

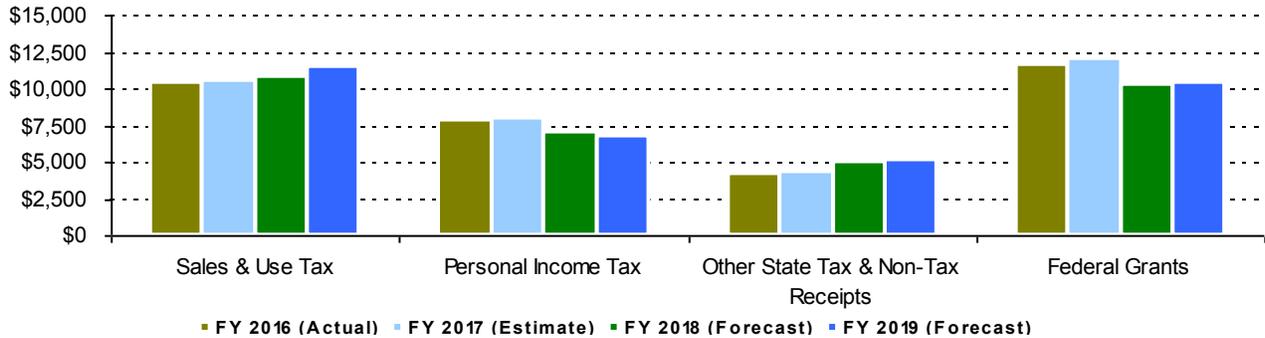


# Budget In Brief

## House Bill 49 – As Introduced

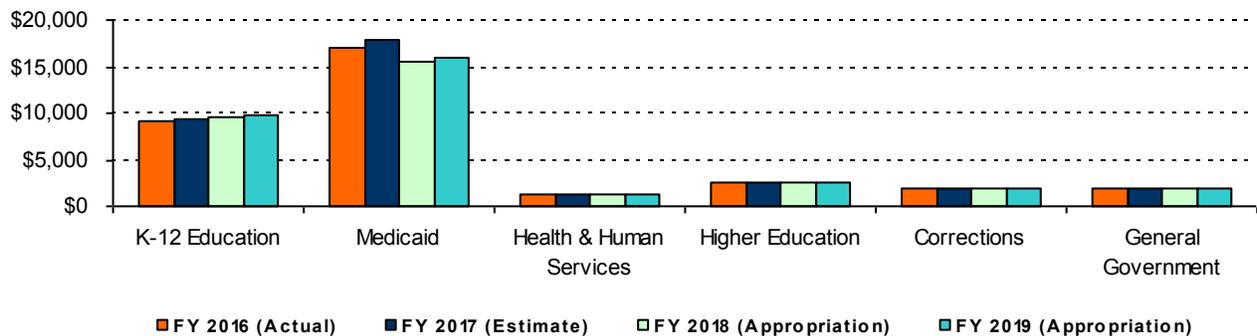
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**GRF Revenues by Source**  
(\$ in millions)



Revenue Source	FY 2016 (Actual)	FY 2017 (Estimate)	FY 2018 (Forecast)	FY 2019 (Forecast)
Sales & Use Tax	\$10,348.0	\$10,548.3	\$10,853.8	\$11,549.3
Personal Income Tax	\$7,799.3	\$7,926.1	\$7,027.1	\$6,755.8
Other State Tax and Non-Tax Receipts	\$4,137.5	\$4,336.5	\$4,968.2	\$5,103.4
Federal Grants	\$11,645.7	\$12,078.7	\$10,261.2	\$10,458.1
<b>Total</b>	<b>\$33,930.5</b>	<b>\$34,889.6</b>	<b>\$33,110.3</b>	<b>\$33,866.6</b>

**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	\$9,647.0	\$9,832.5
Medicaid	\$16,995.9	\$17,830.0	\$15,586.5	\$16,015.1
Health & Human Services	\$1,293.0	\$1,333.1	\$1,315.1	\$1,321.7
Higher Education	\$2,463.7	\$2,559.7	\$2,600.4	\$2,645.7
Corrections	\$1,818.7	\$1,909.3	\$1,965.8	\$1,999.9
General Government	\$1,909.3	\$1,972.3	\$1,983.0	\$2,008.1
<b>Total</b>	<b>\$33,595.9</b>	<b>\$35,067.9</b>	<b>\$33,097.8</b>	<b>\$33,823.1</b>

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

## Appropriation Highlights

The executive budget provides state and federal GRF appropriations totaling \$33.10 billion for FY 2018, a decrease of 5.6%. This decrease is due entirely to moving Medicaid expenditures currently supported by the sales tax on Medicaid managed care companies and related federal reimbursements from the GRF into non-GRF funds. Beginning in FY 2018, this sales tax will be replaced by a health insuring corporation provider assessment. Revenues from this assessment and related federal reimbursements will be deposited into non-GRF funds. For FY 2019, state and federal GRF appropriations total \$33.82 billion, an increase of 2.2%. Excluding Medicaid, state and federal GRF federal appropriations increase by 1.6% in FY 2018 and 1.7% in FY 2019. Medicaid and K-12 Education account for 47.2% and 29.1%, respectively, of the biennial total state and federal GRF appropriations.

State-source GRF appropriations decrease by 0.8% in FY 2018 to \$22.82 billion and then increase by 2.3% to \$23.35 billion in FY 2019. K-12 Education and Medicaid represent 42.2% and 23.5%, respectively, of the biennial total. Across all funds, the appropriations total \$67.16 billion in FY 2018 and \$68.59 billion in FY 2019, increases of 4.7% and 2.1%, respectively.

### Medicaid and Other Human Services

- Across all funds in seven agencies, Medicaid funding totals \$27.96 billion in FY 2018 and \$28.71 billion in FY 2019, increases of 6.3% and 2.7%, respectively. Federal reimbursements account for just under 69% of the biennial total. Approximately 55.8% of total Medicaid funding is supported by state and federal GRF appropriations—\$15.59 billion in FY 2018 and \$16.02 billion in FY 2019. The state share of the GRF is \$5.31 billion in FY 2018 and \$5.54 billion in FY 2019.
- Beginning July 2018, managed care enrollment will be mandatory for the remaining (about 10% of the total) Medicaid recipients except individuals served by the Department of Developmental Disabilities, for whom managed care is optional.
- The executive 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) in FY 2019.
- The executive budget increases home and community-based service opportunities, including creating about 1,300 additional state-funded waivers for individuals served by the Department of Developmental Disabilities. It anticipates additional costs of \$22.4 million (\$8.5 million state share) in FY 2018 and \$76.8 million (\$29.2 million) in FY 2019 for these services.
- The executive budget proposes several changes to provider payments, including reducing hospital reimbursements and moving nursing facility reimbursements into managed care. It assumes a total savings of \$209.5 million (\$86.2 million state share) in FY 2018 and \$469.9 million (\$185.4 million) in FY 2019.
- The executive budget increases funding for infant vitality by 72.9% to \$7.2 million in both FY 2018 and FY 2019 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 also earmarks \$1 million per year for colleges and universities to research infant mortality reduction issues and \$1 million per year for infant mortality health grants.
- Funding for adoption and other family and children services totals \$113.8 million per year, an increase of 31.8% (\$27.5 million) from FY 2017. The increase will be used 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.
- All Medicaid behavioral health services will be moved into managed care by January 1, 2018. The executive budget earmarks \$1 million per year for colleges and universities to research opiate addiction issues.

### K-12 Education

- The executive budget provides an estimated \$7.92 billion in FY 2018 and \$8.05 billion in FY 2019 for foundation aid, increases of 1.8% and 1.6%, respectively, for all students counted in their resident districts.
  - ◇ Formula continuation. The executive budget largely maintains the current school funding formula, using the same values for component calculations. The per pupil amount of the core opportunity grant remains at the FY 2017 level of \$6,000 in both FY 2018 and 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. The minimum state share for this aid is decreased from 50% in FY 2017 to 37.5% in FY 2018 and 25.0% in FY 2019.
  - ◇ Modification—guarantee level and base. The executive 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 will be reduced for districts with a 5% or higher decline in total enrollment between FY 2011 and FY 2016. The reduction is capped at 5% for districts with a total enrollment decrease of 10% or higher. For districts with a total enrollment decrease between 5% and 10%, the reduction will be up to 5% based on a sliding scale. The executive budget moves graduation and K-3 reading performance bonuses outside the guarantee. Career-technical education additional funding remains outside the guarantee.
  - ◇ Modification—cap. A district's formula allocation annual increase is capped at 5% in both FY 2018 and FY 2019, compared with a 7.5% cap in FY 2017. Capacity aid (targeting districts below the median in total property value) 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 executive budget also maintains the current formula for joint vocational school districts (JVSDs) except for the gain cap change. The formula uses a 0.5-mill charge-off for core opportunity aid to derive each district's state share. Additional career-technical education funding continues to remain outside the guarantee and cap. Total JVSD formula aid is estimated at \$292.4 million in both FY 2018 and FY 2019, a slight decrease from FY 2017.
- The phase-down of 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) continues. Appropriations for these reimbursements fall from \$244.4 million in FY 2017 to \$201.8 million in FY 2018 and \$162.7 million in FY 2019, decreases of 17.4% and 19.4%, respectively. The executive budget discontinues the TPP supplement (\$44 million in FY 2017), which offsets any decreases in reimbursements that are not offset by increases in formula aid.

## Appropriation Highlights

- The executive budget provides a total of \$90.3 million per year to fund early childhood education for lower income families, an increase of \$10.9 million (13.7%) from estimated spending level of \$79.4 million in FY 2017. It authorizes the establishment and evaluation of a parent choice pilot program for early childhood education.
- The executive budget continues to provide \$10 million per year 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. Straight A Fund grants also continue at \$15 million per year.
- The executive budget provides GRF funding of \$38.4 million in FY 2018 and \$47.7 million in FY 2019, increases of \$6.9 million (21.9%) and \$9.3 million (24.2%), respectively, for the income-based EdChoice expansion. It maintains the FY 2017 scholarship amounts of \$6,000 for high school students and \$4,650 for elementary school students.
- The executive budget provides lottery profits of \$18 million per year for community school facilities, an increase of \$800,000 (4.7%) from FY 2017. Per pupil funding is \$200 for brick and mortar schools and \$25 for e-schools.

### Higher Education & Workforce Development

- The executive budget freezes in-state undergraduate tuition charged by state institutions of higher education at the FY 2017 levels for FY 2018 and FY 2019. It requires colleges and universities to provide undergraduate students textbooks in FY 2019 and authorizes an up to \$300 per student fee for this newly mandated service.
- The executive budget increases total state share of instruction (SSI) funding by 1.0% per year to \$2.00 billion in FY 2018 and \$2.02 billion in FY 2019. It earmarks \$1.54 billion in FY 2018 and \$1.55 billion in FY 2019 for universities and their regional campuses, of which 50% will be allocated based on degree completions, 30% for course completions, and the remainder for doctoral and medical education and other factors. The executive budget earmarks \$460.8 million in FY 2018 and \$465.4 million in FY 2019 for community and technical campuses, of which 50% will be distributed based on course completions and 25% each for success factors and completion milestones.
- The executive budget requires the development of “3+1” baccalaureate degree programs that will allow students to complete the equivalent of three years of studies at state community and technical colleges and then transfer to state universities to complete the final year of the student’s bachelor’s degree program. It also authorizes community and technical colleges to develop and offer certain in-demand applied bachelor’s degree programs.
- The executive budget provides \$5 million per year for the newly established Accelerated Completion of Technical Studies Program to encourage associate degree completion in fields that are either emerging or have in-demand jobs. Up to seven institutions will be selected to participate.
- The executive budget funds the Ohio College Opportunity Grant (OCOG), a need-based student financial aid program at \$100 million in FY 2018 and \$102 million in FY 2019, increases of 3.1% and 2.0%, respectively. The merit-based Choose Ohio First Scholarship is flat funded at \$16.7 million per year.
- The executive budget increases funding for the War Orphans Scholarships by 16.3% to \$8.2 million in FY 2018 and 3.7% to \$8.5 million in FY 2019. Funding for the National Guard Scholarship is at \$19.4 million per year, an increase of 2.7% over the FY 2017 level.
- The executive budget creates two new programs to increase degree completion. The Completion and Retention for Education Success Program is funded at \$425,000 in FY 2018 and \$875,000 in FY 2019. The Ohio Finish for Your Future Scholarship Program is funded at \$2 million in FY 2018 and \$4 million in FY 2019.

### Local Government and Other

- The executive 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. Permissive local sales tax shares same the tax base with the state sales tax, so they would lose revenue from the repeal.
- The remaining reimbursements for local government losses due to utility deregulation and the elimination of the TPP tax continues under the executive budget. Reimbursements will be 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 Local Government Fund will continue to share 1.66% of the total GRF tax revenues annually, the share for the Public Library Fund will revert back to 1.66%, down from a temporary increase to 1.70% in the current biennium. LGF and PLF will each receive \$381.8 million in FY 2018 and \$393.5 million in FY 2019. The executive budget proposes to distribute a portion of LGF funds based on a subdivision’s tax capacity and population.
- The executive budget provides non-GRF funding of \$3.2 million in FY 2018 and \$6.8 million in FY 2019 for the Department of Taxation to enable businesses to centrally file the municipal income taxes through the Department.
- The executive budget increases funding for community diversion programs, which are designed to reduce prison population growth, by 51.8% in FY 2018 to \$61.3 million and 32.2% in FY 2019 to \$81.1 million. It generally requires a 5th degree felony offender with a prison term of one year or less to serve the term in a community-based program.
- The executive budget creates, in the Attorney General’s budget, a new GRF debt service appropriation with about \$3.2 million per year to finance the replacement of the Bureau of Criminal Investigation’s criminal history and fingerprint systems at an estimated cost of \$25 million.
- The executive budget consolidates various regulatory boards and commissions. It funds three new boards—State Behavioral Health and Social Work Board (\$1.1 million in FY 2018 and \$2.6 million in FY 2019), State Physical Health Services Board (\$0.6 million and \$1.1 million), and State Vision and Hearing Professional Board (\$0.6 million and \$1.1 million)—to facilitate the consolidation of boards and commissions that will be under their purviews.
- The executive budget provides \$750,000 per year in GRF funding for the newly created Ohio Institute of Technology within the Governor’s Office to formulate and implement a state strategy for using technology, research, and development to benefit individuals and businesses across the state and state government operations.

# 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	\$14,897,228,357	\$15,350,908,997
Department of Education	\$7,555,948,809	\$7,909,657,829	\$8,053,459,703	\$8,190,346,705
Department of Higher Education	\$2,463,677,864	\$2,559,679,898	\$2,600,361,098	\$2,645,724,672
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	\$1,751,229,871	\$1,781,575,300
Department of Job and Family Services	\$785,670,949	\$806,358,814	\$810,609,700	\$761,921,884
Department of Developmental Disabilities	\$586,430,936	\$660,028,498	\$681,589,583	\$700,693,483
Department of Mental Health and Addiction Services	\$378,322,569	\$396,852,090	\$400,576,744	\$410,224,008
Ohio Facilities Construction Commission	\$409,844,803	\$396,208,444	\$415,347,200	\$445,956,900
Public Works Commission	\$249,183,065	\$256,830,944	\$266,184,800	\$262,768,900
Department of Youth Services	\$216,645,971	\$215,002,752	\$214,615,622	\$218,346,926
Department of Administrative Services	\$168,307,566	\$164,298,810	\$166,811,285	\$160,715,785
Judiciary/Supreme Court	\$146,047,771	\$159,092,818	\$166,111,608	\$174,504,475
Development Services Agency	\$133,875,528	\$137,347,858	\$135,376,257	\$146,189,757
Department of Natural Resources	\$101,949,067	\$96,734,904	\$108,821,022	\$110,826,834
Department of Health	\$84,477,028	\$83,127,888	\$79,803,089	\$81,303,089
Department of Taxation	\$69,529,343	\$70,607,949	\$67,940,382	\$70,607,949
Department of Veterans Services	\$36,524,141	\$53,985,011	\$39,817,405	\$37,901,819
Attorney General	\$46,273,514	\$46,379,355	\$49,920,969	\$49,926,169
Auditor of State	\$29,972,185	\$31,550,781	\$31,550,780	\$31,550,780
Legislative Service Commission	\$24,157,260	\$31,115,943	\$28,905,845	\$28,605,845
Ohio Public Defender Commission	\$27,483,049	\$28,593,017	\$29,013,017	\$29,573,017
House of Representatives	\$20,718,730	\$25,272,941	\$25,272,941	\$25,272,941
Department of Agriculture	\$17,913,129	\$24,623,114	\$22,316,371	\$24,530,924
Pension Subsidies	\$20,446,735	\$20,503,000	\$20,400,000	\$20,400,000
Department of Public Safety	\$18,273,102	\$19,478,543	\$19,798,338	\$21,021,519
Opportunities for Ohioans with Disabilities Agency	\$16,323,742	\$16,250,894	\$16,250,895	\$16,250,895
Senate	\$11,413,360	\$15,982,305	\$15,982,305	\$15,982,305
Department of Aging	\$15,474,929	\$15,801,468	\$15,551,468	\$15,551,468
Department of Transportation	\$10,890,720	\$15,311,997	\$14,309,348	\$15,309,348
Environmental Protection Agency	\$10,847,345	\$15,008,455	\$9,927,160	\$9,919,594
Ohio Arts Council	\$12,685,707	\$14,798,129	\$14,798,129	\$14,798,129
Ohio Historical Society	\$13,410,478	\$13,235,478	\$11,610,478	\$11,610,478
Treasurer of State	\$11,796,656	\$11,957,408	\$12,060,983	\$12,061,033
Ohio School for the Deaf	\$9,668,321	\$10,711,788	\$11,022,322	\$11,248,544
Ohio State School for the Blind	\$8,017,045	\$9,932,245	\$10,302,302	\$10,544,099
Broadcast Educational Media Commission	\$9,371,291	\$9,542,350	\$9,526,722	\$9,526,722
Adjutant General	\$7,962,089	\$9,423,464	\$8,806,255	\$8,806,255
State Library Board	\$5,986,660	\$5,909,328	\$5,909,328	\$5,909,328
Ohio Civil Rights Commission	\$5,567,540	\$5,684,556	\$5,116,100	\$5,684,556
Office of Budget and Management	\$3,773,468	\$4,995,643	\$5,745,643	\$5,970,643
Capitol Square Review and Advisory Board	\$3,606,319	\$3,908,964	\$4,214,424	\$4,214,424
State Employment Relations Board	\$3,482,527	\$3,887,270	\$3,862,270	\$3,887,270
Court of Claims	\$11,053,392	\$3,036,419	\$3,197,997	\$3,312,188
Office of the Governor	\$2,065,447	\$2,953,131	\$2,953,131	\$2,953,131
Commission on Minority Health	\$2,511,560	\$2,629,914	\$2,684,672	\$2,722,333
Secretary of State	\$2,139,715	\$2,612,422	\$0	\$0
Board of Tax Appeals	\$1,640,752	\$1,905,743	\$1,850,307	\$1,886,042
Veterans' Organizations	\$1,887,986	\$1,887,986	\$0	\$0
Ohio Elections Commission	\$335,690	\$1,731,077	\$424,988	\$441,849
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	\$806,963	\$806,963
Joint Legislative Ethics Committee	\$518,787	\$663,761	\$550,000	\$550,000
Environmental Review Appeals Commission	\$564,451	\$620,617	\$620,617	\$620,617
Joint Committee on Agency Rule Review	\$413,993	\$512,253	\$512,253	\$512,253
Joint Education Oversight Committee	\$0	\$500,000	\$500,000	\$500,000
Joint Medicaid Oversight Committee	\$309,906	\$490,320	\$351,355	\$518,538
Controlling Board	\$0	\$475,000	\$0	\$0
Commission on Hispanic/Latino Affairs	\$432,575	\$425,289	\$459,170	\$474,624
Expositions Commission	\$392,420	\$375,000	\$375,000	\$375,000
Commission on Service and Volunteerism	\$309,646	\$322,547	\$322,547	\$322,547
Ohioana Library Association	\$155,000	\$160,000	\$175,000	\$180,000
<i>GRF – State</i>	\$21,895,047,781	\$22,997,305,812	\$22,819,219,978	\$23,346,741,958
<i>GRF – Federal</i>	\$11,700,845,550	\$12,070,641,158	\$10,278,580,968	\$10,476,333,789
<b>GRF – Total</b>	<b>\$33,595,893,331</b>	<b>\$35,067,946,970</b>	<b>\$33,097,800,946</b>	<b>\$33,823,075,747</b>
<b>Medicaid</b>				
<i>GRF – State</i>	\$5,328,371,359	\$5,797,961,335	\$5,307,955,449	\$5,538,802,773
<i>GRF – Federal</i>	\$11,667,488,774	\$12,032,002,758	\$10,278,580,968	\$10,476,333,789
<b>GRF – Total</b>	<b>\$16,995,860,133</b>	<b>\$17,829,964,093</b>	<b>\$15,586,536,417</b>	<b>\$16,015,136,562</b>
Non-GRF – Total	\$8,297,994,791	\$8,474,500,779	\$12,368,990,285	\$12,692,286,957
<b>All-Funds – Total</b>	<b>\$25,293,854,924</b>	<b>\$26,304,464,872</b>	<b>\$27,955,526,702</b>	<b>\$28,707,423,519</b>