

SUMMARY OF OHIO'S FY 2016-17 BUDGET

Signed 6/30/2015

Taxes



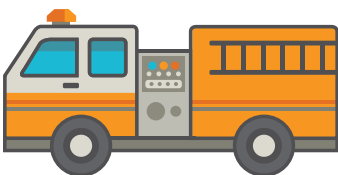
The budget cuts \$1.8 billion in revenue over the next two years, benefiting the wealthy the most. Governor Kasich originally proposed increasing sales, business, tobacco, and severance taxes to offset a 23% income tax cut. Other than a 35 cent tax increase on a pack of cigarettes (smaller than the \$1 proposal), the budget doesn't include any major new revenue. In addition to a 6.3% income tax rate cut, the budget will eliminate all tax liability for some business owners making up to \$250,000 a year and a flat 3% income tax above that amount. The budget also includes a tax study commission, with a pre-established goal of moving Ohio to a flat income tax, which will be a tax cut for only the wealthiest 5% of Ohioans, and a tax increase for everyone else.

Education



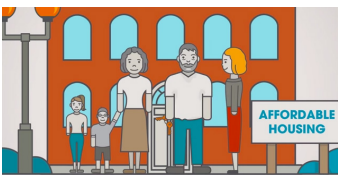
Serious concerns remain about adequacy and equity of K-12 and higher education investments, despite some modest funding increases. Foundation formula funding (the biggest line item for K-12) increases from approximately \$12 to \$13 billion compared to the last budget, but the overall K-12 budget actually decreases from \$23.3 to \$21.9 billion. Kasich vetoed about \$80 million of guarantees and the final version has over \$100 million less than the House version. State Share of Instruction (the biggest line item for higher education) increased from \$3.6 to \$3.9 billion, and a two-year tuition freeze was also imposed. The budget increases need-based aid by \$30 million through the Ohio College Opportunity Grant. State support for higher education remains below pre-recession levels.

Local Government



Local government funding remains mostly flat. The budget eliminates Tangible Personal Property (TPP) reimbursements from the state to local communities, costing human service providers needed resources. The Local Government Fund (LGF) remains at the current 1.66% rate of General Revenue Fund (GRF), while the Public Library Fund (PLF) will increase from 1.66% to 1.7%. This will provide an extra \$10 million for Ohio's libraries. It also includes a House proposal to create a Local Government Capital Safety Program funded at \$10 million each year. Questions linger about the state passing cuts onto the local level while keeping more state funds. For example, the cap for the rainy day fund will go up from 5% to 8.5% of the GRF - many advocates believe it is already raining in many Ohio communities.

Health & Human Services



With a 16% poverty rate in Ohio, this budget is unfortunately notable for what it did not do. This budget did not increase child or adult protective services by \$10 million as requested by experts in the field. It also did not improve access to emergency cash assistance through the Prevention, Retention, and Contingency (PRC) program - the kind of investment that low-income Ohioans need most. Instead, the budget will begin to charge fees for some recipients of Medicaid. Medicaid services to pregnant women up to 200% of the poverty level were at risk in early budget versions, but were restored in the end. Funding for Ohio's emergency food bank system was increased and a harmful Senate-added amendment that would have cut state resources for housing in half was also removed.