

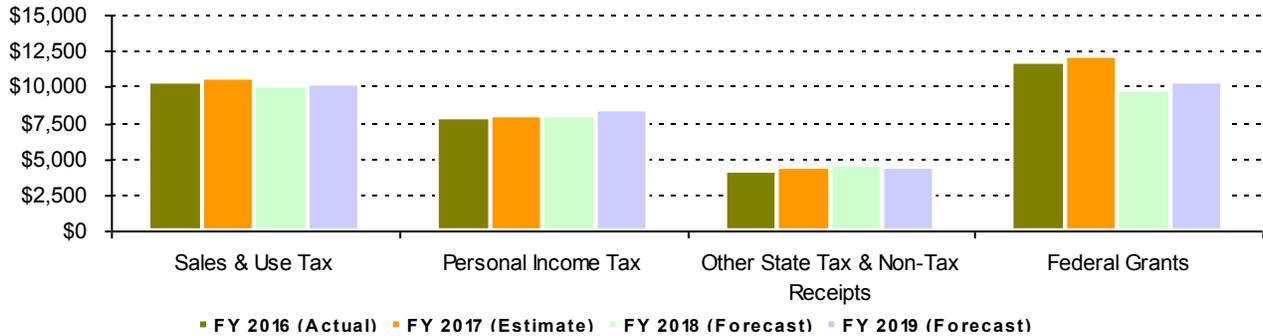


Budget In Brief

House Bill 49 – As Enacted

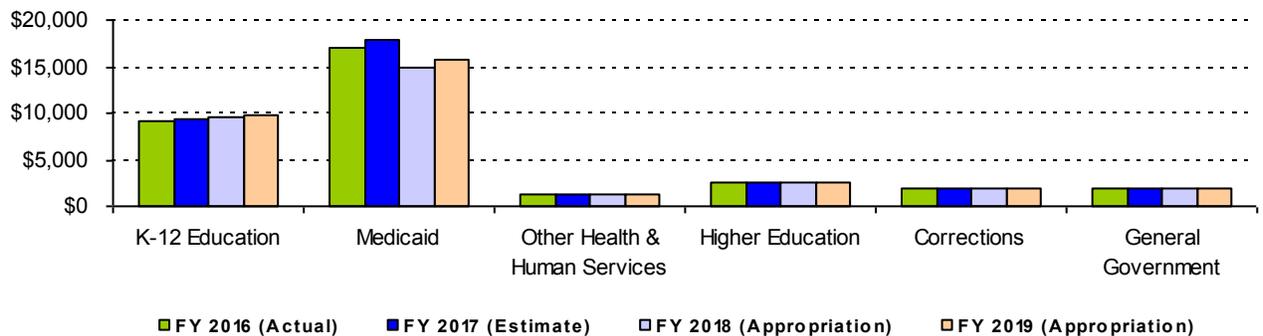
www.lsc.ohio.gov

GRF Revenues by Source
(\$ in millions)



Revenue Source	FY 2016 (Actual)	FY 2017 (Estimate)	FY 2018 (Forecast)	FY 2019 (Forecast)
Sales & Use Tax	\$10,348.0	\$10,548.3	\$10,027.1	\$10,214.1
Personal Income Tax	\$7,799.3	\$7,926.1	\$7,971.7	\$8,368.4
Other State Tax and Non-Tax Receipts	\$4,137.5	\$4,336.5	\$4,546.5	\$4,430.9
Federal Grants	\$11,645.7	\$12,078.7	\$9,743.4	\$10,319.5
Total	\$33,930.5	\$34,889.6	\$32,288.6	\$33,332.9

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



Program Area	FY 2016 (Actual)	FY 2017 (Estimate)	FY 2018 (Appropriation)	FY 2019 (Appropriation)
K-12 Education	\$9,115.4	\$9,463.6	\$9,581.4	\$9,758.2
Medicaid	\$16,995.9	\$17,830.0	\$14,824.1	\$15,672.9
Other Health & Human Services	\$1,293.0	\$1,333.1	\$1,297.9	\$1,302.7
Higher Education	\$2,463.7	\$2,559.7	\$2,560.4	\$2,596.2
Corrections	\$1,818.7	\$1,909.3	\$1,952.4	\$1,980.4
General Government	\$1,909.3	\$1,972.3	\$1,964.7	\$1,983.8
Total	\$33,595.9	\$35,067.9	\$32,180.9	\$33,294.2

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

Appropriation Highlights

The budget provides state and federal GRF appropriations totaling \$32.18 billion for FY 2018, a decrease of 8.2%. This decrease is due entirely to Medicaid funding policy changes, including moving expenditures that are currently supported by the sales tax on Medicaid managed care companies but will be funded, beginning in FY 2018, by a new health insuring corporation franchise fee and related federal reimbursements from the GRF into non-GRF funds. For FY 2019, state and federal GRF appropriations total \$33.29 billion, an increase of 3.5%. Excluding Medicaid, state and federal GRF appropriations increase by 0.7% in FY 2018 and 1.5% in FY 2019. Medicaid and K-12 Education account for 46.6% and 29.5%, respectively, of the biennial total state and federal GRF appropriations.

State-source GRF appropriations decrease by 2.4% in FY 2018 to \$22.45 billion and then increase by 2.4% to \$22.98 billion in FY 2019. K-12 Education and Medicaid represent 42.6% and 23.0%, respectively, of the biennial total. Across all funds, appropriations total \$65.70 billion in FY 2018, an increase of 2.4%, and \$67.09 billion in FY 2019, an increase of 2.1%.

Medicaid and Other Human Services

- For Medicaid, the budget appropriates from all funds \$27.07 billion in FY 2018, an increase of 2.9%, and \$28.19 billion in FY 2019, an increase of 4.1%. Approximately 63% of this spending will be reimbursed by the federal government. GRF appropriations total \$14.82 billion in FY 2018 (\$5.09 billion state share) and \$15.67 billion in FY 2019 (\$5.36 billion state share).
- The budget requires childless, nonpregnant adults with modified adjusted gross income between 100% and 138% of the federal poverty guideline to pay a monthly premium of about \$20 beginning January 2018, subject to the federal government's approval. It assumes savings totaling \$52.6 million (\$1.2 million state share) in FY 2018 and \$184.7 million (\$8.5 million state share) in FY 2019. The budget further requires the Ohio Department of Medicaid (ODM) to establish a waiver program under which these adults must be 55 years old, employed, enrolled in school or a training program, be in a treatment program, have intensive physical health care needs, or have serious mental illness to receive benefits. The Governor vetoed a prohibition on new enrollments from this group beginning July 1, 2018.
- The budget provides additional resources for addiction treatment and prevention. It redirects about \$17.5 million each year from municipal government funding into a new Targeting Addiction Assistance Fund (Fund 5TZ0). Annual uses of the Fund include \$6 million for the establishment of substance use disorder stabilization centers, \$5 million for probation improvement and incentive grants to municipalities with an emphasis on providing services to those addicted to opiates and other illegal substances and on supplementing community diversion program funding, \$5 million for ADAMHS Boards, which is supplemented by an additional \$2 million from the GRF, \$1 million to reimburse county coroners for toxicology screenings, and \$500,000 for a pilot program addressing neonatal abstinence syndrome. Funding from other sources includes \$8 million each year for medication-assisted treatment drug court programs, \$1.5 million per year for opioid epidemic law enforcement programs, \$1 million per year for substance abuse treatment services to offenders in state prisons, \$1 million each year for research on opiate addiction, \$4 million in FY 2018 for criminal laboratory case work primarily related to opioid or other crimes, and \$20 million in capital funds to expand recovery housing.
- The budget increases funding for infant vitality by almost 70% to \$6.9 million per year to allow for data analysis to better target areas with high incidences of infant mortality and to invest in programs to reduce the rate in these areas. It earmarks \$1 million per year for colleges and universities to research infant mortality reduction issues, \$1 million per year for infant mortality health grants, and \$1 million each year to help women quit smoking.
- The budget provides GRF funding totaling \$139.7 million per year for adoption and other family and children services, including increases to implement the extension of foster care payments to age 21 and a \$2 million per year earmark for Predictive Analytics to predict future outcomes and behaviors in high-risk foster care children. In addition, from the TANF Block Grant the budget earmarks \$15 million in each year for a kinship caregiver child care program and \$5 million each year for services to youth with complex care needs whose guardian is at risk of losing custody of the youth to access needed services.

K-12 Education

- The budget largely maintains the current school funding formula, including using the same values for various component calculations, but also makes several modifications. It provides an estimated \$7.93 billion in FY 2018 and \$8.05 billion in FY 2019 for foundation aid, increases of 2.0% and 1.5%, respectively, for all students counted in their resident districts.
 - ◊ Modification—opportunity grant. The per pupil core opportunity grant increases from \$6,000 in FY 2017 to \$6,010 in FY 2018 and \$6,020 in FY 2019. The state share of this aid continues to be 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%.
 - ◊ Modification—pupil transportation and capacity aid. The minimum state share for transportation aid is decreased from 50% in FY 2017 to 37.5% in FY 2018 and 25.0% in FY 2019. A multiplier used in capacity aid (targeting districts below the median in total property value) calculations is increased from 3.5 to 4.
 - ◊ Modification—guarantee level and base. The budget moves a district's formula allocation guarantee base from the district's FY 2015 to FY 2017 allocation in both FY 2018 and FY 2019. However, the base is reduced for districts with a 5% or higher decline in total enrollment between FY 2014 and FY 2016. The reduction is capped at 5% for districts with a total enrollment decrease of 10% or higher. The budget also creates a stand-alone guarantee for career-technical education additional funding.
 - ◊ Modification—cap and cap offset payment. A district's formula allocation annual increase is generally capped at 3.0%. But the cap is gradually increased to 5.5% in FY 2018 and 6.0% in FY 2019 for a district experiencing at least a 3% enrollment increase from FY 2014 to FY 2016. Capacity aid and transportation supplement (targeting low-density districts) are moved into the cap. Graduation and K-3 reading performance bonuses, along with career-technical education additional funding, continue to be exempt from the cap. The budget also provides a cap offset payment that equals the lesser of an eligible district's cap reduction or its net decrease in formula aid and reimbursement for fixed rate general business tangible personal property (TPP) tax revenue loss.

Appropriation Highlights

- The budget also largely maintains the current formula for joint vocational school districts (JVSDs) except for the opportunity grant formula amount, guarantee, and gain cap changes. The formula uses a 0.5-mill charge-off for core opportunity aid to derive each district's state share. Career-technical education additional funding remains outside the guarantee and the cap. Estimated JVSD formula aid totals \$293.1 million in FY 2018 and \$293.9 million in FY 2019, increases of 0.1% and 0.3%, respectively.
- The budget provides \$10 million in FY 2018 and \$7 million in FY 2019 for formula aid recomputation payments for school districts that experience an annual loss of 10% or more in public utility tangible property value.
- The phase-down of the remaining reimbursements for school revenue losses due to utility deregulation and the elimination of the tax on TPP continues. Funding for these reimbursements falls from \$244.4 million in FY 2017 to \$207.3 million in FY 2018 and \$165.2 million in FY 2019, decreases of 15.2% and 20.3%, respectively. Except for the cap offset payment, the budget generally discontinues the TPP supplement (\$44 million in FY 2017), which offsets any decreases in reimbursements that are not offset by increases in formula aid. The Governor vetoed the provisions that would have limited the reimbursement loss for school districts (including the loss of the TPP supplement) in FY 2018 and for JVSDs beginning in FY 2018 to 3.5% of a district's total resources and slowed the phase-down somewhat for school districts beginning in FY 2020.
- The budget provides a total of \$88.1 million per year (\$68.1 million in GRF and \$20.0 million in non-GRF) to fund early childhood education for lower income families, an increase of 11.0% from the estimated spending level of \$79.4 million in FY 2017. It allows the program to serve both four-year olds and three-year olds and authorizes the establishment and evaluation of a parent choice pilot program for early childhood education.
- The budget provides GRF funding of \$38.4 million in FY 2018 and \$47.7 million in FY 2019, increases of 21.9% and 24.2%, respectively, for the income-based EdChoice expansion. It maintains the FY 2017 maximum EdChoice scholarship amounts of \$6,000 for high school students and \$4,650 for elementary school students. It also increases the maximum amounts for the Cleveland Scholarship program to match the EdChoice levels.
- The budget provides lottery profits of \$16.6 million per year for community school facilities, a decrease of 3.5% from FY 2017. Per pupil funding is \$200 for brick and mortar schools and \$25 for e-schools. It also provides \$8.0 million in capital facilities funding for certain high performing community schools.

Higher Education and Workforce Development

- The budget freezes in-state undergraduate tuition charged by public universities and their regional campuses at the FY 2017 levels for FY 2018 and FY 2019 and allows community and technical colleges to increase their tuitions by up to \$10 per credit hour in FY 2019 to support quality academic programming. The Governor vetoed a provision that would have also allowed community and technical colleges to increase their tuitions by up to \$10 per credit hour for the same purpose in FY 2018. Furthermore, the Governor vetoed a provision that would have increased from 6% to 8% the limit on the one-time tuition increase a public university may apply to the first cohort under the university's tuition guarantee program.
- The state share of instruction (SSI) is flat funded at \$1.98 billion for FY 2018 and FY 2019. The budget earmarks \$1.52 billion per year for universities and their regional campuses, of which 50% is allocated based on degree completions, 30% for course completions, and the remainder for doctoral and medical education and other factors. The community and technical campuses' earmark of \$456.3 million per year is allocated based on course completions (50%), success factors (25%), and completion milestones (25%).
- The budget increases funding for the Ohio College Opportunity Grant (OCOG), a need-based student financial aid program, by 2.5% to \$99.4 million in FY 2018 and by 1.5% to \$100.9 million in FY 2019. It qualifies for OCOG students with intellectual disabilities who are enrolled in certain programs. The budget also provides need-based financial aid to students enrolled in a high-demand certificate or credential program and provides \$5 million in FY 2019 for this purpose.
- The budget increases funding for the War Orphans Scholarships by 14.6% to \$8.1 million in FY 2018 and 3.7% to \$8.4 million in FY 2019. The National Guard Scholarship is flat funded at \$18.9 million per year. The merit-based Choose Ohio First Scholarship decreases 3.0% from FY 2017 to \$16.2 million per year.

Local Government and Other

- The budget provides \$206.8 million in FY 2018 to counties and transit authorities that will experience a revenue loss due to the repeal of the sales tax on Medicaid managed care companies. The Governor vetoed a provision that would have required ODM to seek federal approval to increase the health insuring corporation franchise fee by another \$207 million per year from FY 2019 through FY 2024 to provide additional reimbursements for counties and transit authorities.
- The remaining reimbursements for local government losses due to utility deregulation and the elimination of the TPP tax continues under the budget. Reimbursements are reduced from \$50.5 million in FY 2017 to \$30.8 million in FY 2018 and \$16.7 million in FY 2019, decreases of 38.9% and 45.9%, respectively.
- The budget continues to provide 1.66% of total GRF tax revenues annually to the Local Government Fund. The Public Library Fund's share will be 1.68%, compared with 1.66% as specified in continuing Revised Code and 1.70% the PLF actually received in FY 2016 and FY 2017, which was established in uncodified law of H.B. 64, the budget act of the FY 2016-FY 2017 biennium.
- The budget increases GRF funding for community diversion programs, which are designed to reduce prison population growth, by 40.1% in FY 2018 to \$56.6 million and 29.3% in FY 2019 to \$73.2 million. For the 10 most populous counties, the budget generally requires a 5th degree felony offender with a prison term of one year or less to serve the term in local confinement options. All other counties are authorized to participate in local confinement options for 5th degree offenders.
- The budget provides GRF funding totaling \$32.7 million in FY 2018 and \$33.8 million in FY 2019, increases of 29.9% and 3.5%, respectively, to help fund about 45% of the county indigent defense costs.
- The budget consolidates the Optometry and Optical Dispensers Boards into the State Vision Professionals Board, the Speech-Language Pathology and Audiology and Hearing Aid Dealers and Fitters Licensing Boards into the State Speech and Hearing Professionals Board, the Cosmetology and Barber Boards into the State Cosmetology and Barber Board, the Sanitarian Registration Board into the Department of Health, the State Board of Orthotics, Prosthetics, and Pedorthics into the Occupational Therapy, Physical Therapy, and Athletic Trainers Board, the Board of Dietetics into the State Medical Board, the Respiratory Care Board partly into the State Medical Board and partly into the State Board of Pharmacy, and the Manufactured Homes Commission into the Department of Commerce.

Total (State and Federal) GRF Appropriations by Agency

Agency	FY 2016 (Actual)	FY 2017 (Estimate)	FY 2018 (Appropriation)	FY 2019 (Appropriation)
Department of Medicaid	\$16,422,114,914	\$17,184,617,488	\$14,147,408,844	\$15,029,621,162
Department of Education	\$7,555,948,809	\$7,909,657,829	\$7,988,711,535	\$8,117,425,393
Department of Higher Education	\$2,463,677,864	\$2,559,679,898	\$2,560,414,560	\$2,596,150,182
Revenue Distribution Fund	\$1,791,524,177	\$1,788,500,000	\$1,821,100,000	\$1,845,100,000
Department of Rehabilitation and Correction	\$1,602,072,927	\$1,694,311,984	\$1,741,382,660	\$1,765,495,245
Department of Job and Family Services	\$785,670,949	\$806,358,814	\$788,245,245	\$743,317,793
Department of Developmental Disabilities	\$586,430,936	\$660,028,498	\$673,310,954	\$678,927,354
Department of Mental Health and Addiction Services	\$378,322,569	\$396,852,090	\$407,566,061	\$417,213,325
Ohio Facilities Construction Commission	\$409,844,803	\$396,208,444	\$414,848,000	\$444,496,900
Public Works Commission	\$249,183,065	\$256,830,944	\$265,713,500	\$261,645,400
Department of Youth Services	\$216,645,971	\$215,002,752	\$211,026,987	\$214,916,236
Department of Administrative Services	\$168,307,566	\$164,298,810	\$163,736,796	\$157,678,996
Judiciary/Supreme Court	\$146,047,771	\$159,092,818	\$164,744,685	\$173,130,454
Development Services Agency	\$133,875,528	\$137,347,858	\$130,544,301	\$137,533,701
Department of Natural Resources	\$101,949,067	\$96,734,904	\$107,257,177	\$109,584,097
Department of Health	\$84,477,028	\$83,127,888	\$74,544,339	\$75,544,339
Department of Taxation	\$69,529,343	\$70,607,949	\$67,260,978	\$69,903,545
Department of Veterans Services	\$36,524,141	\$53,985,011	\$37,005,661	\$34,978,061
Attorney General	\$46,273,514	\$46,379,355	\$48,542,296	\$48,640,096
Auditor of State	\$29,972,185	\$31,550,781	\$29,991,460	\$29,991,460
Legislative Service Commission	\$24,157,260	\$31,115,943	\$27,718,640	\$27,318,640
Ohio Public Defender Commission	\$27,483,049	\$28,593,017	\$36,513,017	\$37,873,017
House of Representatives	\$20,718,730	\$25,272,941	\$23,756,565	\$23,756,565
Department of Agriculture	\$17,913,129	\$24,623,114	\$21,798,023	\$23,946,139
Pension Subsidies	\$20,446,735	\$20,503,000	\$20,400,000	\$20,400,000
Department of Public Safety	\$18,273,102	\$19,478,543	\$19,204,387	\$20,390,873
Opportunities for Ohioans with Disabilities Agency	\$16,323,742	\$16,250,894	\$16,056,210	\$16,056,210
Senate	\$11,413,360	\$15,982,305	\$15,023,367	\$15,023,367
Department of Aging	\$15,474,929	\$15,801,468	\$14,876,018	\$14,876,018
Department of Transportation	\$10,890,720	\$15,311,997	\$14,190,000	\$13,410,000
Environmental Protection Agency	\$10,847,345	\$15,008,455	\$8,927,160	\$8,919,594
Ohio Arts Council	\$12,685,707	\$14,798,129	\$14,653,879	\$14,653,879
Ohio History Connection	\$13,410,478	\$13,235,478	\$11,800,448	\$11,800,448
Treasurer of State	\$11,796,656	\$11,957,408	\$11,464,317	\$11,464,375
Ohio School for the Deaf	\$9,668,321	\$10,711,788	\$10,856,987	\$11,079,816
Ohio State School for the Blind	\$8,017,045	\$9,932,245	\$10,147,767	\$10,385,938
Broadcast Educational Media Commission	\$9,371,291	\$9,542,350	\$9,240,920	\$9,240,920
Adjutant General	\$7,962,089	\$9,423,464	\$8,542,068	\$8,542,068
State Library Board	\$5,986,660	\$5,909,328	\$5,295,114	\$5,300,114
Ohio Civil Rights Commission	\$5,567,540	\$5,684,556	\$5,039,359	\$5,599,288
Office of Budget and Management	\$3,773,468	\$4,995,643	\$4,813,761	\$5,034,976
Capitol Square Review and Advisory Board	\$3,606,319	\$3,908,964	\$3,866,631	\$3,866,631
State Employment Relations Board	\$3,482,527	\$3,887,270	\$3,804,336	\$3,828,961
Court of Claims	\$11,053,392	\$3,036,419	\$3,055,119	\$3,075,699
Office of the Governor	\$2,065,447	\$2,953,131	\$2,775,943	\$2,775,943
Commission on Minority Health	\$2,511,560	\$2,629,914	\$2,585,665	\$2,585,665
Secretary of State	\$2,139,715	\$2,612,422	\$0	\$0
Board of Tax Appeals	\$1,640,752	\$1,905,743	\$1,822,552	\$1,857,751
Veterans' Organizations	\$1,887,986	\$1,887,986	\$1,887,986	\$1,887,986
Ohio Elections Commission	\$335,690	\$1,731,077	\$418,613	\$435,221
Ethics Commission	\$1,420,808	\$1,457,245	\$1,457,245	\$1,724,311
Inspector General	\$1,328,623	\$1,401,581	\$1,401,581	\$1,401,581
Judicial Conference of Ohio	\$749,250	\$684,250	\$718,463	\$715,163
Joint Legislative Ethics Committee	\$518,787	\$663,761	\$550,000	\$550,000
Environmental Review Appeals Commission	\$564,451	\$620,617	\$608,205	\$608,205
Joint Committee on Agency Rule Review	\$413,993	\$512,253	\$496,885	\$496,885
Joint Education Oversight Committee	\$0	\$500,000	\$350,000	\$350,000
Joint Medicaid Oversight Committee	\$309,906	\$490,320	\$340,814	\$502,982
Controlling Board	\$0	\$475,000	\$0	\$0
Commission on Hispanic/Latino Affairs	\$432,575	\$425,289	\$445,395	\$460,385
Expositions Commission	\$392,420	\$375,000	\$363,750	\$363,750
Commission on Service and Volunteerism	\$309,646	\$322,547	\$300,000	\$300,000
Ohioana Library Association	\$155,000	\$160,000	\$0	\$0
<i>GRF - State</i>	\$21,895,047,781	\$22,997,305,812	\$22,445,869,872	\$22,982,673,446
<i>GRF - Federal</i>	\$11,700,845,550	\$12,070,641,158	\$9,735,053,357	\$10,311,479,657
GRF - Total	\$33,595,893,331	\$35,067,946,970	\$32,180,923,229	\$33,294,153,103
Medicaid				
<i>GRF - State</i>	\$5,328,371,359	\$5,797,961,335	\$5,089,092,518	\$5,361,378,536
<i>GRF - Federal</i>	\$11,667,488,774	\$12,032,002,758	\$9,735,053,357	\$10,311,479,657
GRF - Total	\$16,995,860,133	\$17,829,964,093	\$14,824,145,875	\$15,672,858,193
Non-GRF - Total	\$8,297,994,791	\$8,474,500,779	\$12,248,785,672	\$12,515,545,427
All-Funds - Total	\$25,293,854,924	\$26,304,464,872	\$27,072,931,547	\$28,188,403,620