



134th General Assembly Ohio House Budget Highlights HB 110 - FY2022-23 Operating Budget

Fair School Funding Plan

The House budget proposal includes a major school funding reform initiative – the Fair School Funding Plan – that is the result of more than three years of work by educators and policymakers. The proposed formula is predictable, sustainable and transparent. Most of all, it is fair to all of Ohio’s public schools.

Tax Relief

The legislation includes a 2 percent across the board personal income tax rate cut, which will reduce taxes and withholding amounts by approximately \$380 million over the biennium. Coupled with recently passed legislation conforming Ohio’s tax code with federal law, the House has provided a nearly \$500 million in personal income tax cut this biennium.

Supporting Jobs and Our Economy

The plan includes targeted investments to support job retention and creation, workforce training and economic development efforts. It expands state support for Ohio companies looking to do business with state government. The legislation also contains the House’s broadband package, House Bill 2, and includes more than \$200 million for the initiative.

Supporting Law Enforcement, Firefighters and Public Safety

The House plan includes a series of initiatives to support those who protect us and serve our communities every day, including a \$15 million police training initiative, \$10 million for body cameras and grant initiatives to aid fire departments with equipment.

Government Oversight and Accountability

The House plan improves government accountability and oversight to ensure state resources are being spent responsibly and used in a manner consistent with the intent of the General Assembly.

COVID-19 Relief Grants

The House plan continues \$155 million in grants for industries negatively impacted by the COVID-19 pandemic, including newly formed businesses. This is an ongoing commitment to Ohio industries as Ohio recovers from the economic impacts of the pandemic.

K-12 Education

When educators and policymakers work together, Ohio's students win. The House budget proposal includes the Fair School Funding Plan, a historic initiative that is the result of collaboration among educators and policymakers for the past three years. The Fair School Funding Plan begins a six-year phase-in, starting with the 2021-22 school year, and is designed to ensure a hold harmless period during the transition to a new formula. The hold harmless period is based on fiscal 2021 payments as budgeted, before COVID-19 related reductions.

The plan reduces duplicative operational subsidies in Ohio's education funding model, by maintaining the governor's proposed Student Wellness and Success funding, but encompasses that much needed support within the main formula.

School districts receive an aggregate supplement payment during the phase-in. Community schools receive an accelerated phase-in for disadvantaged pupil impact aid and a per pupil supplement based on fiscal year 2021 as budgeted before executive reductions. However, some community schools may show a reduction due to projected student count shifts that occurred during the pandemic. The beginning phase-in funding model in the bill enables a six-year phase-in to remain on schedule. In the second year of the biennium, the formula will be two-sixths percent phased-in.

Other highlights of education-related initiatives in the House version of the budget include:

- **Dyslexia** – Appropriates \$500,000 in each fiscal year to expand the federally funded Model Demonstration Project for Early Identification of Students with Dyslexia Grant Program, which funds pilot programs to address the literacy needs of students in preschool.
- **College Credit Plus** – Requires, for the College Credit Plus Program, the Department of Education and Higher Education to jointly develop a permission slip regarding the potential for mature subject matter in courses. The budget also increases aid by \$1 million a year to support home school students.
- **Gifted Education Recommendations** – Requires that when the Department of Education develops recommendations for incentive programs as required under current law, the department must also develop recommendations for such a program in all areas where minority and economically disadvantaged students are underrepresented in gifted identification, service and performance.
- **Gifted Education Funding** – Requires a school district to spend the gifted funds it receives under the school funding formula on the identification of gifted students, gifted coordinator services, gifted intervention specialist services, or other service providers approved by the Department of Education.

- **Abstinence Education** – Earmarks funding for abstinence education Ohio Adolescent Health Centers to support risk avoidance education initiatives.
- **Adult Diploma Program** – Expands eligibility to participate in the Adult Diploma Program by lowering the minimum age to 20 years old, rather than 22.
- **Telehealth** – The budget includes \$2 million to support providing behavioral health in schools through telehealth.

Supporting Jobs and Our Economy

House Bill 110 includes a series of targeted investments to support Ohio jobs, businesses and our economy. Highlights include:

- **Supporting Ohio Businesses** – The bill expands procurement law to support Ohio jobs and businesses by expanding the type of purchases eligible for an Ohio preference and requiring state agencies to give a preference to American and Ohio products through a competitive bidding process when purchasing personal protective equipment costing less than \$50,000 (currently this process is required for purchases of \$50,000 or more.)
- **Supporting Ohio’s Military Facilities** – Provides \$3.6 million to support economic development programs and job creation efforts at Department of Defense facilities in Ohio. This includes working with Department of Defense efficiency initiatives and future base realignment and closure (BRAC) activities, assisting with defense contracting at Ohio companies, and supporting regional training and workforce needs in the defense and aerospace industries.

Workforce Development – The bill creates a 13-member joint legislative committee to study career pathways and workforce training. The committee will be comprised of lawmakers and state education and workforce officials. The committee will develop recommendations on the state’s workforce priorities, initiatives and funding, and will issue a report by November 1, 2022. The panel will review:

- Current workforce training programs offered by post-secondary institutions and whether they are aligned with local, regional and statewide workforce needs.
 - Current career pathways, how they align with local, regional and state labor market demand data, and whether they prioritize credentials that carry the most value in the labor market.
- **Rural Industrial Park Loan Program** – Two years ago, the House reinstated funding for this important program to support rural job creation efforts. This year, the House is keeping the program going. In this year’s budget, the House is providing additional funding for this initiative, for a total of \$18 million.

- **Main Street Job Recovery Program** – The measure provides \$500,000 over the biennium to be used for grants to non-profit organizations to create business development and employment opportunities targeted to low- and moderate-income individuals as well as individuals of the re-entry population.
- **Appalachian Assistance** – \$10 million each fiscal year for the Foundation for Appalachian Ohio. The bill also includes \$4 million each fiscal year for the GRIT Program to establish virtual workforce development centers and place un- and under-employed adults into jobs within 11 counties of the Ohio Valley Regional Development Commission’s service area.
- **Name Change** – The bill changes the name of the Development Services Agency back to the Department of Development.

Safety and Security

The House budget plan makes major investments in public safety and security, with funding to support law enforcement, local fire departments, school safety and more. Highlights include the following:

- **Security Grants** – \$8.5 million for grants to non-profit groups, churches, chartered non-public schools and licensed preschools to improve security
- **Anti-Narcotics Initiative** – \$26 million for Recovery Ohio Law Enforcement to support anti-narcotics efforts, including creation of a Narcotics Intelligence Center and funding to support local law enforcement narcotics task forces that focus on cartel trafficking interdiction.
- **Law Enforcement Training** – \$15 million for a one-year police training pilot program to assist law enforcement agencies with training costs. The legislation would also create a 12-member Law Enforcement Training Funding Study Commission to study possible long-term methods for providing state aid to law enforcement agencies for training peace officers.
- **Fire Department Grants** – \$10 million for grants to small fire departments for equipment and training, as well as grants to enhance local emergency communication networks.
- **School Safety Grants** – \$24 million for safety grants for schools, educational service centers, local law enforcement agencies, and schools operated by county boards of developmental disabilities.
- **Body Cameras** – \$10 million for grants to state and local law enforcement agencies to implement or enhance body-worn camera programs.

- **Ohio Cyber Reserve** – \$1.5 million to support the Ohio Cyber Reserve, a civilian cyber reserve force that is part of the Ohio organized militia that is trained to educate and protect state government, Ohio’s critical infrastructure and its citizens from cyberattacks.
- **Protecting Children** – \$1 million for the Ohio Attorney General’s Internet Crimes Against Children Task Force.

Government Oversight and Accountability

The House plan has several provisions that are part of a broader effort to increase legislative oversight and government accountability. These include:

- **Joint Legislative Oversight and Review Committee of Federal COVID Relief Aid** – This panel will provide more oversight of federal COVID relief aid spent by the state. The panel will hold hearings and can receive testimony, make recommendations and issue reports.
- **State Controlling Board** – The budget calls for more agency spending initiatives to come before the board for review and approval. The seven-person board is comprised of three House members, three Senate members and a designee of the governor’s budget director.

COVID-19 Relief Funding

The House budget proposal also appropriates \$155 million in COVID-19 relief aid to help businesses impacted by the pandemic. Grants from this funding will be available in the fiscal year beginning July 1. The package includes:

- \$100 million for restaurants and bars
- \$25 million for the lodging industry
- \$20 million for entertainment venues
- \$10 million in relief for new businesses

Higher Education and Workforce

The House plan continues the state’s commitment to higher education and workforce development as important supports for Ohio’s economy and economic future. The plan maintains proposed funding increases for several initiatives, including State Share of Instruction and the Ohio College Opportunity Grant. Highlights of the plan include:

- **College Assessments** – The plan eliminates the current requirement for high school students in the next school year to take a national standardized college admission assessment. The assessment shall continue to be offered to all 11th grade students in the spring of each school year, but participation is voluntary. The language includes an “opt out” provision, so parents can decide that the test not be administered to their child.

- **CDL Training** – Establishes the Commercial Truck Driver Student Aid Program to provide a combination of a grant and loan to eligible students enrolled in a certified commercial driver’s license program. The bill provides \$2.5 million total for the program. Nationally, the current driver shortage is over 60,000.
- **SSI Single Line** – The omnibus amendment restores the use of a single line item to make State Share of Instruction formula payments for universities and regional campuses and community and technical colleges.
- **Ohio National Guard** – Expands eligibility to participate in the Ohio National Guard Scholarship Program to support educational opportunities to those in the National Guard.
- **Rural University Program** – \$800,000 for the Rural University Program, which is a collaboration of Bowling Green State University, Kent State University, Miami University and Ohio University that provides communities with economic development, public administration and public health services.
- **Wright-Patterson & Higher Ed** – Provides more than \$3 million to strengthen educational linkages between Wright-Patterson Air Force Base and Ohio’s institutions of higher education, as well as to support workforce development in the aerospace industry.
- **Grad Student Tuition** – Grants in-state tuition residency status to an out-of-state student attending a graduate program if that student completed a bachelor’s degree program at an Ohio institution of higher education and immediately enrolls.
- The bill supports a wide variety of campus-specific initiatives and programs.

Health and Human Services

The House plan builds on the quality funding incentives from the 133rd General Assembly budget cycle, while including a blended approach to nursing home rebasing. The House plan also continues or expands aid for a variety of critical initiatives to support Ohio’s seniors and most vulnerable citizens. Among the highlights are the following:

- **Increased Support** – Provides rate increases to home- and community-based service providers including Assisted Living, HomeCare and PASSPORT.
- **Adult Day Care** – Provides funding to help Adult Day Care programs that are PASSPORT and developmental disability providers.
- **Kinship Support** – Includes \$5 million which will allow relatives of a child to receive kinship guardianship assistance payments under certain conditions as they enroll as a kinship provider.

- **Quality Commission** – Creates a commission tasked with developing a universal nursing home quality program designed to address quality metrics and rebasing metrics with a report to be sent to the General Assembly. The commission will specifically look at the rebasing formula and analyze its efficacy and propose changes to ensure dollars are spent on care for Ohio’s elderly population.
- **Rates in Statute** – The plan reverts nursing home rates to statute, instead of by rule as was proposed in the as introduced version, and institutes rebasing every 5 years in statute. The plan specifies that the Ohio Department of Aging begin to initiate long-term care consultations to help elderly Ohioans better plan for their future aging needs.
- **Childcare** – Maintains 138 percent of the Federal Poverty Level for publically-funded childcare. This will help expand the eligibility for families to participate in publicly funded childcare.
- **Foodbanks Assistance** – Includes more than \$40 million for the Ohio Association of Second Harvest Foodbanks to provide a variety of services for Ohioans, including to purchase and distribute food products, support Innovative Summer Meals programs for children and provide capacity building equipment for food pantries and soup kitchens.
- **Helping Children in Need** – Requires Public Children’s Services Agencies and private child placing agencies (PCPAs) with temporary custody of a child or a child placed in a planned permanent living arrangement to make intensive efforts to identify potential kinship caregivers using certain search technology. The budget allocates \$ 5million dollars in investments to implement the new policy. This will help to place children with family members instead of in foster care.

Other Highlights

- **Broadband** – Creates the Ohio Residential Broadband Expansion Grant Program and the Ohio Broadband Expansion Program Authority, and includes more than \$200 million to support grants under the initiative. The plan, which previously passed the House in House Bill 2, targets the problem of last mile connectivity to households where it remains cost-prohibitive for private providers to otherwise extend their service.
- **Ohio Commission for the U.S. Semiquincentennial** – The 24-member commission will work to plan and coordinate the 250th anniversary of the founding of the United States and the impact of Ohioans on our nation’s past, present and future. The commission will present its report and recommendations for marking the occasion to state leaders in three years. Ohio’s commemoration and celebration will be part of a nationwide effort to honor America’s 250th birthday, which will take place in 2026. The budget includes \$400,000 to support the commission’s efforts.

- **Oil and Gas Leasing Overhaul** – The bill reforms and modernizes the Ohio Oil and Gas Leasing Commission. Since its inception in 2011, the Commission has only met a handful of times and hasn't leased one acre of state-owned land to date. This provision will enable the exploration, development of and production of oil and natural gas resources owned or controlled by the state in an effort to use the state's natural resources responsibly.
- **Bullion** – The bill reinstates the sales and use tax exemption for sales of investment metal bullion and investment coins.
- **H2Ohio** – The House plan includes approximately \$170 million over the biennium for the H2Ohio initiative. The measure includes legislative oversight to ensure tax dollars are being spent prudently.
- **Health Orders** – The legislation contains a provision that vacates violations of orders by businesses for COVID-19. It also requires the Liquor Control Commission to reinstate a liquor permit holder's permit if the permit holder's permit has been revoked as a result of a violation of certain rules governing COVID-19 and the permit holder pays a fine of \$2,500.
- **Liquor Modernization** – Provides funding to InnovateOhio to speed up the development of an outdated database that will help Ohio's businesses renew and apply for liquor permits.