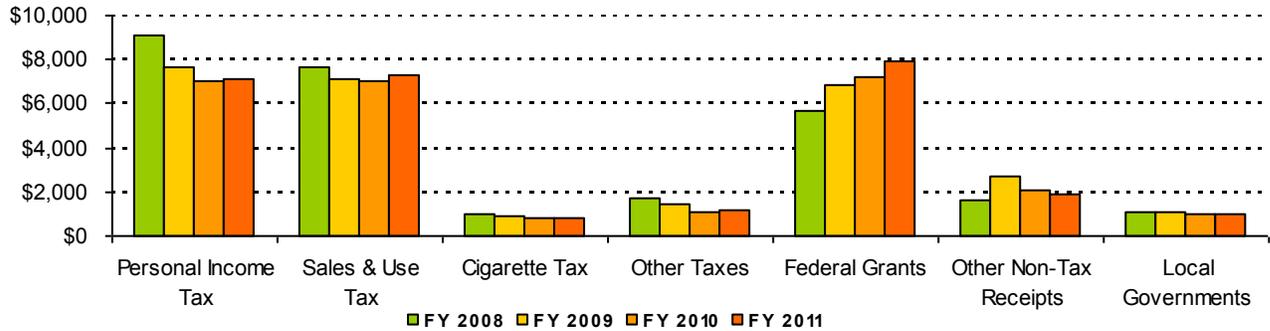


# Ohio Legislative Service Commission

## Budget In Brief

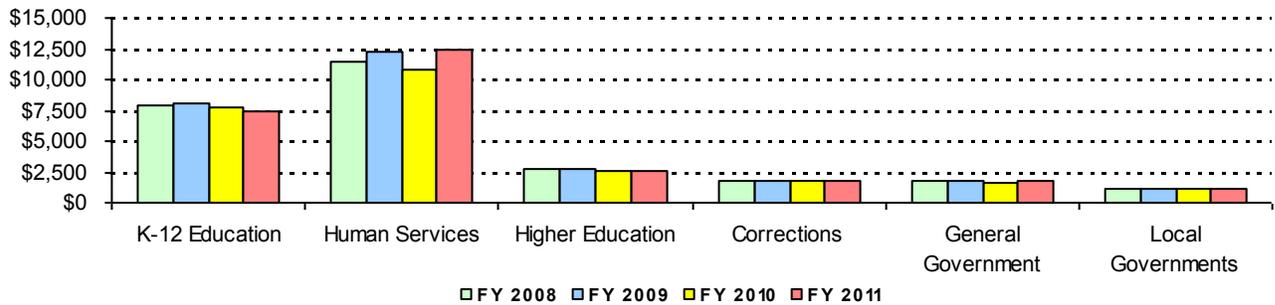
Am. Sub. H.B. 1 — As Enacted

**General Revenue Fund and Local Government Fund Revenues by Source**  
(\$ in millions)



Revenue Source	FY 2008 (Actual)	FY 2009 (Actual)	FY 2010 (Forecast)	FY 2011 (Forecast)
Personal Income Tax	\$9,114.7	\$7,628.0	\$7,052.6	\$7,130.3
Sales & Use Tax	\$7,614.2	\$7,112.8	\$7,035.3	\$7,275.5
Cigarette Tax	\$950.9	\$924.8	\$823.0	\$794.0
Other Taxes	\$1,739.7	\$1,428.1	\$1,097.8	\$1,136.9
Federal Grants & Stimulus	\$5,643.9	\$6,850.7	\$7,168.7	\$7,889.8
Other Non-Tax Receipts	\$1,595.7	\$2,740.2	\$2,039.8	\$1,850.3
Local Governments	\$1,101.6	\$1,114.1	\$957.7	\$974.0
<b>Total</b>	<b>\$27,760.7</b>	<b>\$27,798.6</b>	<b>\$26,174.8</b>	<b>\$27,050.8</b>

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



Program Area	FY 2008 (Actual)	FY 2009 (OAKS as of 7/10/2009)	FY 2010 (Appropriations)	FY 2011 (Appropriations)
K-12 Education	\$7,980.4	\$8,125.4	\$7,692.3	\$7,374.3
Human Services	\$11,520.4	\$12,267.8	\$10,865.8	\$12,485.1
Higher Education	\$2,704.2	\$2,790.8	\$2,541.4	\$2,500.8
Corrections	\$1,811.0	\$1,841.7	\$1,847.4	\$1,832.2
General Government	\$1,700.1	\$1,757.9	\$1,684.3	\$1,696.1
Local Governments	\$1,190.9	\$1,122.3	\$1,079.8	\$1,083.4
<b>Total</b>	<b>\$26,906.9</b>	<b>\$27,905.4</b>	<b>\$25,711.0</b>	<b>\$26,971.9</b>

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

# Program Highlights

## Veto Highlights

The legislature approved the H.B. 1 Conference Committee Report on July 13, 2009. The Governor vetoed 61 items and signed the bill on July 17, ending a 16-day interim budget period for FY 2010. The veto highlights include:

- Provisions that would have made permanent the full reimbursement to school districts and local governments for the tangible personal property (TPP) tax phase-out enacted in H.B. 66 of the 126th General Assembly. Under the veto, the full reimbursement will be made through FY 2013 for school districts and FY 2011 for local governments. For school districts the reimbursement consists of the *state education aid offset* (the amount of state education aid increase attributable to the TPP tax phase-out) and *direct reimbursement* (the difference between a district's total reimbursement and the state education aid offset). The state education aid offset is permanent. Seventy percent of the commercial activity tax continues to be earmarked for school purposes.
- A provision that would have made it optional for a community behavioral health board to use local levy funds to pay for the nonfederal share of Medicaid-covered alcohol, drug, and mental health services. If a board chose not to use local levy funds for Medicaid, the state would have paid the costs.
- Provisions that would have made students who are attending or would be assigned to certain new buildings eligible to participate in the Educational Choice Scholarship Program and that would have set a maximum scholarship amount of \$4,500 for grades K-8 and \$5,300 for grades 9-12. Under the veto, the maximum scholarship amount is set at \$4,250 and \$5,000, respectively, the same level as for FY 2007.
- A provision that would have made "continuous coverage" one of the requirements for parents to keep their children up to age 28 on an employer plan if parents pay for the entire cost of health care coverage.
- A provision that would have allowed counties, under specified circumstances, to post the required second and subsequent public notices on their web sites instead of in newspapers of general circulation.

## Primary, Secondary, and Higher Education

- The budget adopts an "evidence-based model" for school funding in Ohio. The new model, which includes funding for universal all-day kindergarten, will be phased in over ten years. The total amount of funding calculated under the model is termed the adequacy amount. The adequacy amount includes eight major components: (1) instructional services, (2) additional support, (3) administrative services, (4) operations and maintenance, (5) gifted instruction and enrichment, (6) technology resources, (7) professional development, and (8) instructional materials. Certain components of the model are adjusted by the Educational Challenge Factor, which ranges from 0.75 to 1.65 depending on a district's educational attainment, wealth, and concentration of economically disadvantaged students.
- All students are included in their resident district's enrollment for purposes of funding calculations. Districts are funded based on prior year enrollment unless the district's current year enrollment grows 2% or more. The required local share equals 2.2% of a district's taxable or recognized property value depending on whether the district's Class I (residential and agricultural) real property current expense millage is at the H.B. 920 floor of 20 mills. Annual changes in a district's total state aid are subject to transitional aid (guarantee) and growth cap provisions. The guarantee levels are 99% and 98% and the growth caps are 100.75% in each year.
- Students attending schools other than their resident districts continue to be funded through transfers from deductions made to their resident districts' state aid. The base per pupil funding for community and STEM school students equals \$5,718 in FY 2010 and \$5,703 in FY 2011, a decrease of 0.24% per year. Community school and STEM school students also receive all other components of funding received in FY 2009.
- The budget appropriates a total of \$6.80 billion in FY 2010 and \$6.79 billion in FY 2011 for foundation payments. As of June 2009, foundation payments for all school districts, community schools, and joint vocational school districts totals \$6.80 billion for FY 2009.
- The budget provides another levy option called the conversion levy to allow school districts to reduce their Class I real property current expense millage to the H.B. 920 floor of 20 mills. Once the millage reaches the floor, tax revenue from these 20 mills will fully grow with inflation. The budget reimburses school districts for their revenue losses from commercial and industrial real property and public utility tangible personal property.
- The budget establishes the Ohio School Funding Advisory Council to make recommendations for revisions of the adequacy components on a biennial basis. It also creates the Center for Early Childhood Development to research and make recommendations for the consolidation of all early care and education programs within the Ohio Department of Education (ODE).
- The budget establishes various initiatives that require collaboration between ODE and the Board of Regents (BOR) in order to develop a P-16 statewide system. One such initiative is Teach Ohio, which includes teacher recruitment, the Ohio Teacher Residency Program, and alternative teacher licensure components.

# Program Highlights

- The budget limits public in-state undergraduate tuition increases to 3.5% per year for all campuses. Total funding for the state share of instruction (SSI) amounts to \$1.99 billion in FY 2010 and \$2.00 billion in FY 2011, increases of 7.9% and 0.5%, respectively. The budget earmarks these funds for universities, university branches, and community and technical colleges and requires the Chancellor of BOR to allocate the earmarked SSI funding based on specified formulas that take into account factors such as enrollment, course completion, degree attainment, and college access.
- The budget provides \$95 million in FY 2010 and \$76 million in FY 2011 for the state's need-based student financial aid program, the Ohio College Opportunity Grant (OCOG), for students attending public and nonprofit private institutions of higher education. It requires the Chancellor of BOR to develop a formula that takes into account "at risk" and "academic performance" measures if funds are insufficient for all eligible students.

## Health and Human Services

- The state is to receive a total of \$2.9 billion in enhanced federal reimbursements for Medicaid, reducing the need for the GRF to support Medicaid in the FY 2010-FY 2011 biennium.
- To replace the \$550 million annual revenue loss resulting from the termination of the 5.5% franchise tax on Medicaid managed care plans (MCPs) beginning October 1, 2009, the budget subjects MCPs to the state sales and use tax (5.5%) and to the existing health insuring corporation tax.
- The budget "carves out" the MCP pharmacy program to increase Medicaid drug rebate revenue. The combined state and federal shares of revenue increases are \$5.2 million in FY 2010 and \$235.5 million in FY 2011.
- The budget increases inpatient and outpatient hospital payment rates by 5% beginning October 1, 2009. It also establishes a new hospital assessment at 1.52% of total facility costs for federal fiscal year (FFY) 2010 and at 1.61% for FFY 2011, subject to federal approval. State-share revenue generated from the assessment is estimated at \$370.9 million for FY 2010 and \$338.5 million for FY 2011.
- The budget increases the nursing facility franchise fee from \$6.25 to approximately \$11.95 per bed per day. The increased fee revenue projection totals \$146.6 million in FY 2010 and \$195.5 million in FY 2011.
- The budget provides \$15 million per year in GRF funding for county departments of job and family services to provide various social services, including protective services for children and adults. These funds are allocated according to the formula used to distribute federal Title XX funds, which is largely based on each county's proportional share of total low-income population.
- The budget implements the first phase of the unified long-term care budget and combines the Department of Aging's GRF items for PASSPORT, Assisted Living, and PACE.
- The budget provides for the potential use of \$258.6 million over the biennium from the former Tobacco Use Prevention and Control Endowment Fund for Medicaid (\$31.8 million in FY 2010 and \$129.8 million in FY 2011), child and adult services (\$46 million per year), and breast and cervical cancer screenings (\$2.5 million per year).

## Corrections and Justice

- GRF funding for the Department of Rehabilitation and Correction's (DRC) community correction programs totals \$95.5 million in FY 2010 and \$98.1 million in FY 2011, increases of 15.1% and 2.7%, respectively. For purposes of implementing criminal sentencing reforms, the Director of Budget and Management is required, at the request of the Director of DRC, to transfer up to \$14 million per year in GRF appropriations from DRC's Institutional Operations line item for community-based corrections programs. DRC's institutional operations are supplemented by federal stimulus money of \$111.2 million in FY 2010 and \$214.5 million in FY 2011.
- GRF funding for RECLAIM Ohio amounts to \$196.3 million in FY 2010, an increase of 6.0%, and \$184.0 million in FY 2011, a decrease of 6.2%. RECLAIM Ohio funds are used to provide institutional placement and community program services for juvenile offenders.
- Funding for county indigent defense cost reimbursement totals \$43.4 million in FY 2010 and \$49.7 million in FY 2011, increases of 42.9% and 14.5%, respectively. These increases are almost entirely supported by new fee revenue. The state reimbursement rate is expected to increase from about 25% to about 35%-39% in the next biennium.

## Other

- The budget provides \$5 million per year in GRF funding for rapid outreach loans and grants to attract, expand, or retain business in Ohio. It also provides \$15 million per year in non-GRF funding for a newly established Rapid Outreach Loan Program that will be making awards for the same purpose.
- The budget provides \$158 million over the biennium for a new health information technology initiative, of which \$150 million comes from federal stimulus money. This initiative is to promote and support the development of electronic medical records.

# Total (State and Federal) GRF Appropriations by Agency

Agency	FY 2008 (Actual)	FY 2009 (OAKS as of 7/10/2009)	FY 2010 (Appropriations)	FY 2011 (Appropriations)
<b>Education</b>				
Department of Education	\$7,652,964,298	\$7,884,320,462	\$7,504,569,256	\$7,175,533,593
School Facilities Commission	\$285,773,054	\$204,897,889	\$157,065,800	\$167,038,700
eTech Ohio Commission	\$23,776,626	\$19,555,383	\$14,699,487	\$15,699,488
School for the Blind	\$7,847,133	\$7,321,100	\$7,278,572	\$7,278,572
School for the Deaf	\$10,067,322	\$9,328,903	\$8,727,651	\$8,727,651
<b>Human Services</b>				
Job and Family Services	\$10,274,835,103	\$11,108,523,461	\$9,869,999,733	\$11,416,147,267
<i>Medicaid</i>	\$9,102,667,207	\$9,985,939,170	\$8,800,809,506	\$10,350,922,222
<i>Other Job and Family Services</i>	\$1,172,167,896	\$1,122,584,291	\$1,069,190,227	\$1,065,225,045
Department of Mental Health	\$577,179,267	\$511,902,343	\$446,063,469	\$454,250,697
Department of Developmental Disabilities	\$365,577,281	\$332,851,464	\$303,388,138	\$331,236,597
Department of Aging	\$163,271,193	\$173,560,672	\$115,869,058	\$152,269,694
Department of Health	\$77,684,428	\$79,826,873	\$90,062,673	\$90,040,125
Department of Alcohol and Drug Addiction Services	\$37,886,151	\$38,825,112	\$26,866,764	\$27,653,362
Rehabilitation Services Commission	\$23,922,451	\$22,333,356	\$13,549,815	\$13,549,815
<b>Higher Education</b>				
Board of Regents	\$2,704,178,276	\$2,790,290,469	\$2,541,401,307	\$2,500,750,064
<b>Corrections</b>				
Department of Rehabilitation & Correction	\$1,547,435,425	\$1,585,033,140	\$1,586,765,843	\$1,580,483,394
Department of Youth Services	\$263,514,787	\$256,647,305	\$260,597,479	\$251,753,079
<b>General Government</b>				
Department of Taxation	\$590,468,094	\$643,241,462	\$687,041,745	\$667,687,338
Department of Administrative Services	\$162,331,992	\$156,488,945	\$166,707,897	\$165,517,199
Public Works Commission	\$187,865,939	\$204,416,239	\$138,263,600	\$155,795,600
Judiciary/Supreme Court	\$128,410,809	\$135,116,211	\$135,498,312	\$135,748,312
Department of Natural Resources	\$123,893,276	\$114,393,450	\$107,455,329	\$102,062,629
Department of Development	\$91,046,501	\$106,533,932	\$76,753,872	\$92,189,372
Attorney General	\$54,229,631	\$48,284,415	\$47,159,119	\$47,159,119
Controlling Board	\$0	\$0	\$33,061,850	\$41,108,386
Department of Veterans Services	\$0	\$25,802,153	\$31,860,717	\$31,860,717
Treasurer of State	\$31,424,639	\$30,179,896	\$30,046,057	\$30,000,557
Auditor of State	\$31,747,141	\$30,842,353	\$29,979,031	\$29,979,031
Ohio Cultural Facilities Commission	\$36,634,385	\$32,000,731	\$26,553,536	\$28,400,236
Legislative Service Commission	\$17,144,606	\$17,180,957	\$21,450,530	\$21,450,530
Ohio Public Defender Commission	\$37,915,269	\$33,603,069	\$20,794,297	\$16,770,040
House of Representatives	\$18,685,625	\$18,419,825	\$18,517,093	\$18,517,093
Department of Agriculture	\$19,776,493	\$16,298,204	\$15,407,313	\$15,407,313
Department of Transportation	\$22,627,156	\$21,432,691	\$14,081,656	\$14,081,656
Senate	\$10,526,126	\$10,555,644	\$10,911,095	\$10,911,095
Adjutant General	\$12,372,010	\$11,444,865	\$9,310,893	\$9,310,893
Air Quality Development Authority	\$8,172,372	\$8,660,319	\$9,272,902	\$9,678,102
Ohio Historical Society	\$14,396,933	\$12,724,266	\$7,932,431	\$7,932,431
Ohio Arts Council	\$11,951,797	\$10,441,756	\$6,594,290	\$6,594,290
State Library Board	\$12,860,094	\$11,460,681	\$6,188,398	\$6,188,398
Ohio Civil Rights Commission	\$7,012,394	\$5,758,066	\$4,897,185	\$4,897,185
Office of Budget and Management	\$2,702,568	\$2,897,911	\$3,058,350	\$3,047,773
State Employment Relations Board	\$3,105,963	\$3,181,458	\$2,863,613	\$2,863,613
Office of the Governor	\$3,719,243	\$3,213,628	\$2,855,832	\$2,855,832
Court of Claims	\$2,603,050	\$3,473,553	\$2,699,369	\$2,780,350
Secretary of State	\$3,410,430	\$5,082,892	\$2,540,705	\$2,540,705
Capitol Square Review and Advisory Board	\$3,128,002	\$2,888,350	\$1,838,172	\$1,838,171
Veterans' Organizations	\$1,793,877	\$1,614,194	\$1,798,082	\$1,798,082
Commission on Minority Health	\$932,718	\$1,701,731	\$1,670,463	\$1,670,463
Ethics Commission	\$1,659,310	\$1,728,312	\$1,513,818	\$1,513,908
Department of Commerce	\$2,003,463	\$2,018,587	\$1,492,677	\$0
Inspector General	\$1,180,256	\$1,361,363	\$1,214,218	\$1,214,218
Board of Tax Appeals	\$2,025,583	\$1,978,743	\$1,149,715	\$1,149,715
Judicial Conference of Ohio	\$915,518	\$898,610	\$800,000	\$800,000
Joint Legislative Ethics Committee	\$412,040	\$503,222	\$503,000	\$550,000
Environmental Review Appeals Commission	\$438,997	\$457,238	\$487,000	\$487,000
Joint Committee on Agency Rule Review	\$369,904	\$371,083	\$435,168	\$435,168
Commission on Hispanic/Latino Affairs	\$412,195	\$735,131	\$355,332	\$355,332
Ohio Elections Commission	\$407,212	\$406,975	\$343,420	\$343,420
Expositions Commission	\$396,573	\$395,037	\$252,000	\$252,000
Dispute Resolution and Conflict Management	\$452,596	\$438,517	\$250,000	\$0
Legal Rights Service	\$440,292	\$395,198	\$246,619	\$246,619
Ohioana Library Association	\$196,000	\$170,569	\$125,000	\$125,000
Commission on African American Males	\$75,371	\$0	\$0	\$0
Department of Public Safety	\$5,376,175	\$4,169,084	\$0	\$0
Ohio Veterans' Home Agency	\$29,293,970	\$5,041,394	\$0	\$0
State Personnel Board of Review	\$1,117,055	\$1,131,127	\$0	\$0
Southern Ohio Agricultural and Community Development	\$0	\$6,386,011	\$0	\$0
<b>TOTAL GRF</b>	<b>\$25,715,974,437</b>	<b>\$26,783,137,980</b>	<b>\$24,631,183,746</b>	<b>\$25,888,526,989</b>
<b>Local Governments</b>	<b>\$1,190,928,855</b>	<b>\$1,122,269,093</b>	<b>\$1,079,800,000</b>	<b>\$1,083,400,000</b>
<b>Total GRF + Local Government Funds</b>	<b>\$26,906,903,292</b>	<b>\$27,905,407,073</b>	<b>\$25,710,983,746</b>	<b>\$26,971,926,989</b>