



# THE BUCKEYE INSTITUTE

## **House Budget: A Mixed-Bag with More Reform Opportunities**

Interested Party Testimony  
Ohio House Finance Committee  
Ohio House Bill 96

Greg R. Lawson, Research Fellow  
The Buckeye Institute

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As Prepared for Delivery

Chair Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and members of the Committee thank you for the opportunity to testify regarding **Ohio House Bill 96**—Ohio’s biennial budget.

My name is Greg R. Lawson. I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

As The Buckeye Institute **previously warned**, Ohio must remain fiscally responsible. The state and national economies are still recovering from failed Biden Administration policies and historic inflation, and now face an uncertain future potentially including lower federal Medicaid spending and a closed U.S. Department of Education. House Bill 96 offers a mixed bag of belt-tightening, policy improvements, and missed opportunities to make the budget even better. The bill fails to address tax expenditures or close tax loopholes, for example, and then adds a series of new earmarks. And although several local government reforms will likely be included in an omnibus amendment, the current budget excludes them—an omission that should be corrected before voting the bill out of the chamber.

## Medicaid

Medicaid continues to consume more than half of Ohio’s GRF spending. At its current growth rate, the program’s spending will soon be unsustainable, crowding out other priorities and jeopardizing pro-growth tax reforms. Fortunately, the substitute version of House Bill 96 adopts several innovative guardrails to program spending, including:

- Authorizing **rigorous eligibility audits** using credible third-party data;
- Seeking a waiver from the Centers for Medicare and Medicaid Services (CMS) to eliminate presumptive eligibility except for children and pregnant women;
- Authorizing performance and fiscal audits of Medicaid’s NextGen program;
- Modifying Medicaid’s Group VIII trigger language to redirect ineligible participants to private insurance subsidies or charity care programs;
- Requiring an annual audit of administrative costs and total expenditures of Medicaid managed care organizations; and
- Improving the JMOC’s oversight of Medicaid.

In addition to these improvements, state policymakers should also strictly enforce Ohio’s Medicaid **work requirement waiver** and closely monitor any federal action that scales back allowable hospital franchise fees.

## Primary and Secondary Education

Ohio’s education funding formula remains complex. Public district school enrollment is broadly **declining** across the state as families enroll students elsewhere. The Buckeye Institute opposes guaranteeing that districts will not receive less state aid than they did in FY25. Instead of such guarantees, Ohio should allow state funds to follow students rather than simply fund districts.

The House wisely retains the governor’s proposals that rightly increase the per-student allocation for charter school capital costs from \$1,000 to \$1,500, because charter schools do not benefit from local property taxes and already receive less per-student funding than district schools. The House also proposes reasonable increases in the Jon Peterson and Autism scholarships, but it should allow recipients of all scholarships, including EdChoice, to receive the **Disadvantaged Pupil Impact Aid** (DPIA) for lower-income and disadvantaged students. Scholarship recipients do not receive the DPIA funds available to public district and public charter school students. Extending the DPIA to non-public school scholarship recipients will help the non-public schools reach and educate more lower-income students.

House Bill 96 rightly retains the governor’s proposals requiring public district schools to **repurpose** or sell their under- and un-used buildings to public charter schools with growing enrollment. And, as The Buckeye Institute **recommended**, the House budget wisely maintains a college, career, workforce, and military readiness component to the state report cards so that families can make well-informed decisions about their child’s education. In addition to these positive steps, the House should expand the **pilot** program that authorizes two educational service centers to provide transportation for participating charter and private school students, reducing the transportation burden on school districts.

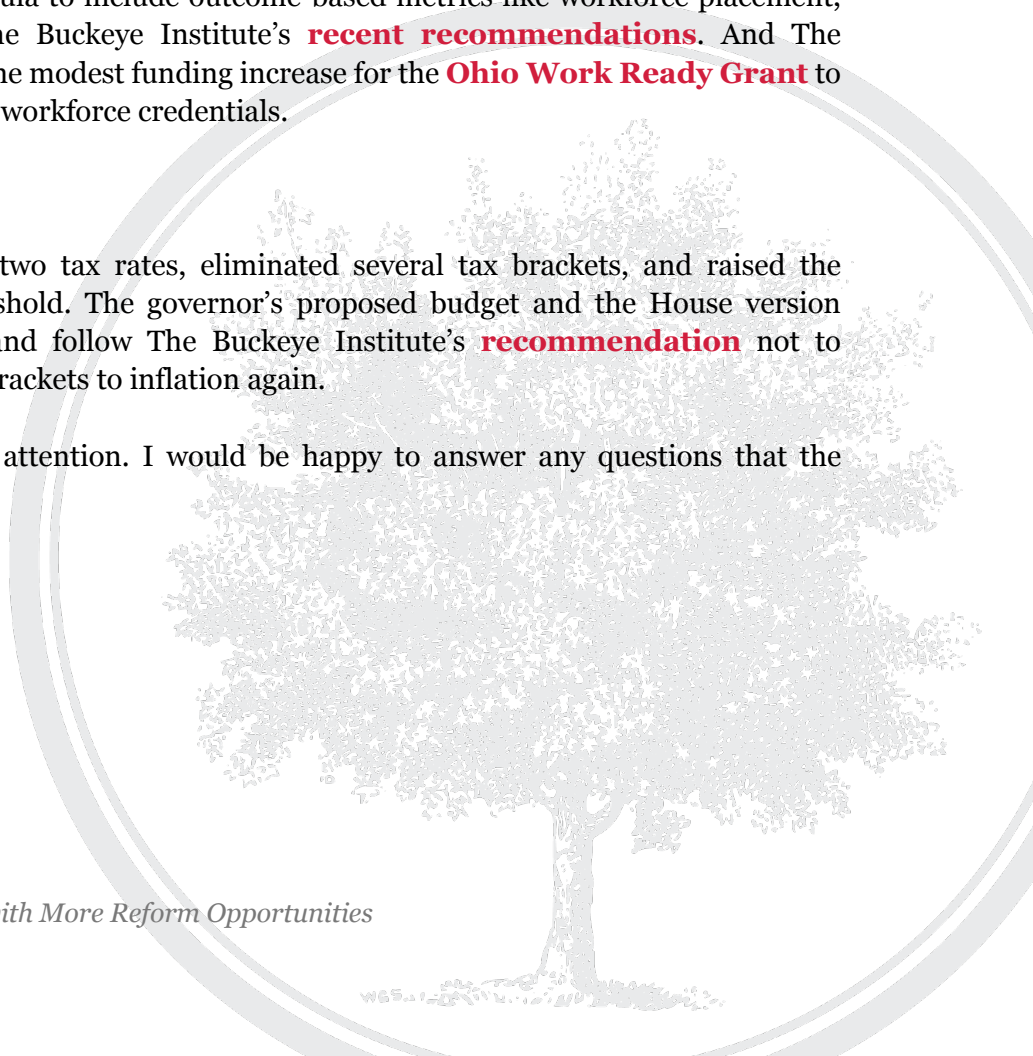
## Higher Education

The House’s proposed budget maintains the outline of the Governor’s proposal to modify the state share of instruction (SSI) formula to include outcome-based metrics like workforce placement, which broadly aligns with The Buckeye Institute’s **recent recommendations**. And The Buckeye Institute appreciates the modest funding increase for the **Ohio Work Ready Grant** to help more students who obtain workforce credentials.

## Taxes

Ohio’s 2023 tax bill reduced two tax rates, eliminated several tax brackets, and raised the commercial activities tax threshold. The governor’s proposed budget and the House version rightly retain those reforms and follow The Buckeye Institute’s **recommendation** not to suspend the indexation of tax brackets to inflation again.

Thank you for your time and attention. I would be happy to answer any questions that the Committee might have.



### ***About The Buckeye Institute***

*Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.*

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