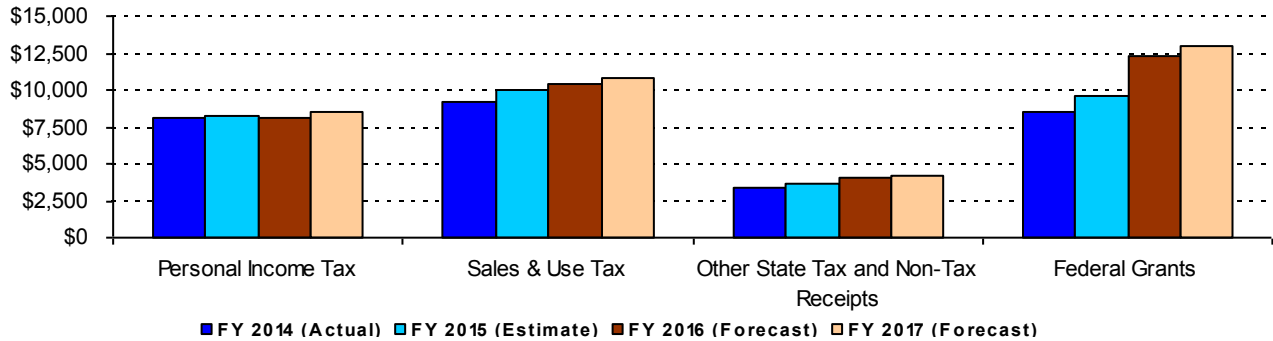


Ohio Legislative Service Commission

Budget In Brief

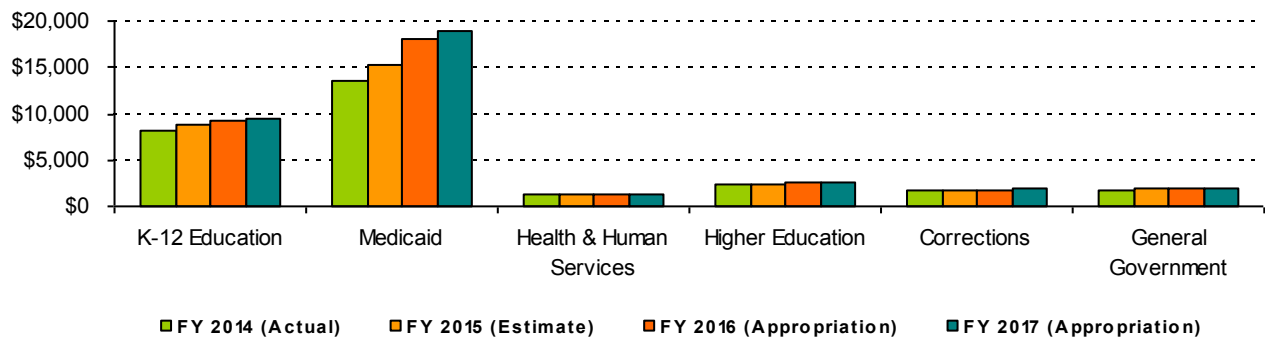
House Bill 64 – As Enacted

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	\$8,093.6	\$8,488.7
Sales & Use Tax	\$9,165.8	\$10,021.0	\$10,366.9	\$10,864.6
Other State Tax and Non-Tax Receipts	\$3,426.5	\$3,655.8	\$4,107.3	\$4,122.2
Federal Grants	\$8,575.6	\$9,562.3	\$12,317.9	\$12,990.1
Total	\$29,232.8	\$31,547.9	\$34,885.7	\$36,465.5

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	\$9,186.9	\$9,538.1
Medicaid	\$13,570.5	\$15,232.0	\$18,097.5	\$19,027.1
Health & Human Services	\$1,232.2	\$1,291.1	\$1,339.9	\$1,345.5
Higher Education	\$2,304.9	\$2,379.9	\$2,487.2	\$2,567.2
Corrections	\$1,740.8	\$1,772.3	\$1,804.0	\$1,846.9
General Government	\$1,795.8	\$1,901.8	\$1,964.8	\$2,014.9
Total	\$28,901.7	\$31,375.1	\$34,880.3	\$36,339.8

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

Appropriation Highlights

The budget provides total state and federal GRF appropriations of \$34.88 billion in FY 2016 and \$36.34 billion in FY 2017, increases of 11.2% and 4.2%, respectively. The inclusion in the GRF of Medicaid funding for newly eligible individuals ("Group 8") is the main contributor to the 11.2% increase in FY 2016. Medicaid and K-12 Education account for 52.1% and 26.3%, respectively, of the biennial total state and federal GRF appropriations. State-source GRF appropriations total \$22.57 billion in FY 2016 and \$23.36 billion in FY 2017, increases of 3.4% and 3.5%, respectively. K-12 Education and Medicaid represent 40.8% and 25.9%, respectively, of the state-source GRF biennial total. Across all funds, the appropriations total \$64.34 billion in FY 2016 and \$65.69 billion in FY 2017, increases of 2.0% and 2.1%, respectively.

Medicaid and Other Human Services

- Across all funds in six agencies, Medicaid funding totals \$26.86 billion in FY 2016 and \$27.52 billion in FY 2017, increases of \$2.09 billion and \$0.67 billion, respectively. The majority of the Medicaid budget is funded by state and federal GRF appropriations – \$18.10 billion in FY 2016 and \$19.03 billion in FY 2017. The state share of the GRF is \$5.83 billion in FY 2016 and \$6.08 billion in 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, which is estimated to be about \$135 million for the second half of FY 2017. The budget transfers a total of \$200 million cash from the GRF in FY 2017 to the newly created Health and Human Services Fund.
- The budget includes \$15.0 million (\$7.4 million state share) in FY 2016 and \$30.4 million (\$15.3 million state share) in FY 2017 to maintain Medicaid coverage for pregnant women at 200% of the federal poverty level and women in need of treatment for breast or cervical cancer.
- The budget maintains the current hospital assessment rate of about 2.65% in FY 2016 and FY 2017. This policy will result in estimated revenue of \$582.9 million in FY 2016 and \$613.4 million in FY 2017 .
- The budget provides \$5.0 million in FY 2016 and \$6.5 million in FY 2017 for the Healthier Buckeye Grant Pilot Program to award grants to local healthier buckeye councils, individuals, and certain other organizations to promote opportunities for individuals and families to achieve and maintain optimal health.
- The budget requires a Medicaid managed care organization to cover home visits and cognitive behavioral therapy for enrollees who also participate in the Help Me Grow Program and are pregnant or the birth mother of a child under three. It also requires a Medicaid managed care organization to provide enhanced care management services to pregnant women or women capable of becoming pregnant in communities with high infant mortality rates.
- The budget appropriates \$1.0 million in each fiscal year for the newly created Moms Quit for Two Grant Program to provide tobacco cessation interventions to women who reside in communities with infant mortality rates. It also allocates \$1.0 million in each fiscal year to distribute Infant Mortality Health Grants to six community-based agencies to help support community HUBs with the primary purpose of reducing infant mortality in the urban and rural communities with the highest rates.
- The budget requires the Director of Job and Family Services to provide the Ohio Association of Food Banks not less than \$19.75 million in each fiscal year, an increase of \$5.25 million per year over FY 2015 funding.

K-12 Education

- The budget modifies the school funding formula and provides an estimated \$7.44 billion in FY 2016 and \$7.76 billion in FY 2017 in formula aid, increases of 6.2% and 4.2%, respectively.
 - ◊ Core opportunity grant. The per pupil amount of this aid increases from \$5,800 in FY 2015 to \$5,900 in FY 2016 and \$6,000 in FY 2017. The state share is determined by an index that depends on a district's valuation and, for districts with lower incomes, on median and average income. The index ranges from 90% to 5%.
 - ◊ Additional per pupil funding for students and schools with unique needs. The per pupil amounts for special education, career-technical education, and K-3 literacy are increased. The minimum state share for pupil transportation is decreased from 60% to 50% and the formula is fully funded.
 - ◊ Targeted assistance. A total of \$122.8 million in FY 2016 and \$126.1 million in FY 2017 (before the cap) is targeted to rural low wealth districts. Two new targeted funding components are funded outside the cap: capacity aid for districts below the median in total property value and transportation supplements for low density districts. These two components add about \$176.9 million in FY 2016 and \$244.7 million in FY 2017.
 - ◊ Performance bonuses. The new graduation and third-grade reading performance bonuses are also funded outside the cap and add about \$37.0 million in FY 2016 and \$37.7 million in FY 2017.
 - ◊ Guarantee and cap. A district's formula allocation is guaranteed to not decrease from the FY 2015 level and annual increases are capped at 7.5% of the prior fiscal year allocation, except for new components.
- The vocational district (JVSD) formula includes similar changes as those for traditional districts. It continues to use a 0.5-mill charge-off for core opportunity aid to derive each district's state share. Additional career-technical education funding for both JVSDs and school districts is provided outside the guarantee and cap in FY 2017. Total JVSD formula aid is estimated at \$278.2 million in FY 2016 and \$283.0 million in FY 2017, increases of 2.7% and 1.7%, respectively.
- The 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 budget also provides \$50.6 million in FY 2016 to offset any funding decreases in that year not offset by increases in school foundation aid.

Appropriation Highlights

- The budget provides \$80.3 million in FY 2016 and \$90.3 million in FY 2017 from the combination of the GRF and revenue from casino operators to fund early childhood education for lower income families. It codifies the Step Up to Quality program developed by the Departments of Job and Family Services and Education for publicly funded early learning and development programs.
- The budget provides \$15 million per year for Straight A Fund grants from the FY 2015 ending GRF fund balance. It also provides \$5 million in FY 2016 to support graduate coursework for high school teachers to receive credentialing to teach college credit plus (CCP) courses in a high school setting and another \$5 million in FY 2016 to assist colleges and universities in producing teachers who are credentialed for CCP courses.
- The budget provides lottery profits of \$10 million per year to continue 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 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 \$6,000 by FY 2017 and for elementary school students from \$4,250 to \$4,650.
- The budget increases the per pupil funding for community school facilities from \$100 to \$150 in FY 2016 and \$200 in FY 2017 for brick and mortar schools and adds per pupil funding of \$25 in both FY 2016 and FY 2017 for e-schools, providing lottery profits of \$14.9 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 eligible high performing community schools (including e-schools).

Higher Education & Workforce Development

- The budget freezes in-state undergraduate tuition charged by state institutions of higher education at the FY 2015 levels for FY 2016 and FY 2017. It also requires them to develop and implement a plan to provide Ohioans the opportunity to reduce the cost of earning a degree by 5%.
- The budget increases total state share of instruction (SSI) funding by 4.5% in FY 2016 to \$1.90 billion and by another 4.0% in FY 2017 to \$1.98 billion. It earmarks \$1.46 billion in FY 2016 and \$1.52 billion in FY 2017 for universities and their regional campuses and \$438.7 million in FY 2016 and \$456.3 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 other factors. The formula for community and technical campuses allocates 50% of the SSI for course completions and 25% each for success factors and completion milestones.
- The budget funds the Ohio College Opportunity Grant (OCOG), a need-based student financial aid program at \$97.2 million in FY 2016 and \$100.2 million in FY 2017, increases of 7.6% and 3.1%, respectively. The budget also provides \$5 million per year for the newly created Higher Education Innovation Grant Program to achieve sustainable, long-term cost savings for students.
- The budget allocates \$10 million in FY 2016 and \$15 million in FY 2017 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. It also 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.
- The budget provides \$5 million per year for distributing workforce development grants across the state.

Local Government and Other

- The budget provides \$12.75 million in FY 2016 to assist county boards of election in purchasing electronic pollbooks and \$1.25 million in FY 2017 for the Secretary of State to print and mail unsolicited absentee voter's ballots.
- The budget allocates \$5 million in FY 2016 and \$10 million in FY 2017 from the Local Government Fund (LGF) to the Law Enforcement Assistance Fund to help fund the costs of requiring 11 hours in CY 2016 and 20 hours in CY 2017 of continuing professional training for law enforcement personnel.
- The budget provides \$10 million per year for the Local Government Safety Capital Grant Program to enhance public safety. It allocates \$2 million per year to implement key recommendations of the Ohio Task Force on Community-Police Relations. The budget also transfers \$2.5 million cash from the GRF to the Ohio Peace Officer Training Academy Fund in each fiscal year to help fund various law enforcement training programs.
- The budget, for purposes of increasing the state reimbursement rate for county indigent defense from the current 40% to about 50% and for capital indigent case defense, funds state reimbursements at approximately \$25.1 million per year, increases of 118.6% in FY 2016 and 0.1% in FY 2017.
- The budget increases the salaries of justices and judges by 5% per year from 2016 to 2019 and provides \$4.1 million in FY 2016 and \$8.3 million in FY 2017 to help fund the increases. The budget provides similar salary increases for sheriffs and prosecuting attorneys and increases their pay supplement by just over \$100,000 in FY 2017. The budget also increases the salaries of other county and township officials by 5% in 2016 and 2017.
- The budget provides capital funding of \$25 million for Buckeye Lake dam construction, \$20 million for the remediation of certain petroleum release sites, and another \$4.7 million for capital improvement grants at county and independent fairs.
- The budget provides a total of \$1 million in grant and loan funding over the biennium to assist businesses and other entities that are adversely affected due to economic circumstances that result in the declaration of a lake as an area under economic distress.
- The budget phases down the remaining reimbursements for local government losses due to utility deregulation and the elimination of the TPP 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 budget, while the Local Government Fund 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 will increase to 1.70%.

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	\$17,527,420,257	\$18,392,850,348
Department of Education	\$7,904,998,180	\$8,415,765,295	\$7,605,232,635	\$7,925,458,867
Department of Higher Education	\$2,304,928,556	\$2,379,887,812	\$2,487,245,902	\$2,567,174,320
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	\$1,587,014,499	\$1,634,214,809
Department of Job and Family Services	\$733,256,449	\$793,782,672	\$811,027,766	\$812,452,125
Department of Developmental Disabilities	\$521,699,150	\$533,803,413	\$585,715,378	\$646,130,208
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	\$388,935,756	\$394,910,102
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	\$164,066,811	\$165,332,866
Judiciary/Supreme Court	\$134,165,973	\$143,818,909	\$152,541,329	\$159,092,818
Development Services Agency	\$115,692,270	\$134,012,966	\$135,654,369	\$147,624,169
Department of Natural Resources	\$98,532,150	\$99,068,536	\$100,993,936	\$96,443,136
Department of Health	\$88,617,505	\$89,257,614	\$92,617,529	\$94,617,529
Department of Taxation	\$706,678,526	\$721,218,532	\$67,937,873	\$67,937,873
Attorney General	\$46,173,434	\$45,803,589	\$46,273,589	\$46,379,355
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	\$32,243,959	\$32,243,359
Auditor of State	\$27,600,915	\$28,234,452	\$29,551,872	\$29,551,872
Ohio Public Defender Commission	\$14,398,916	\$14,566,485	\$28,205,244	\$28,228,785
Legislative Service Commission	\$21,096,993	\$28,961,103	\$25,320,478	\$25,320,478
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	\$18,424,300	\$18,424,300
Department of Agriculture	\$15,165,913	\$15,254,231	\$17,865,418	\$22,926,718
Opportunities for Ohioans with Disabilities Agency	\$15,701,880	\$15,711,070	\$16,250,894	\$16,250,894
Department of Aging	\$14,807,961	\$14,647,425	\$15,397,425	\$15,397,425
Department of Transportation	\$12,542,291	\$10,050,000	\$15,300,000	\$15,300,000
Environmental Protection Agency	\$9,813,394	\$10,923,093	\$14,923,093	\$14,923,093
Ohio Arts Council	\$9,750,815	\$11,349,204	\$14,222,050	\$14,722,050
Ohio Historical Society	\$10,149,625	\$10,549,625	\$13,410,478	\$13,610,478
Senate	\$11,024,228	\$13,460,369	\$12,518,143	\$12,518,143
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	\$9,804,435	\$10,228,878
Broadcast Educational Media Commission	\$6,523,399	\$7,813,706	\$9,506,394	\$9,506,394
Ohio State School for the Blind	\$7,185,778	\$7,278,579	\$8,100,000	\$8,100,000
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
Commission on Minority Health	\$1,450,932	\$1,580,637	\$2,614,272	\$2,614,272
Court of Claims	\$3,217,673	\$2,501,052	\$2,562,959	\$2,536,419
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
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	\$749,250	\$389,250
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	\$413,383
Expositions Commission	\$464,749	\$920,000	\$375,000	\$375,000
Joint Education Oversight Committee	\$0	\$0	\$350,000	\$500,000
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	\$294,072	\$294,072
Ohioana Library Association	\$135,000	\$140,000	\$155,000	\$160,000
<i>GRF - State</i>	<i>\$20,645,237,311</i>	<i>\$21,819,675,739</i>	<i>\$22,571,164,961</i>	<i>\$23,358,223,398</i>
<i>GRF - Federal</i>	<i>\$8,256,465,108</i>	<i>\$9,555,390,088</i>	<i>\$12,309,173,637</i>	<i>\$12,981,537,179</i>
GRF - Total	\$28,901,702,419	\$31,375,065,827	\$34,880,338,598	\$36,339,760,577
Medicaid				
GRF - Total	\$13,570,528,336	\$15,231,980,661	\$18,097,514,373	\$19,027,074,994
<i>GRF - State</i>	<i>\$5,349,080,476</i>	<i>\$5,714,793,130</i>	<i>\$5,826,543,293</i>	<i>\$6,083,740,372</i>
<i>GRF - Federal</i>	<i>\$8,221,447,860</i>	<i>\$9,517,187,531</i>	<i>\$12,270,971,080</i>	<i>\$12,943,334,622</i>
All Funds - Total	\$20,859,067,354	\$24,764,178,533	\$26,858,949,150	\$27,524,944,730

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