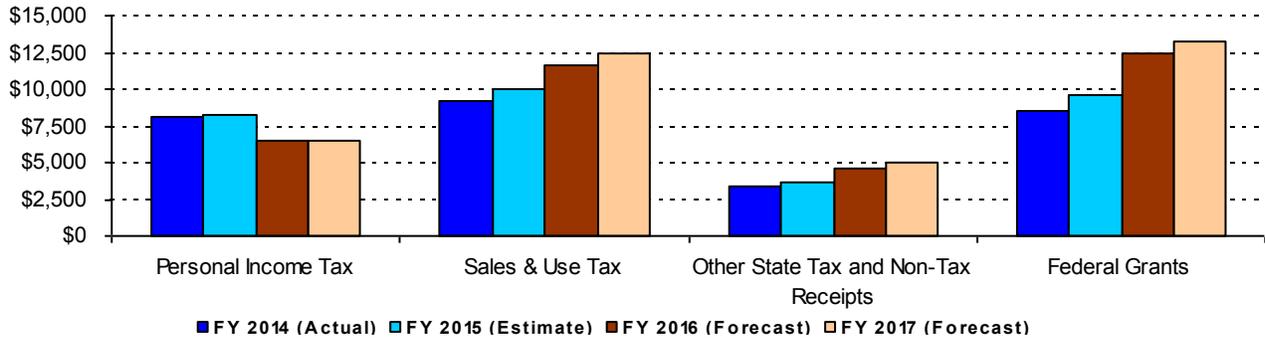


Ohio Legislative Service Commission

Budget In Brief

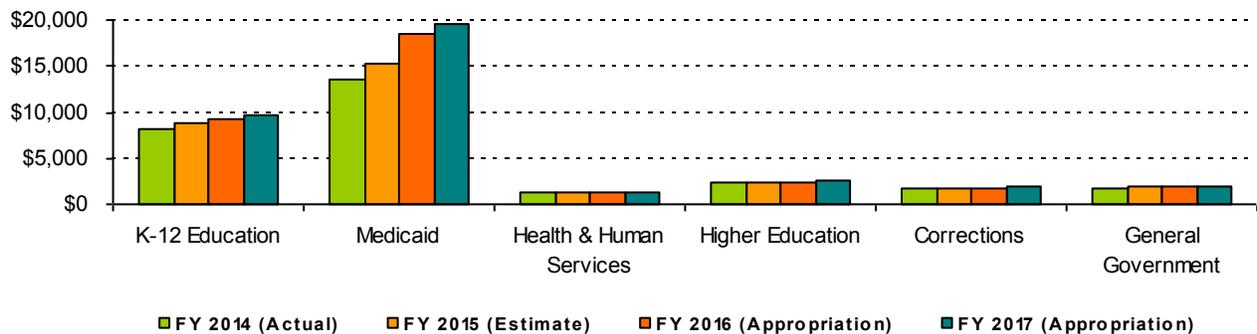
House Bill 64 – As Introduced

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	\$6,503.4	\$6,428.5
Sales & Use Tax	\$9,165.8	\$10,021.0	\$11,584.8	\$12,423.8
Other State Tax & Non-Tax Receipts	\$3,426.5	\$3,655.8	\$4,626.2	\$4,966.3
Federal Grants	\$8,575.6	\$9,562.3	\$12,451.9	\$13,228.8
Total	\$29,232.8	\$31,547.9	\$35,166.3	\$37,047.4

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	\$9,288.5	\$9,664.2
Medicaid	\$13,570.5	\$15,232.0	\$18,499.1	\$19,649.7
Health & Human Services	\$1,232.2	\$1,291.1	\$1,338.1	\$1,343.3
Higher Education	\$2,304.9	\$2,379.9	\$2,428.3	\$2,487.9
Corrections	\$1,740.8	\$1,772.3	\$1,808.2	\$1,853.7
General Government	\$1,795.8	\$1,901.8	\$1,937.7	\$1,990.8
Total	\$28,901.7	\$31,375.1	\$35,299.9	\$36,989.6

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

Appropriation Highlights

The executive budget provides total state and federal GRF appropriations of \$35.30 billion in FY 2016 and \$36.99 billion in FY 2017, increases of 12.5% and 4.8%, respectively. Including in the GRF Medicaid funding for newly eligible individuals (“Group 8”) is the main contributor to the 12.5% increase in FY 2016. Medicaid and K-12 Education account for 52.8% and 26.2%, respectively, of the biennial total state and federal GRF appropriations. State-source GRF appropriations total \$22.73 billion in FY 2016 and \$23.64 billion in FY 2017, increases of 4.2% and 4.0%, respectively. K-12 Education and Medicaid represent 40.9% and 26.5%, respectively, of the state-source GRF biennial total. Across all funds, the appropriations total \$64.69 billion in FY 2016 and \$66.27 billion in FY 2017, increases of 2.5% and 2.4%, respectively.

Medicaid and Other Human Services

- Across all funds in six agencies, Medicaid funding totals \$27.29 billion in FY 2016 and \$28.16 billion in FY 2017, increases of \$2.53 billion and \$0.87 billion, respectively. The majority of the Medicaid budget is funded by state and federal GRF appropriations – \$18.50 billion in FY 2016 and \$19.65 billion in FY 2017. The state share of the GRF is \$5.97 billion in FY 2016 and \$6.33 billion in FY 2017.
- The \$6.33 billion state share for FY 2017 includes almost \$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 executive budget contains 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 executive budget increases nursing facility reimbursement by \$60.7 million (\$22.8 million) over the biennium.
- The executive budget increases physician rates by \$42.1 million (\$15.8 million state share) in FY 2016 and \$109.2 million (\$41.1 million state share) in FY 2017 and dental rates by \$1.5 million (\$562,000 state share) in FY 2016 and \$3.0 million (\$1.1 million state share) in FY 2017.
- The executive budget includes various initiatives to, by June 2017, serve an additional 5,890 individuals with developmental disabilities in community settings and increase the participation in supported employment and integrated day services by about 6,100 individuals. The executive estimates that these initiatives will increase the spending from the Department of Developmental Disabilities by \$88 million (\$34 million state share) in FY 2016 and \$229 million (\$86 million state share) in FY 2017.
- The executive budget expands the Medicaid in Schools Program to include certain intensive behavioral and transportation services. This initiative will enable schools to claim federal reimbursements totaling \$22.2 million in FY 2016 and \$24.3 million in FY 2017.
- The executive 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 executive budget modifies the school funding formula and provides an estimated \$7.41 billion in FY 2016 and \$7.72 billion in FY 2017 in formula aid, increases of 5.5% and 4.2%, respectively.
 - Core opportunity grant. The executive 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. The state share of this amount is determined by an index that depends on a district’s valuation and median income. The executive budget modifies the way income is incorporated.
 - Additional per pupil funding for students and schools with unique needs. The executive budget increases the per pupil amounts for special education, career-technical education, and K-3 literacy. The executive budget decreases the minimum state share for transportation funding from 60% to 50% and fully funds the resulting formula.
 - Guarantee and cap. The executive budget guarantees that formula allocations will not decrease in either fiscal year by more than 1% of a measure of total state and local resources. In both fiscal years, the budget maintains the cap at 10% of the prior fiscal year’s formula allocation.
- The executive 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. 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 \$271.9 million in FY 2016 and \$272.2 million in FY 2017, increases of 0.3% and 0.1%, respectively.

Appropriation Highlights

- The executive 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 \$360.9 million in FY 2016 and \$249.8 million in FY 2017, decreases of 29.2% and 30.8%, respectively.
- The executive 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. The budget also provides GRF funding of \$5 million per year within the Department of Mental Health and Addiction Services budget to promote identification and intervention for early childhood mental health.
- The executive budget provides lottery profits of \$100 million per year to continue the Straight A Fund program. It earmarks \$5 million per year to award schools that increase participation in advanced placement or college credit plus (CCP) program. It also 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 CCP courses in a high school setting.
- The executive 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 executive 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 executive budget increases the per pupil funding for community school facilities from \$100 to \$200 and provides lottery profits of \$18.4 million in FY 2016 and \$19.7 million in FY 2017 to fund the increase. It also provides \$25 million in capital funding to make classroom facilities grants to “exemplary” community schools.
- The executive budget establishes a competency-based education pilot program and provides \$2.5 million per year in GRF funding to award grants of up to \$250,000 each to ten pilot districts or schools.

Higher Education

- The executive budget generally caps annual in-state undergraduate tuition increases for FY 2016 at the greater of 2.0% or \$193 for university campuses, the greater of 2.0% or \$116 for university regional campuses, and the greater of 2.0% or \$83 for community and technical colleges; it freezes tuition for FY 2017 at the FY 2016 levels.
- The executive budget increases the total state share of instruction (SSI) appropriations 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 \$427.3 million in FY 2016 and \$435.8 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, 25% for success factors, and 25% for completion milestones. Neither formula contains a “stop-loss” provision for individual campuses.
- The executive 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 executive budget provides \$30 million per year during the next biennium to reduce debt and financial burdens on students attending state colleges and universities.

Other

- The executive budget provides \$20 million in capital funding within the Development Services Agency budget for the newly created Abandoned Gas Station Cleanup Grant Program for the cleanup and remediation of certain petroleum release sites.
- The executive budget transfers the Bureau of Recovery Services from the Department of Rehabilitation and Correction to the Department of Mental Health and Addiction Services (MHA) and provides \$27.4 million in FY 2016 and \$34.4 million in FY 2017 in GRF funding within the MHA budget to fund alcohol and drug addiction services to inmates and prepare them for re-entry to society.
- The executive budget increases the justices’ and judges’ salaries by 5% per year from FY 2016 through FY 2018. It provides \$5.4 million in FY 2016 and \$11.1 million in FY 2017 in the Supreme Court’s operating expense line item to fund the proposed salary increases.
- The executive 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 \$65.9 million in FY 2016 and \$40.2 million in FY 2017, decreases of 48.3% and 39.1%, respectively.
- Under the executive budget, the Local Government Fund (LGF) and Public Library Fund (PLF) will each continue to share 1.66% of the total GRF tax revenues in FY 2016 and FY 2017. LGF and PLF receipts will each grow from \$364.2 million in FY 2015 to \$383.5 million in FY 2016 and \$399.3 million in FY 2017, increases of 5.3% and 4.1%, respectively.

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	\$17,931,797,285	\$19,022,178,639
Department of Education*	\$7,904,998,180	\$8,415,765,295	\$7,697,170,506	\$8,041,580,485
Department of Higher Education	\$2,304,928,556	\$2,379,887,812	\$2,428,257,219	\$2,487,889,271
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	\$1,591,188,402	\$1,640,972,422
Department of Job and Family Services	\$733,256,449	\$793,782,672	\$818,236,328	\$821,160,687
Department of Developmental Disabilities	\$521,699,150	\$533,803,413	\$582,655,478	\$639,088,508
Ohio Facilities Construction Commission	\$365,063,859	\$390,464,951	\$415,674,700	\$422,532,700
Department of Mental Health and Addiction Services	\$363,386,480	\$365,794,709	\$382,915,756	\$388,940,102
Public Works Commission	\$237,245,104	\$261,396,600	\$264,112,300	\$272,028,900
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	\$166,589,928	\$165,685,873
Judiciary/Supreme Court	\$134,165,973	\$143,818,909	\$153,368,942	\$161,592,239
Development Services Agency	\$115,692,270	\$134,012,966	\$132,926,362	\$147,946,162
Department of Natural Resources	\$98,532,150	\$99,068,536	\$102,401,636	\$103,412,136
Department of Health	\$88,617,505	\$89,257,614	\$90,750,078	\$90,750,078
Department of Taxation*	\$706,678,526	\$721,218,532	\$69,565,985	\$69,565,985
Attorney General	\$46,173,434	\$45,803,589	\$45,803,589	\$45,803,589
Department of Veterans Services	\$36,454,945	\$39,393,644	\$38,705,121	\$39,068,821
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
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	\$18,624,300	\$18,624,300
Department of Agriculture	\$15,165,913	\$15,254,231	\$16,329,231	\$16,254,231
Opportunities for Ohioans with Disabilities Agency	\$15,701,880	\$15,711,070	\$16,250,894	\$16,250,894
Ohio Public Defender Commission	\$14,398,916	\$14,566,485	\$14,704,112	\$14,727,653
Department of Aging	\$14,807,961	\$14,647,425	\$14,647,425	\$14,647,425
Senate	\$11,024,228	\$13,460,369	\$12,518,143	\$12,518,143
Ohio Arts Council	\$9,750,815	\$11,349,204	\$11,972,050	\$12,472,050
Department of Transportation	\$12,542,291	\$10,050,000	\$11,050,000	\$11,050,000
Environmental Protection Agency	\$9,813,394	\$10,923,093	\$10,923,093	\$10,923,093
Ohio School for the Deaf	\$8,735,110	\$8,727,657	\$10,254,435	\$10,678,878
Ohio Historical Society	\$10,149,625	\$10,549,625	\$10,149,625	\$10,149,625
Adjutant General	\$8,528,566	\$8,594,883	\$9,879,883	\$9,879,883
Ohio State School for the Blind	\$7,185,778	\$7,278,579	\$8,242,799	\$8,488,609
Broadcast Educational Media Commission	\$6,523,399	\$7,813,706	\$7,847,422	\$7,847,422
State Library Board	\$5,832,424	\$5,759,947	\$5,759,947	\$5,759,947
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	\$2,851,552	\$2,851,552
Court of Claims	\$3,217,673	\$2,501,052	\$2,568,582	\$2,609,680
Secretary of State	\$2,141,406	\$2,612,422	\$2,378,226	\$2,378,226
Board of Tax Appeals	\$2,010,208	\$1,700,000	\$1,925,001	\$1,925,001
Veterans' Organizations	\$1,887,914	\$1,887,986	\$1,887,986	\$1,887,986
Commission on Minority Health	\$1,450,932	\$1,580,637	\$1,678,319	\$1,728,319
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
Judicial Conference of Ohio	\$824,415	\$847,200	\$999,000	\$1,038,000
Environmental Review Appeals Commission	\$467,276	\$545,530	\$612,435	\$612,435
Joint Legislative Ethics Committee	\$527,133	\$550,000	\$550,000	\$550,000
Joint Committee on Agency Rule Review	\$394,788	\$456,376	\$493,139	\$512,253
Controlling Board	\$0	\$475,000	\$475,000	\$475,000
Commission on Hispanic/Latino Affairs	\$355,312	\$392,776	\$413,383	\$413,375
Ohio Elections Commission	\$331,769	\$333,117	\$333,117	\$333,117
Joint Committee on Medicaid Oversight	\$6,536	\$500,000	\$321,995	\$490,320
Commission on Service and Volunteerism	\$286,660	\$294,072	\$305,834	\$304,547
Expositions Commission	\$464,749	\$920,000	\$250,000	\$250,000
Ohioana Library Association	\$135,000	\$140,000	\$155,000	\$160,000
<i>GRF - State</i>	\$20,645,237,311	\$21,819,675,739	\$22,731,014,265	\$23,635,718,166
<i>GRF - Federal</i>	\$8,256,465,108	\$9,555,390,088	\$12,568,879,561	\$13,353,918,378
GRF - Total	\$28,901,702,419	\$31,375,065,827	\$35,299,893,826	\$36,989,636,544
Medicaid - All Agencies				
GRF - Total	\$13,570,528,336	\$15,231,980,661	\$18,499,140,001	\$19,649,670,085
<i>GRF - State</i>	\$5,349,080,476	\$5,714,793,130	\$5,968,462,997	\$6,333,954,264
<i>GRF - Federal</i>	\$8,221,447,860	\$9,517,187,531	\$12,530,677,004	\$13,315,715,821
All Funds - Total	\$20,859,067,354	\$24,764,178,533	\$27,292,767,792	\$28,161,218,583

* The executive budget moves GRF appropriations for property tax relief payments from the Departments of Education and Taxation to the Revenue Distribution Fund.