,072
Ohio Public Defender Commission	\$14,398,916	\$14,566,485	\$26,705,244	\$26,728,785
Legislative Service Commission	\$21,096,993	\$28,961,103	\$24,670,478	\$24,670,478
House of Representatives	\$19,526,505	\$25,024,667	\$23,272,941	\$23,272,941
Department of Public Safety	\$9,752,977	\$10,500,000	\$18,099,300	\$18,099,300
Opportunities for Ohioans with Disabilities Agency	\$15,701,880	\$15,711,070	\$16,250,894	\$16,250,894
Department of Agriculture	\$15,165,913	\$15,254,231	\$15,695,162	\$20,395,162
Department of Transportation	\$12,542,291	\$10,050,000	\$15,300,000	\$15,300,000
Department of Aging	\$14,807,961	\$14,647,425	\$14,897,425	\$14,897,425
Ohio History Connection	\$10,149,625	\$10,549,625	\$13,410,478	\$13,110,478
Ohio Arts Council	\$9,750,815	\$11,349,204	\$13,222,050	\$13,722,050
Senate	\$11,024,228	\$13,460,369	\$12,518,143	\$12,518,143
Environmental Protection Agency	\$9,813,394	\$10,923,093	\$10,923,093	\$10,923,093
Broadcast Educational Media Commission	\$6,523,399	\$7,813,706	\$10,334,394	\$10,334,394
Adjutant General	\$8,528,566	\$8,594,883	\$9,879,883	\$9,879,883
Ohio School for the Deaf	\$8,735,110	\$8,727,657	\$9,604,435	\$10,028,878
Ohio State School for the Blind	\$7,185,778	\$7,278,579	\$8,000,000	\$8,000,000
State Library Board	\$5,832,424	\$5,759,947	\$5,899,947	\$5,899,947
Ohio Civil Rights Commission	\$4,725,740	\$4,725,784	\$5,406,444	\$5,406,444
Office of Budget and Management	\$4,092,758	\$4,601,054	\$4,796,898	\$4,796,898
State Employment Relations Board	\$3,394,842	\$3,761,457	\$3,761,457	\$3,761,457
Capitol Square Review and Advisory Board	\$3,555,099	\$3,578,565	\$3,578,565	\$3,578,565
Office of the Governor	\$2,751,881	\$2,851,552	\$3,157,386	\$3,156,099
Court of Claims	\$3,217,673	\$2,501,052	\$2,562,959	\$2,536,419
Military Facilities Commission	\$0	\$0	\$2,500,000	\$2,500,000
Secretary of State	\$2,141,406	\$2,612,422	\$2,378,226	\$2,378,226
Veterans' Organizations	\$1,887,914	\$1,887,986	\$1,887,986	\$1,887,986
Board of Tax Appeals	\$2,010,208	\$1,700,000	\$1,700,000	\$1,700,000
Commission on Minority Health	\$1,450,932	\$1,580,637	\$1,566,590	\$1,566,590
Ethics Commission	\$1,410,850	\$1,381,556	\$1,381,556	\$1,381,556
Inspector General	\$1,224,781	\$1,525,598	\$1,327,759	\$1,327,759
Joint Education Oversight Committee	\$0	\$0	\$1,250,000	\$1,250,000
Judicial Conference of Ohio	\$824,415	\$847,200	\$999,000	\$1,038,000
Joint Legislative Ethics Committee	\$527,133	\$527,133	\$550,000	\$550,000
Environmental Review Appeals Commission	\$467,276	\$545,530	\$545,530	\$545,530
Expositions Commission	\$464,749	\$920,000	\$500,000	\$500,000
Joint Committee on Agency Rule Review	\$394,788	\$456,376	\$493,139	\$512,253
Controlling Board	\$0	\$475,000	\$475,000	\$1,725,000
Commission on Hispanic/Latino Affairs	\$355,312	\$392,776	\$392,776	\$392,776
Ohio Elections Commission	\$331,769	\$333,117	\$333,117	\$333,117
Joint Medicaid Oversight Committee	\$6,536	\$500,000	\$321,995	\$490,320
Commission on Service and Volunteerism	\$286,660	\$294,072	\$0	\$0
Ohioana Library Association	\$135,000	\$140,000	\$0	\$0
<i>GRF - State</i>	<i>\$20,645,237,311</i>	<i>\$21,819,675,739</i>	<i>\$22,632,244,334</i>	<i>\$23,518,672,232</i>
<i>GRF - Federal</i>	<i>\$8,256,465,108</i>	<i>\$9,555,390,088</i>	<i>\$12,314,241,061</i>	<i>\$13,054,559,878</i>
GRF - Total	\$28,901,702,419	\$31,375,065,827	\$34,946,485,395	\$36,573,232,110
Medicaid				
GRF - Total	\$13,570,528,336	\$15,231,980,661	\$18,174,684,321	\$19,179,802,645
<i>GRF - State</i>	<i>\$5,349,080,476</i>	<i>\$5,714,793,130</i>	<i>\$5,898,645,817</i>	<i>\$6,163,445,324</i>
<i>GRF - Federal</i>	<i>\$8,221,447,860</i>	<i>\$9,517,187,531</i>	<i>\$12,276,038,504</i>	<i>\$13,016,357,321</i>
All Funds - Total	\$20,859,067,354	\$24,764,178,533	\$27,535,882,112	\$28,281,256,143

* House Bill 64 moves GRF appropriations for property tax relief payments from the Departments of Education and Taxation to the Revenue Distribution Fund.