

Embargoed until 1pm, 2/4/13



**OHIO'S JOBS
BUDGET 2.0**

JOBS. MOMENTUM. TRANSFORMATION.

**Governor John R. Kasich
Lt. Governor Mary Taylor**



Budget Overview

Timothy S. Keen
Office of Budget and Management
Director



O B M

O B M provides financial management and policy analysis to help ensure the responsible use of state resources



Improving Government Operations

- Cutting Red Tape: 44% fewer proposed rules, better justifications, more stakeholder input
- Better Operations: 1,000 participants in 62 Lean/Kaizan efforts
 - RSC: 71% faster application process for Ohioans with disabilities
 - DPS: 83% faster licensing for new auto dealers, saving up to \$300,000
 - BWC: Faster claims process, \$6.7 million savings, back to work 4 days sooner



Conservative Fiscal Management

- Careful Stewardship of Resources
 - Reduced Spending: 5.8% less non-Medicaid GRF, 2011-12
 - Reduced Staffing Levels: 8.1% decline, 2011-12
- Projected BSF Balance: \$1.46 billion
- Automatic Income Tax Reduction: \$400 million/4 percent



Budget Principles

- A Means to an End = Economic Development and Job Growth
- Retain Structural Balance and Strengthen Ohio's Financial Footing
- Comprehensive Review of All Agencies, Programs and Line Items
- Continue to Reform and Restructure State Government and Services



Fiscal Year 2014-2015 Executive Budget Recommendations

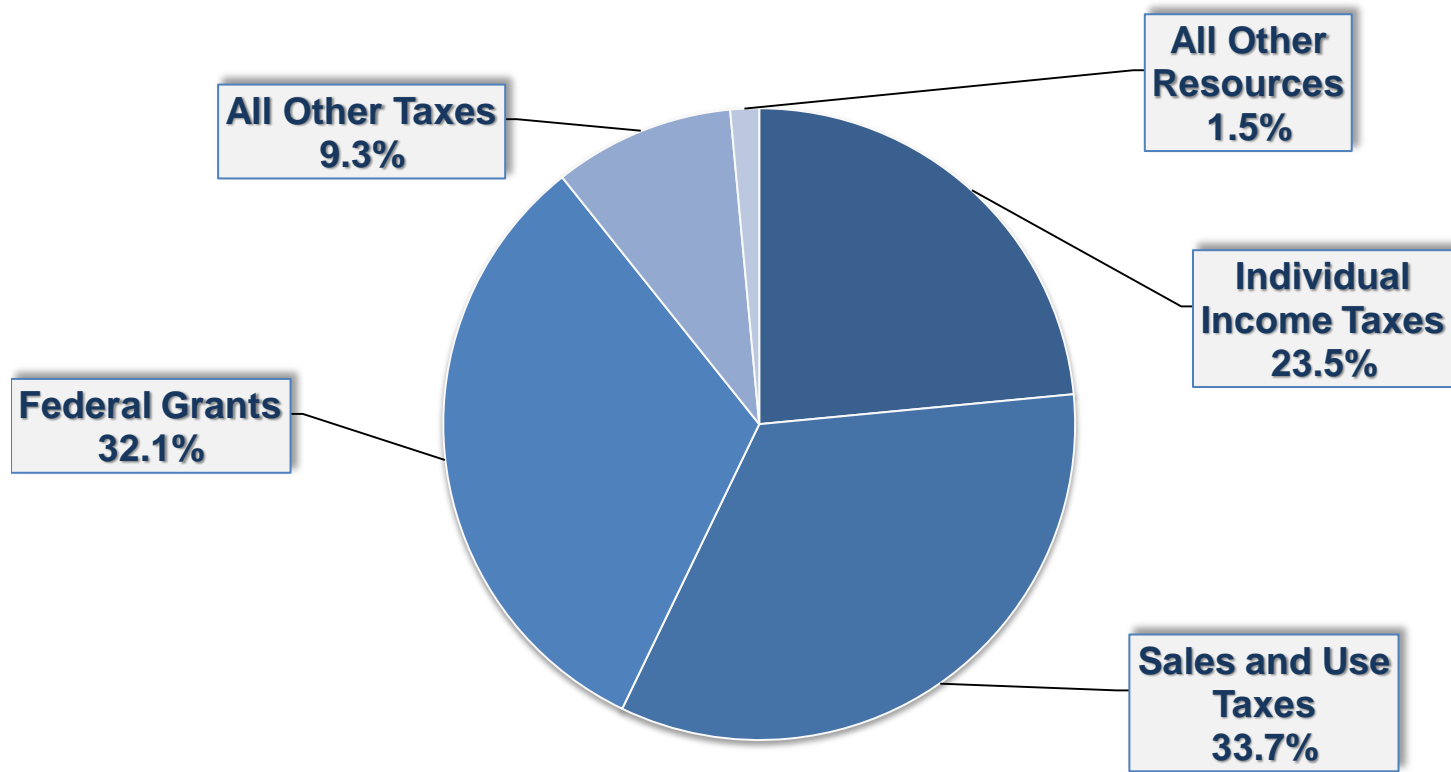


Five Major Initiatives

- Education Funding and Reform
- Medicaid Transformation
- Tax Cuts and Reform
- Transforming Higher Education
- Ohio Jobs and Transportation Plan



FY2014 - 2015 Operating Budget Total General Revenue Fund Estimated Revenue



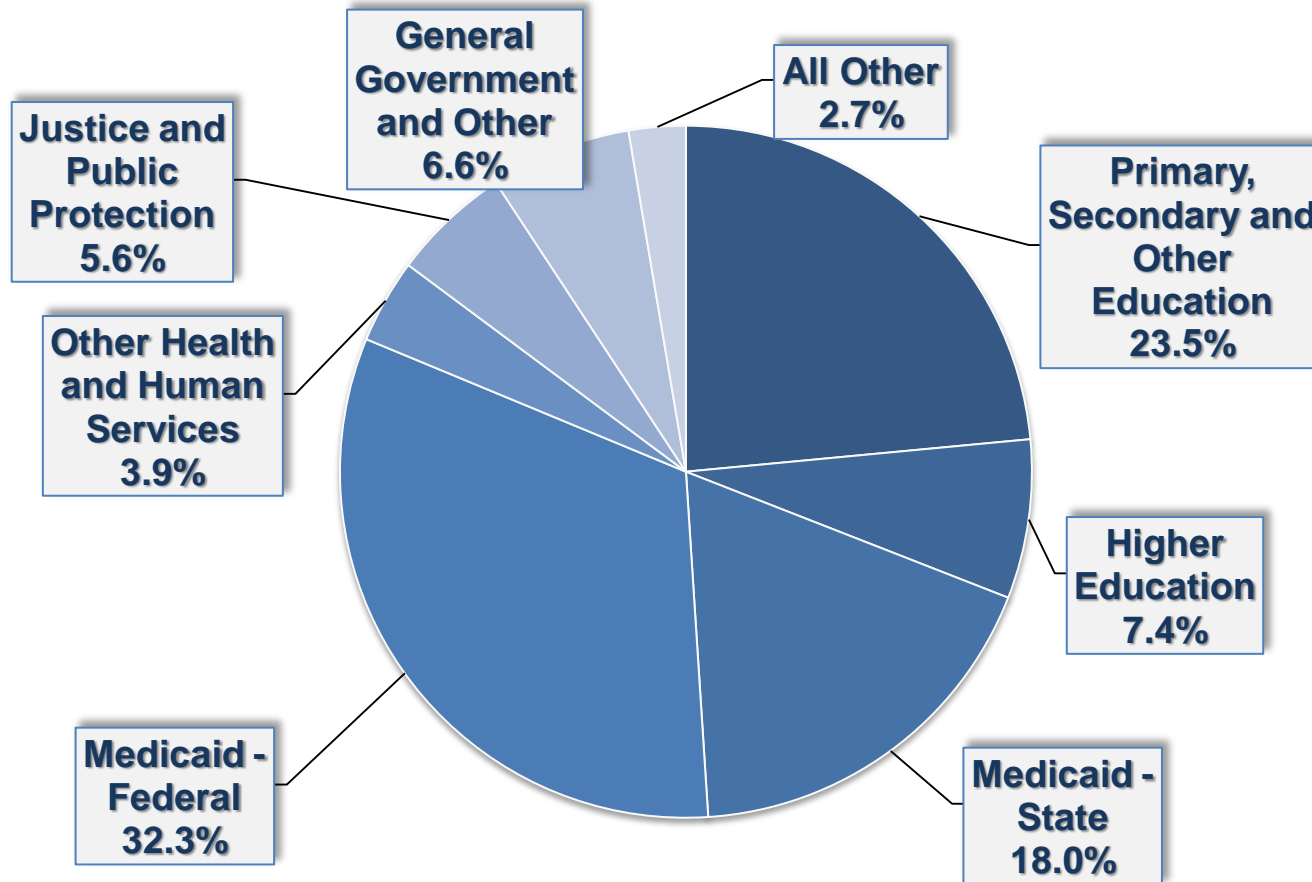
FY2014 - \$30,677.9 FY2015 - \$32,823.8
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FY2014 - 2015 Operating Budget Total General Revenue Fund Recommended Appropriations



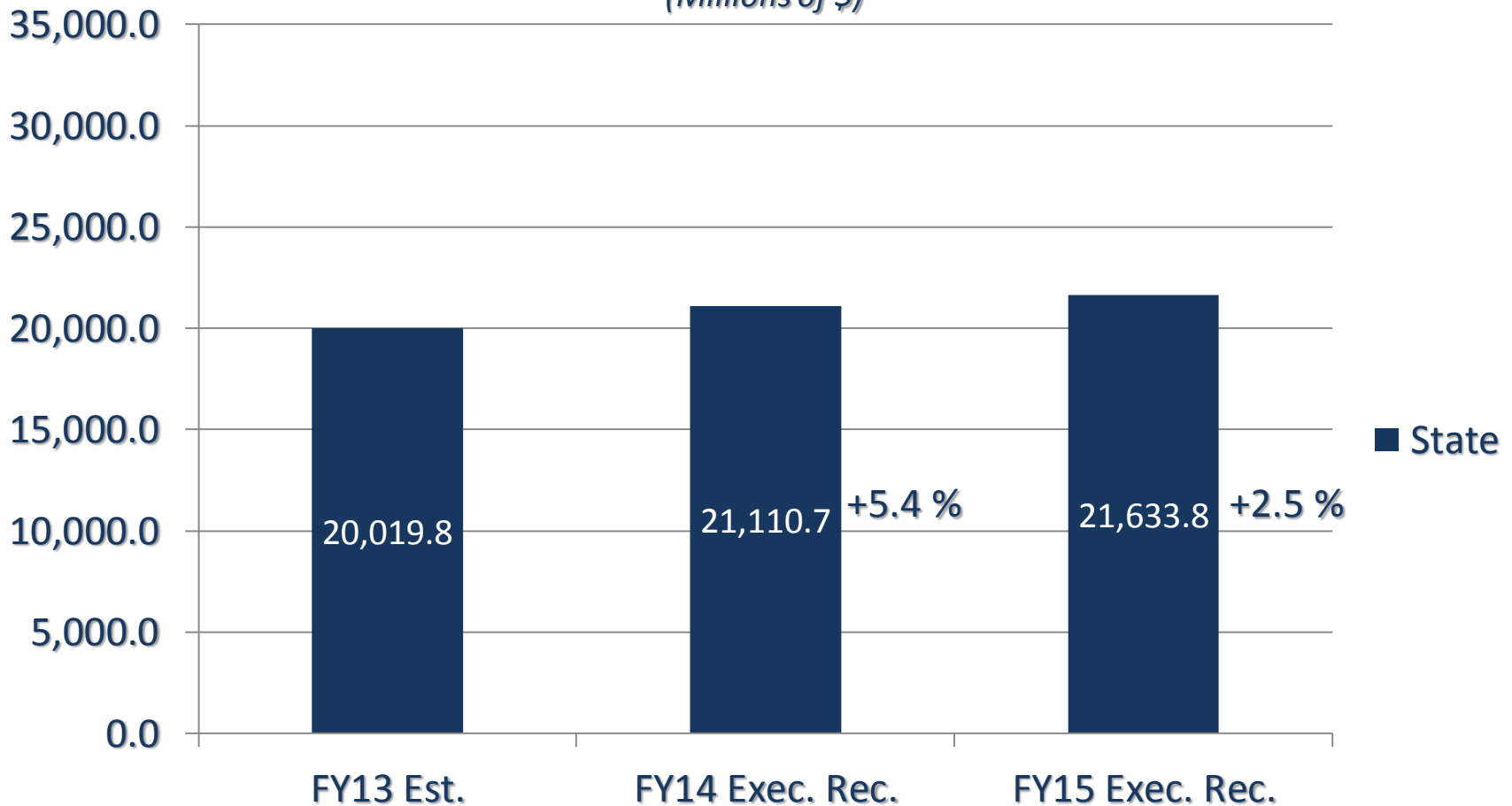
FY2014 - \$30,572.2 FY2015 - \$32,662.0

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Recommended GRF Appropriations State-Only

(Millions of \$)



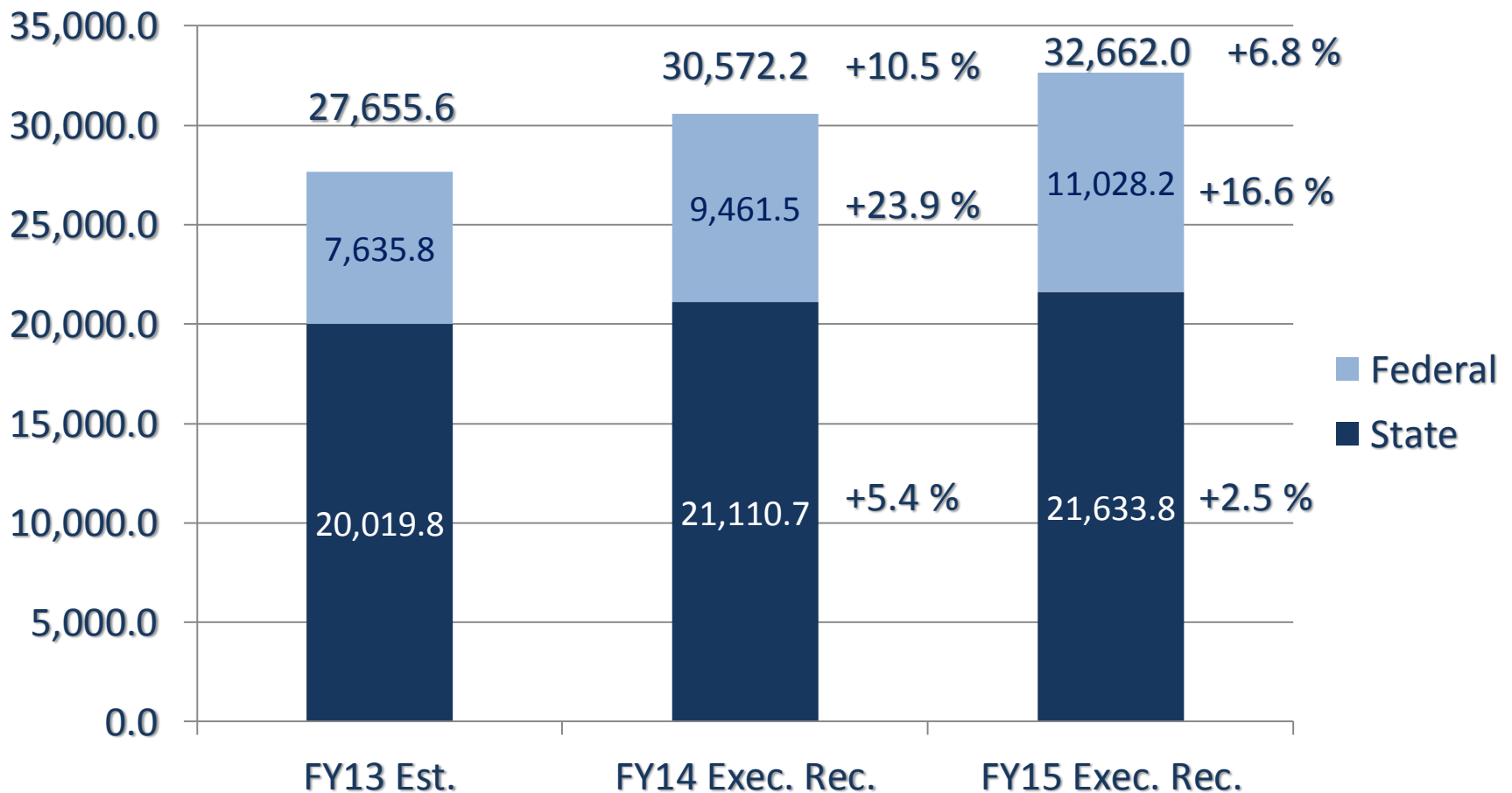
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Recommended GRF Appropriations State & Federal

(Millions of \$)



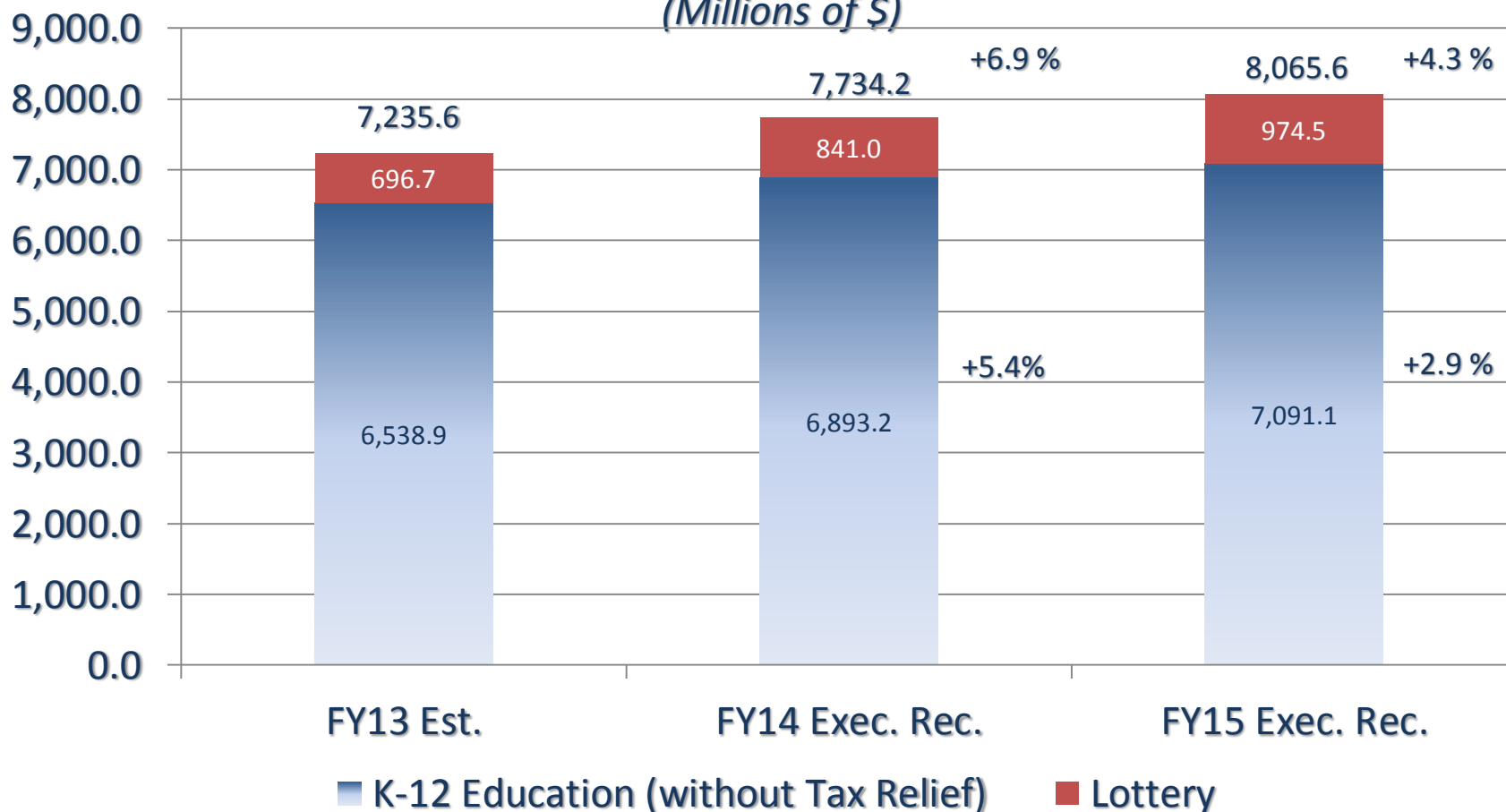
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K-12 Education – GRF & Lottery

(Millions of \$)



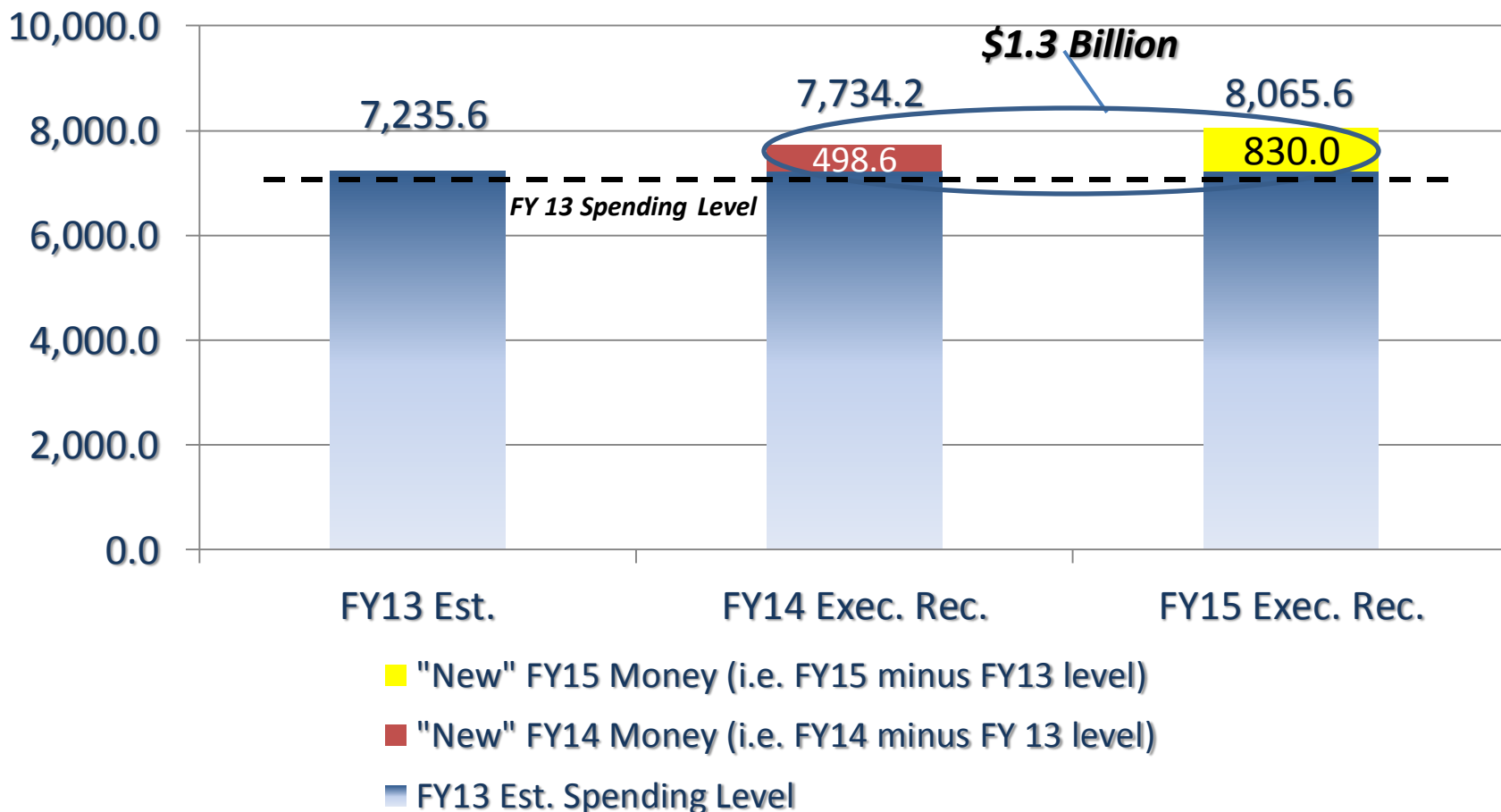
Note: Excludes Property Tax Relief payments to school districts estimated to be \$1,095.0m in FY13, \$1,138.8m in FY14, and \$1,184.4m in FY15.

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New Dollars for Education

(Millions of \$)



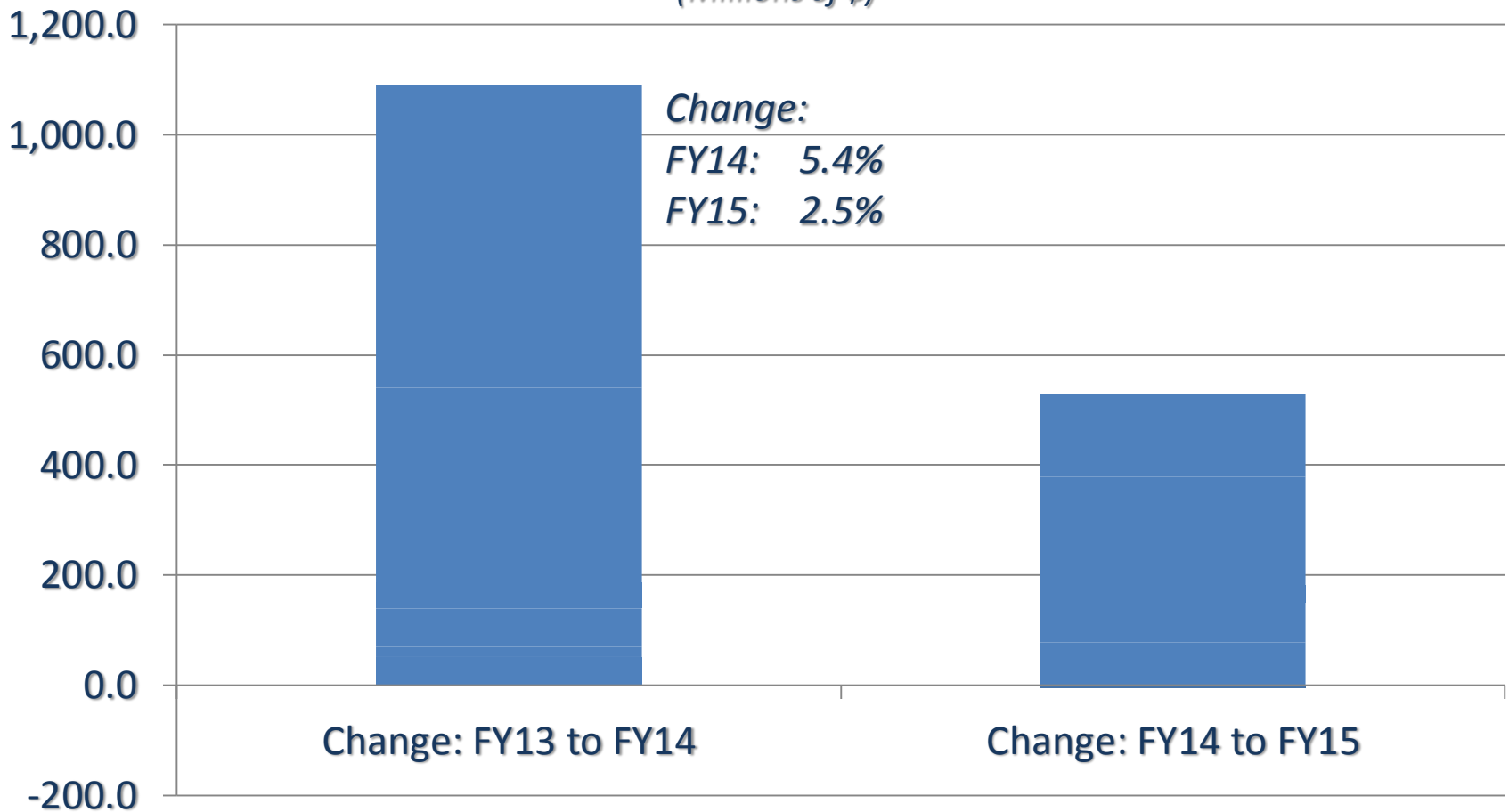
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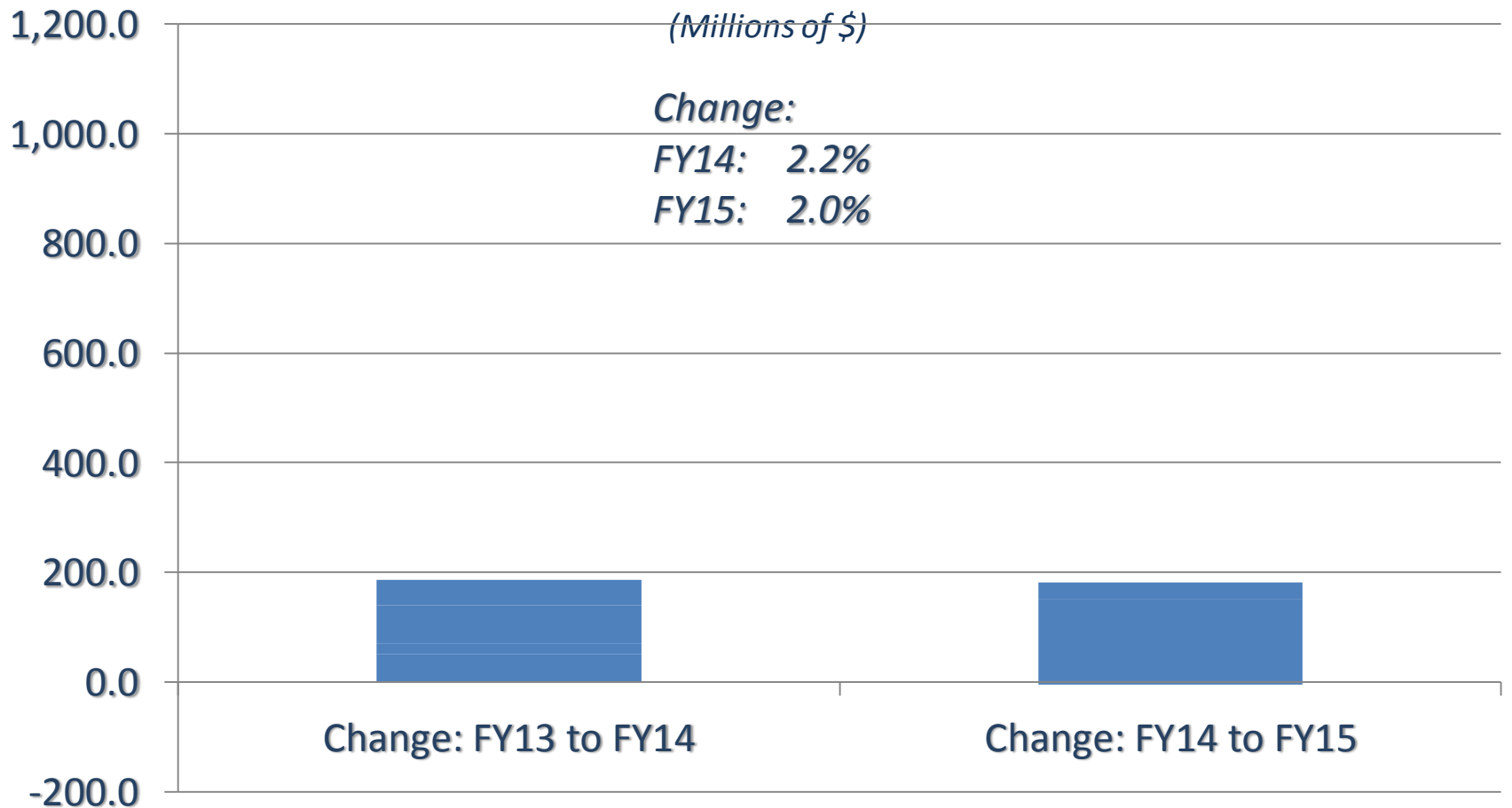
State-Only GRF Growth

(Millions of \$)





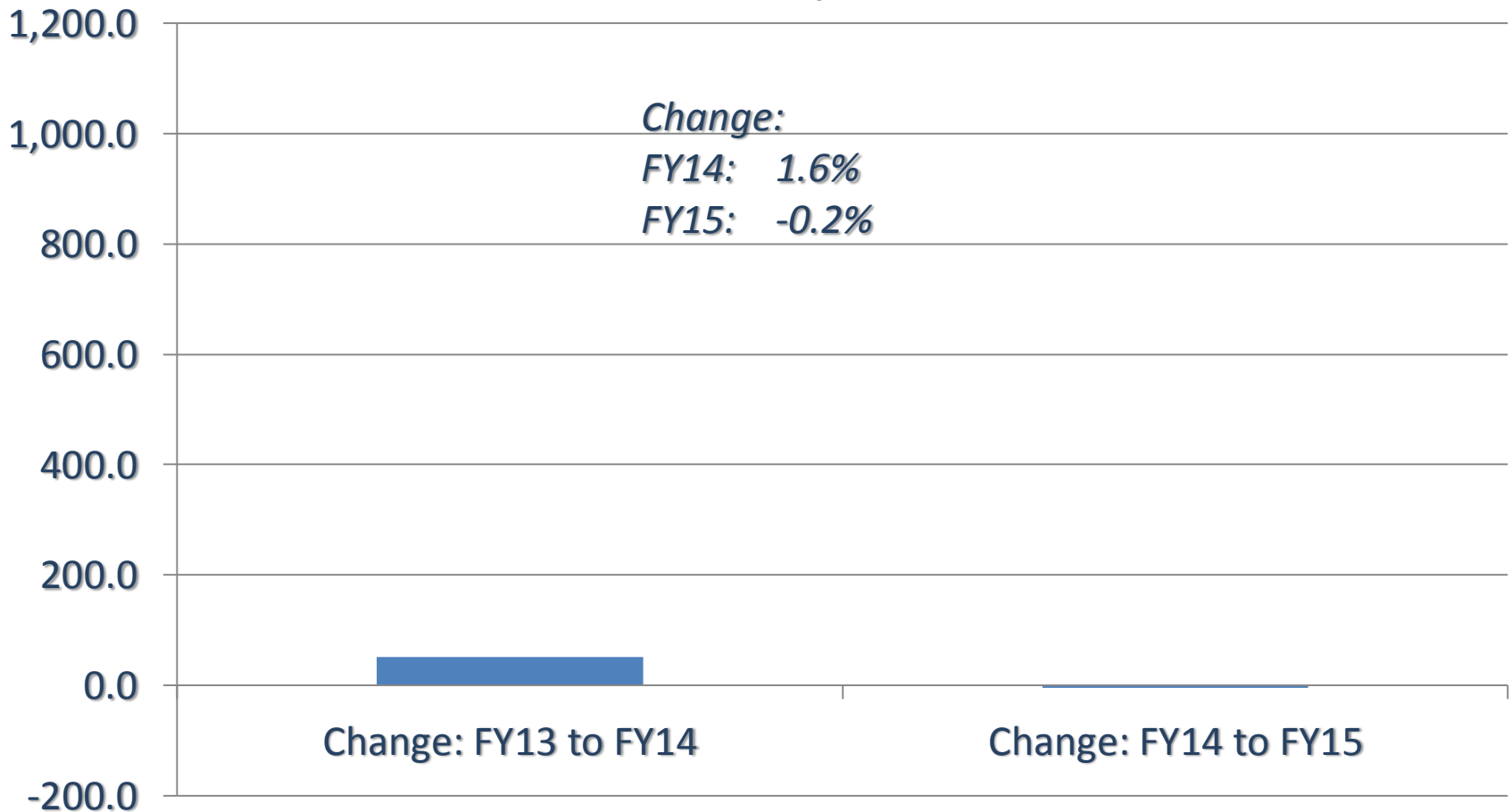
State-Only GRF Growth Outside of Education & Medicaid





All Other State-Only GRF Growth

(Millions of \$)





K-12 School Funding

Richard A. Ross, PhD

**Office of 21st Century Education
Director**

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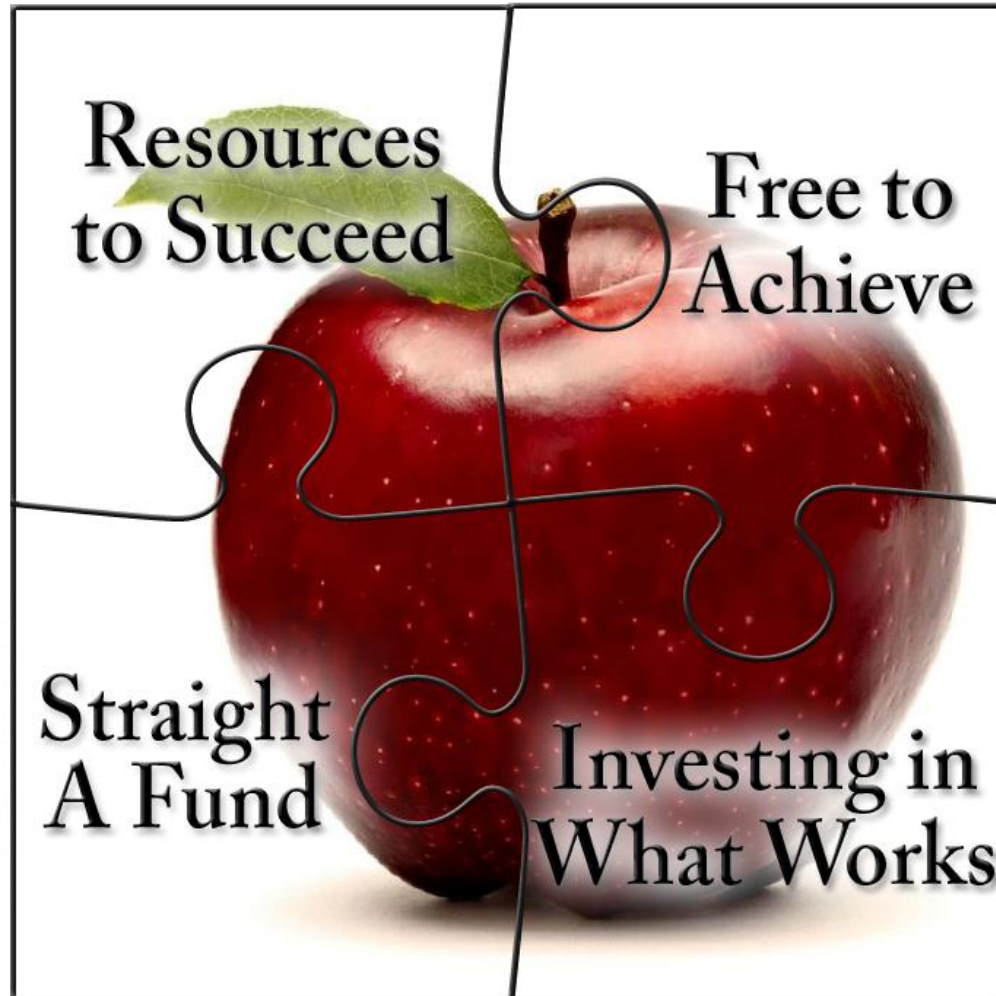


ACHIEVEMENT EVERYWHERE

COMMON SENSE FOR OHIO'S CLASSROOMS

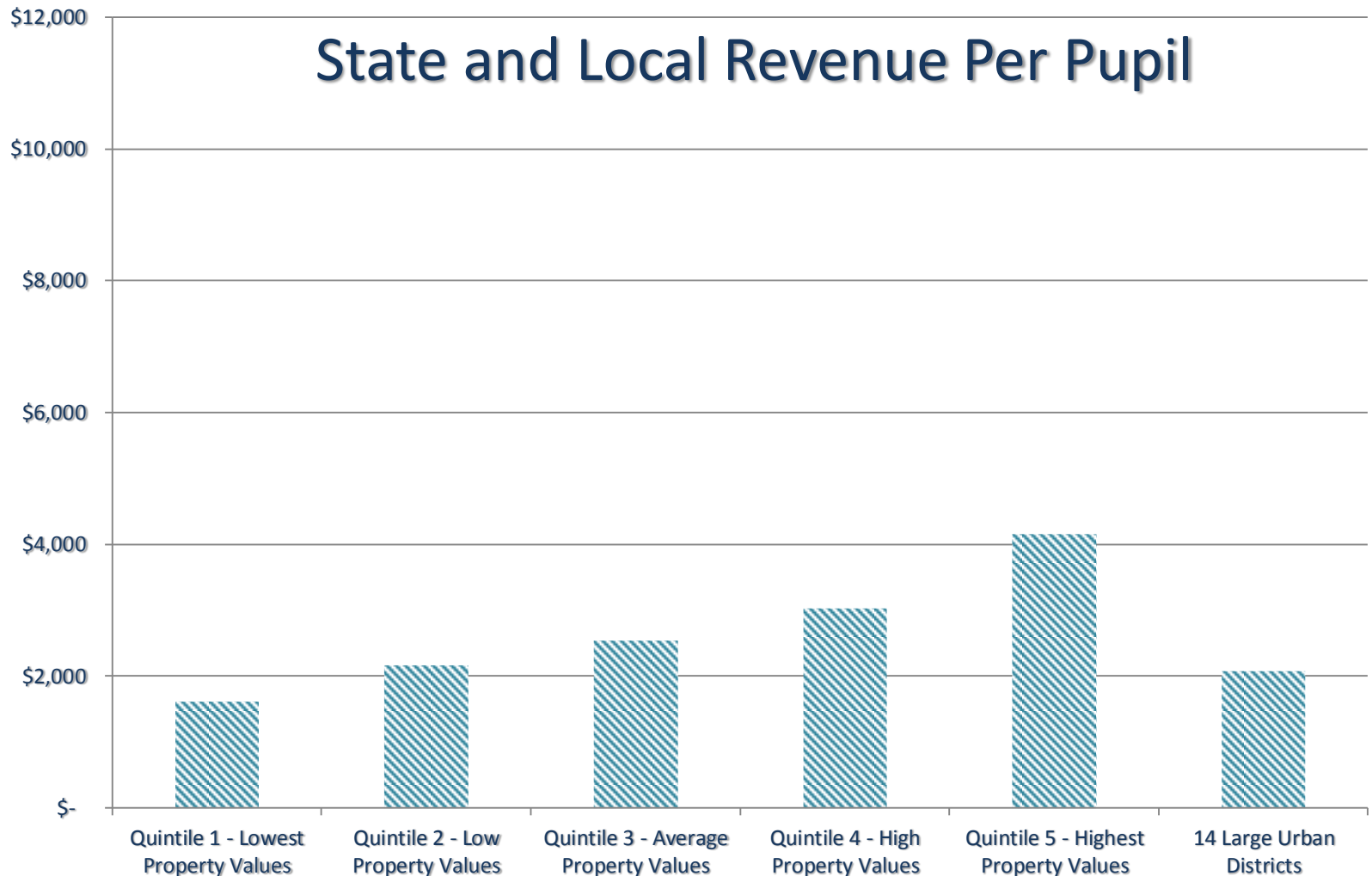
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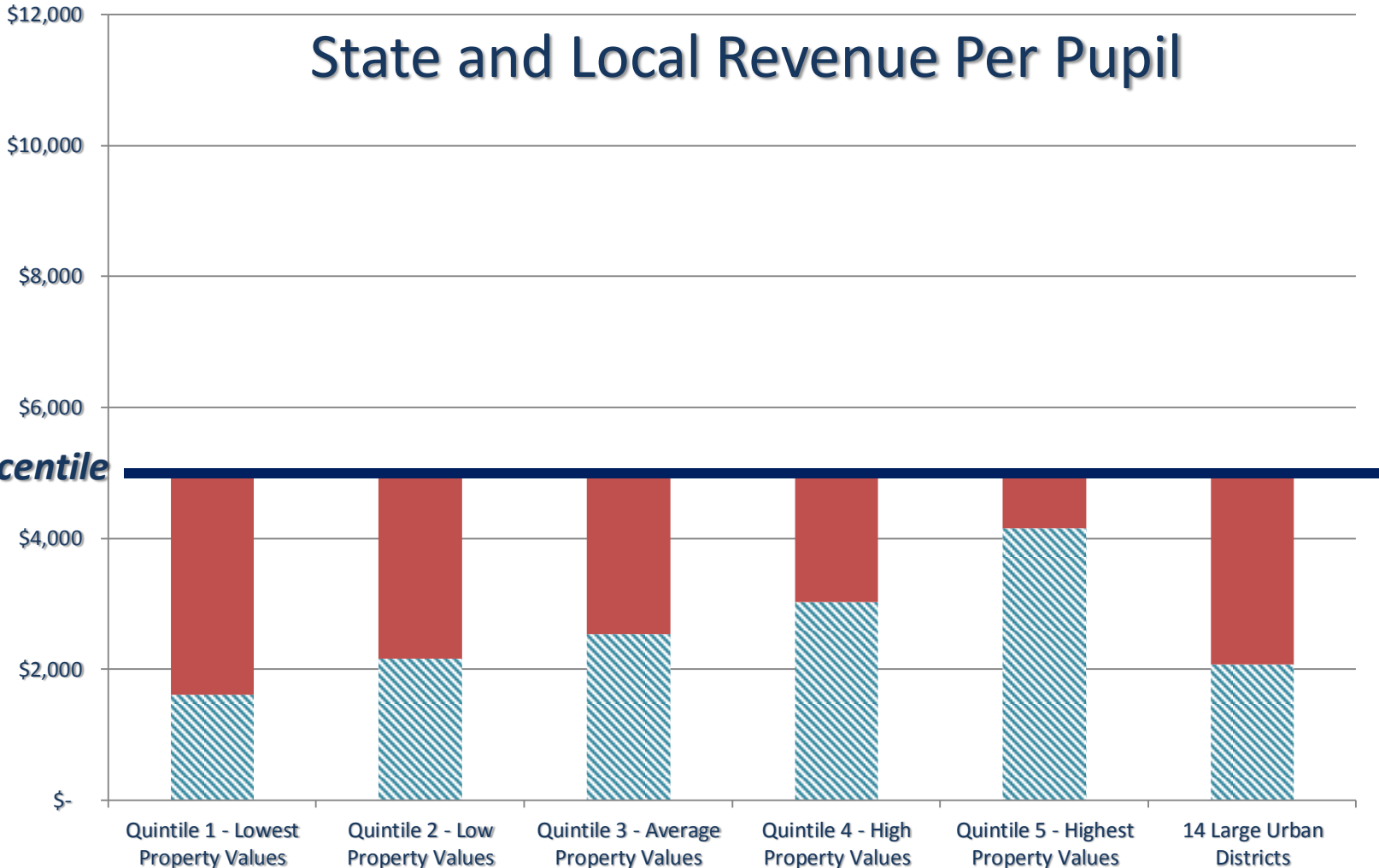


Local Revenue from 20 Mills

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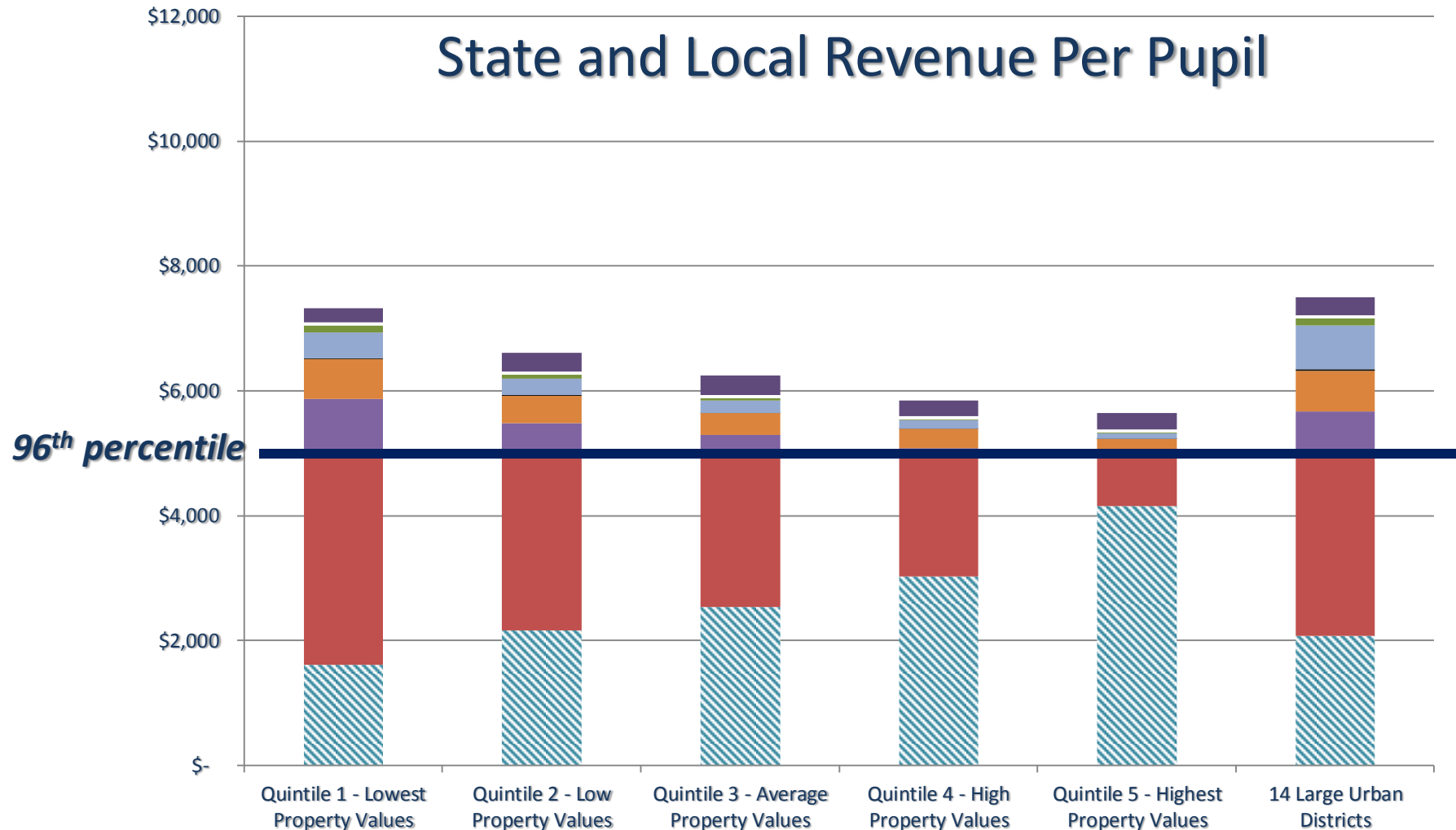
96th percentile

Core Opportunity Aid - 96th Percentile

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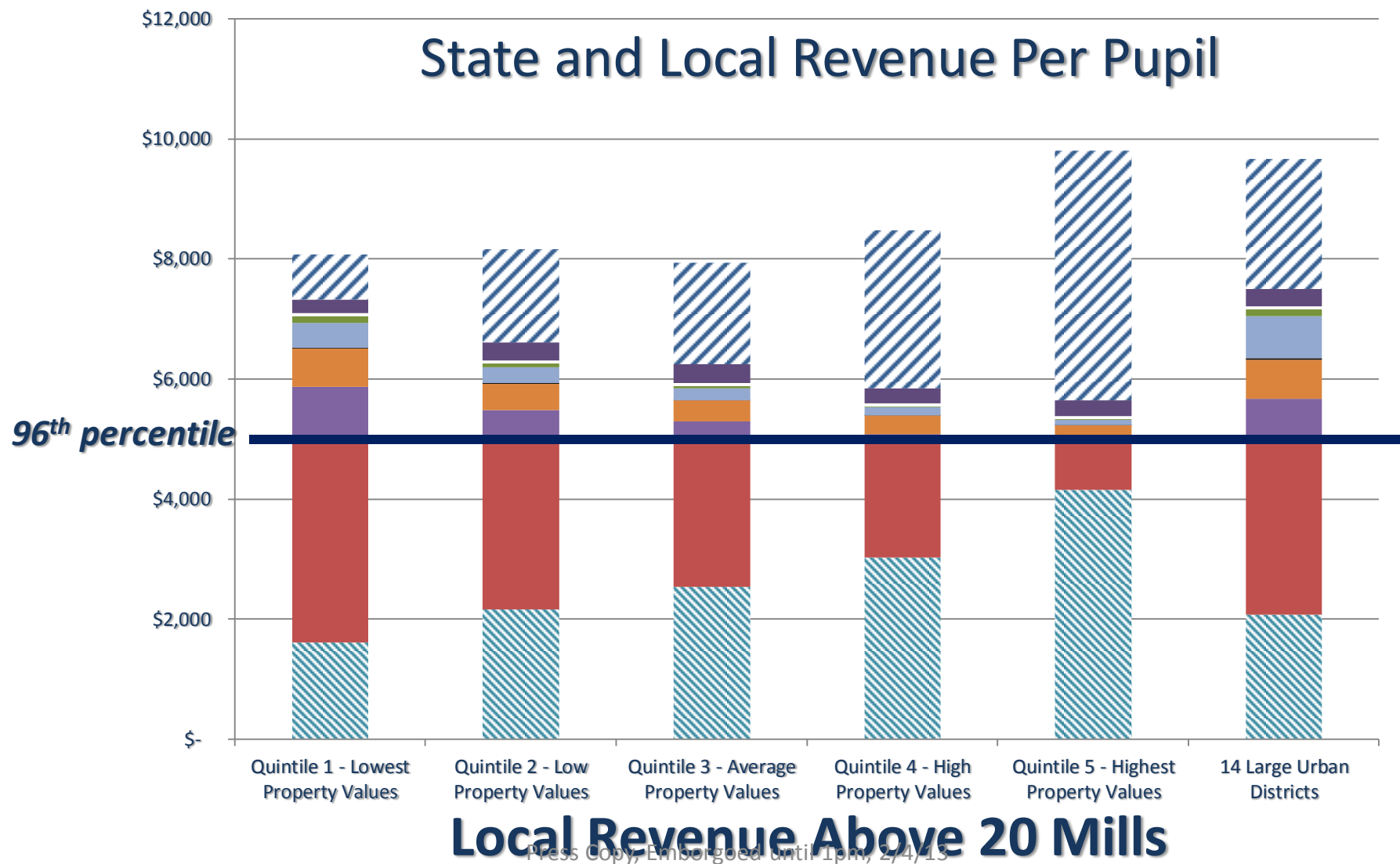


Additional State Resources

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Ohio's Achievement Everywhere Plan

The Straight A Fund

\$300 Million to Improve Efficiency and Achievement:

- **One-time Grant**
- **Modernize Operations**
- **Achieve Cost Savings**
- **Invest the Savings into the Classroom**
- **Strong Metrics to Ensure Success**



Ohio's Achievement Everywhere Plan

- **Resources for Success—Everywhere**
- **Dollars to the Classroom**
- **Reward Good Ideas**
- **Remove Barriers, Provide Flexibility**
- **Create a High-Performance Culture**
- **Connect Children to Jobs of the Future**

To Improve Student Achievement EVERYWHERE



Medicaid 2.0

Greg Moody
Office of Health Transformation
Director



Medicaid Reform:

What We've Accomplished

- Higher Quality and Better Value
- Let Seniors Live at Home
- Streamline Services and Eliminate Waste
- Save \$2 billion



Budget Challenges:

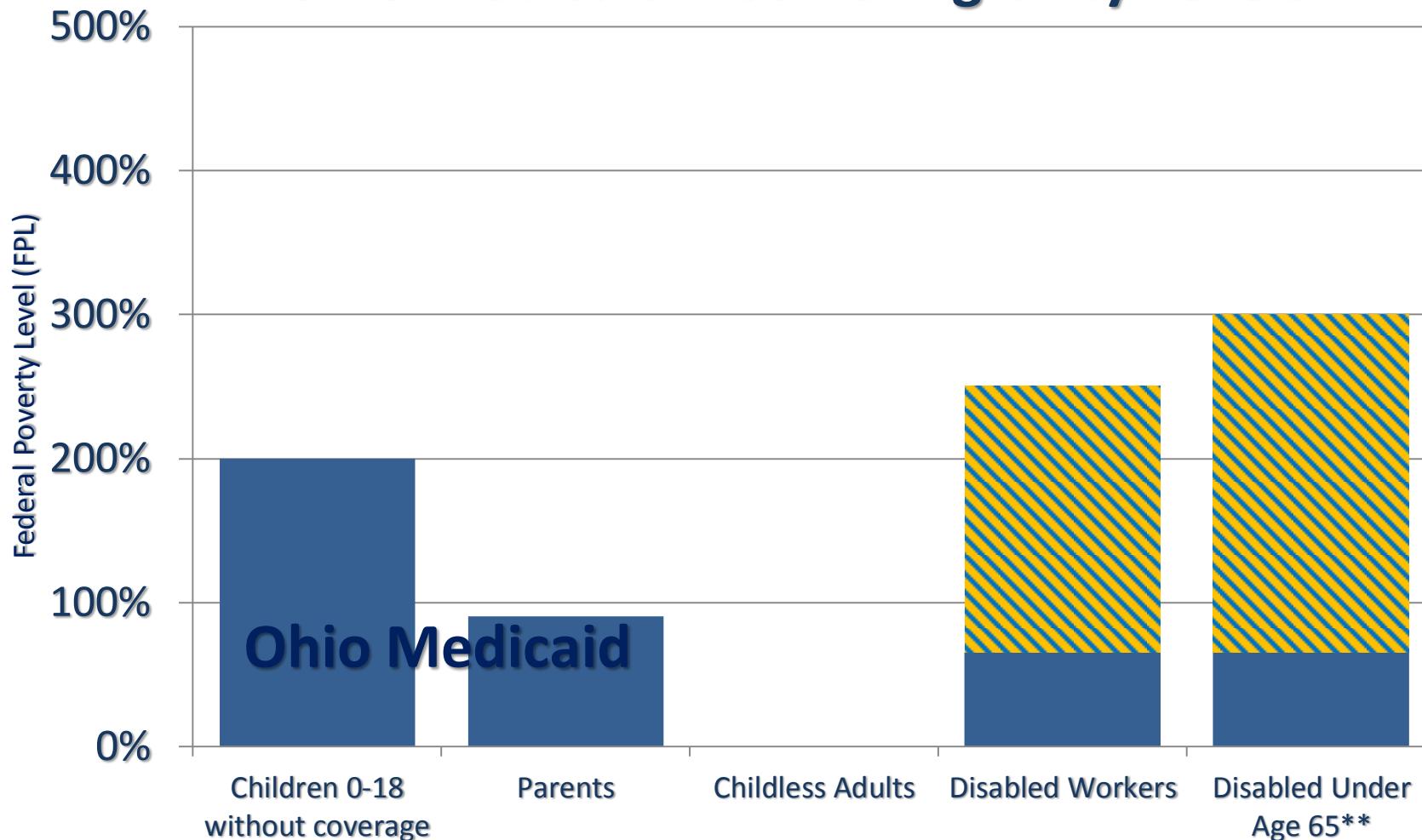
- Federal Insurance Mandates Go Into Effect January 2014
- Obamacare Automatically Brings 230,000 More Ohioans into Medicaid – Costs Ohio \$520 Million More in this Budget
- Provider Cuts Are Necessary to Cover These Costs

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Ohio Medicaid Income Eligibility Levels



* 2012 poverty level is \$11,170 for an individual and \$23,050 for a family of 4

**Over age 65 coverage is provided through Medicare, not the Exchange.

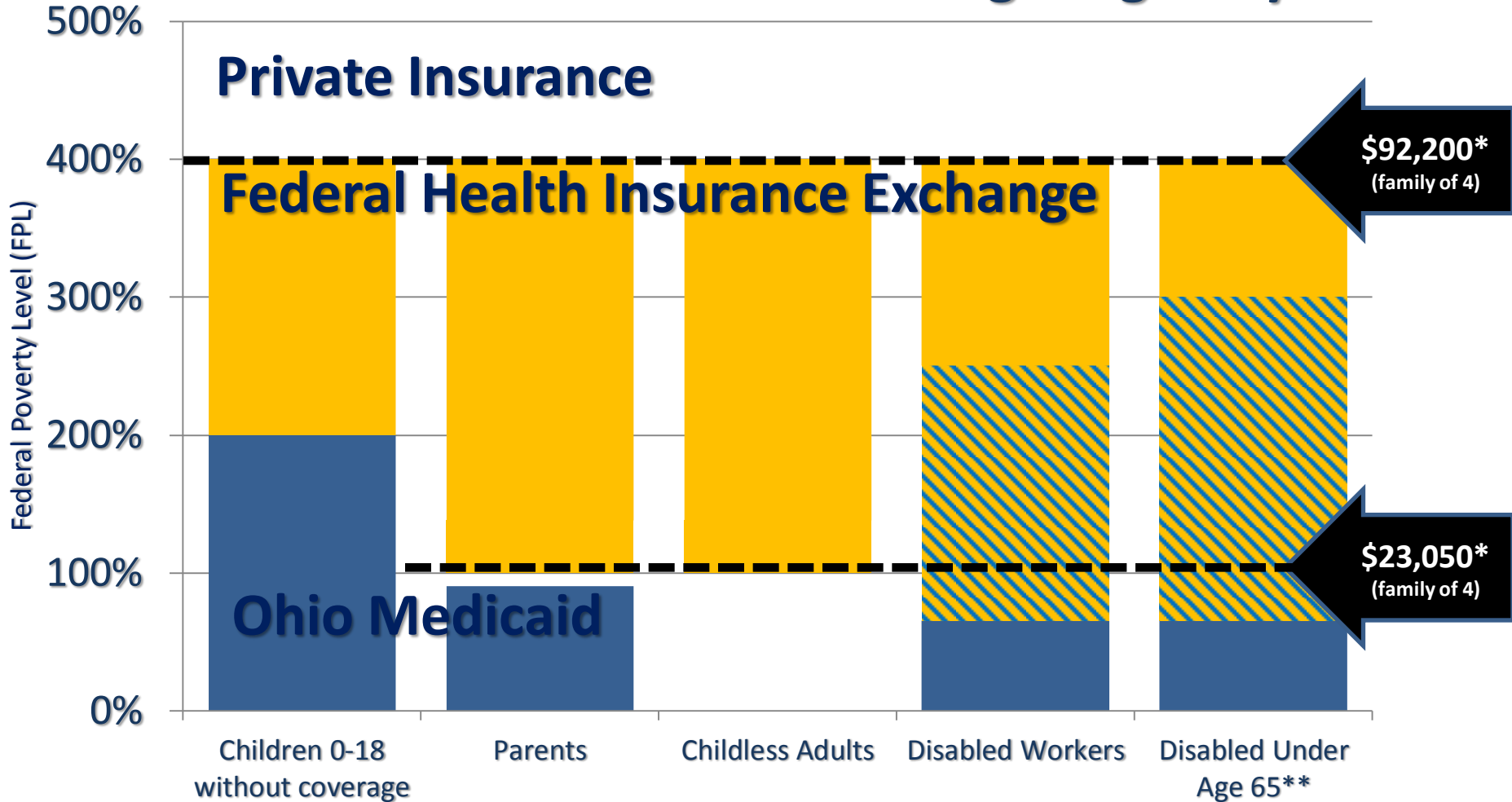
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Ohio Medicaid and Insurance Exchange Eligibility Levels



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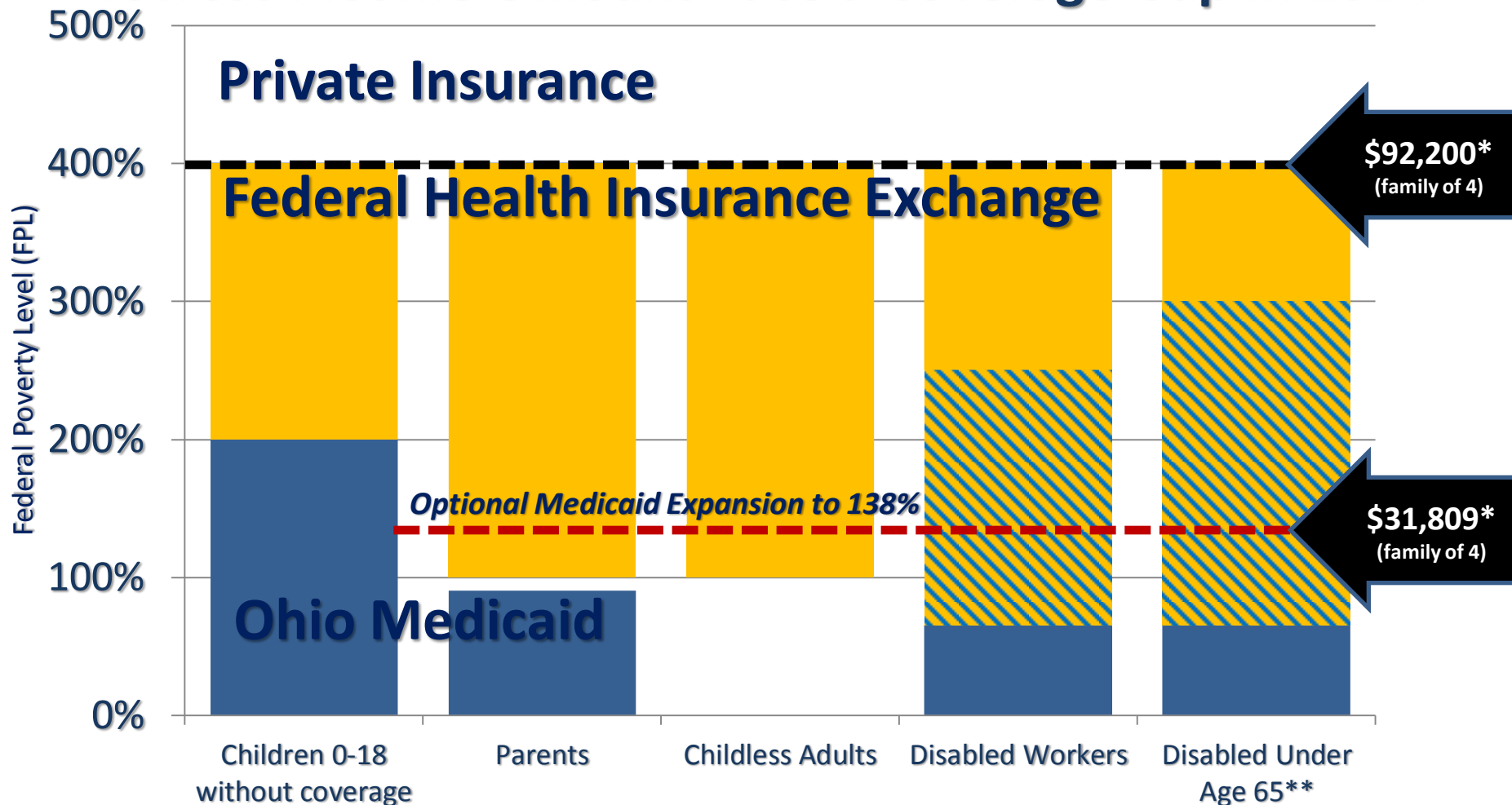
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Lowest-income Ohioans Face a Coverage Gap in 2014



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Extending Medicaid Coverage Is Good For Ohio

- Right Care, Right Place – Not the Emergency Room
 - 275,000 More Low-Income Ohioans Covered
- Keep Ohioans' Federal Tax Dollars in Ohio
 - \$13 Billion Over Seven Years
 - \$235 Million State Benefit in This Budget
- Strengthen Local Mental Health and Addiction Services
 - Free Up \$100 Million In Local Funds
- Protect Local Hospitals from Federal Cuts



Ohio Will Roll Back the Extension if the Federal Government Changes the Rules



Ohio Has Already Reduced the Impact of Obamacare

- Ohio Said No to a State Exchange
- Ohio Said No to Federal Insurance Regulation
- Ohio Said No to a Federal Takeover of Medicaid Eligibility



Continued Medicaid Transformation

- Pay for Better Care Not Just More Care
- Fight Fraud and Abuse
- Require Greater Personal Responsibility
- Fix Ohio's Broken Eligibility System



Cutting Taxes Through Tax Reform

Joseph W. Testa
Department of Taxation
Tax Commissioner



\$1.4 Billion Tax Cut to Create Jobs and Economic Growth



50% Cut – Virtually All Ohio Small Business Income Taxes

**Small Businesses Employ 50% of
Ohio's Private Sector Workforce**

- **Job Creation Opportunity**
- **Reinvest in Business Expansion**

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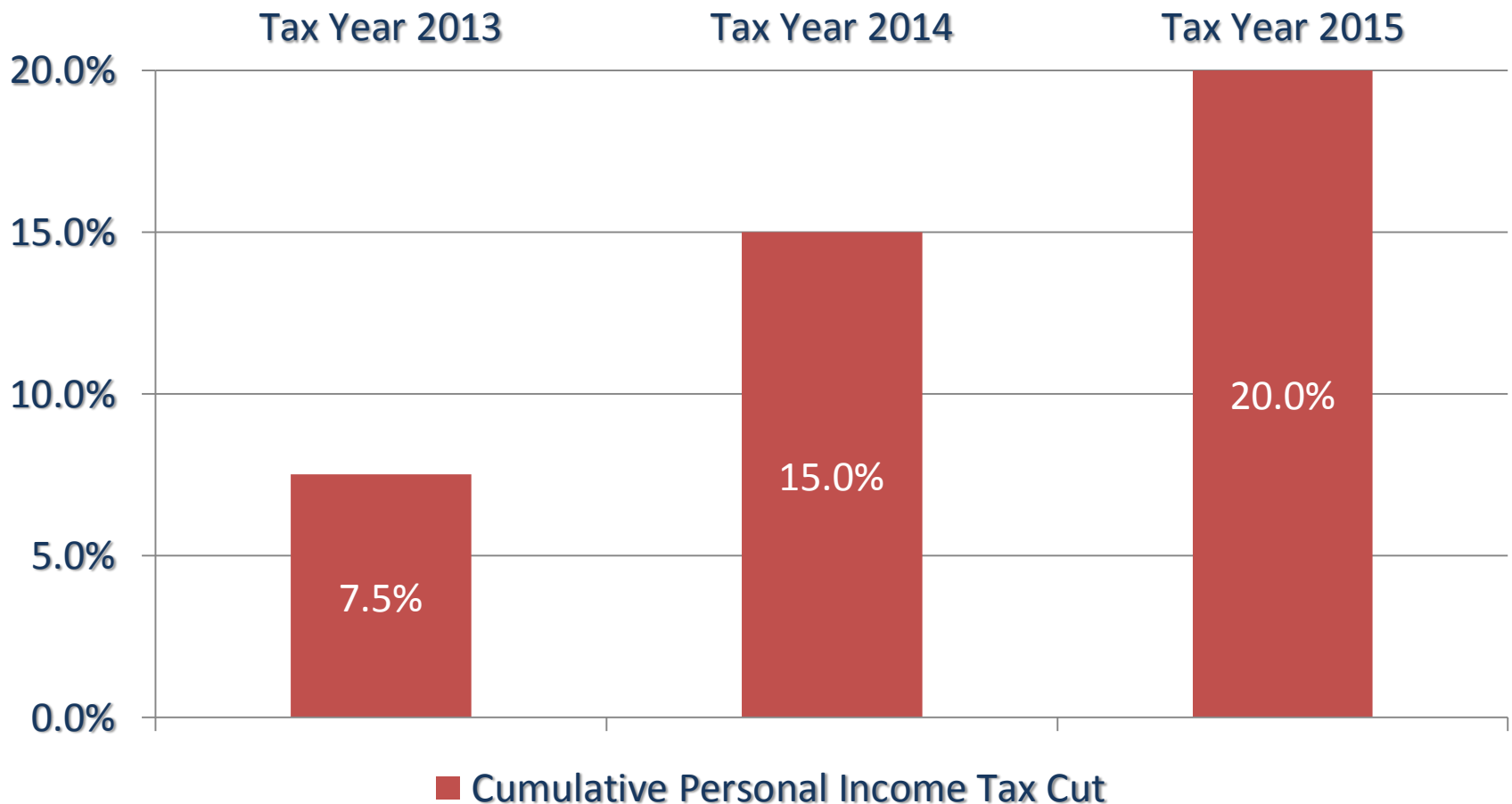
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- Cut Income Taxes 20% over Three Years
- Cut State Sales Tax Rate from 5.5% to 5%
- Eliminate Severance Taxes on Small, Conventional Natural Gas Producers
- Shift Tax Benefits to Ohioans from Out of State Oil Companies
- Broaden the Sales Tax Base—Fair and More Stable
- Temporary Local Sales Tax Rate Reset, While Guaranteeing 10% Growth

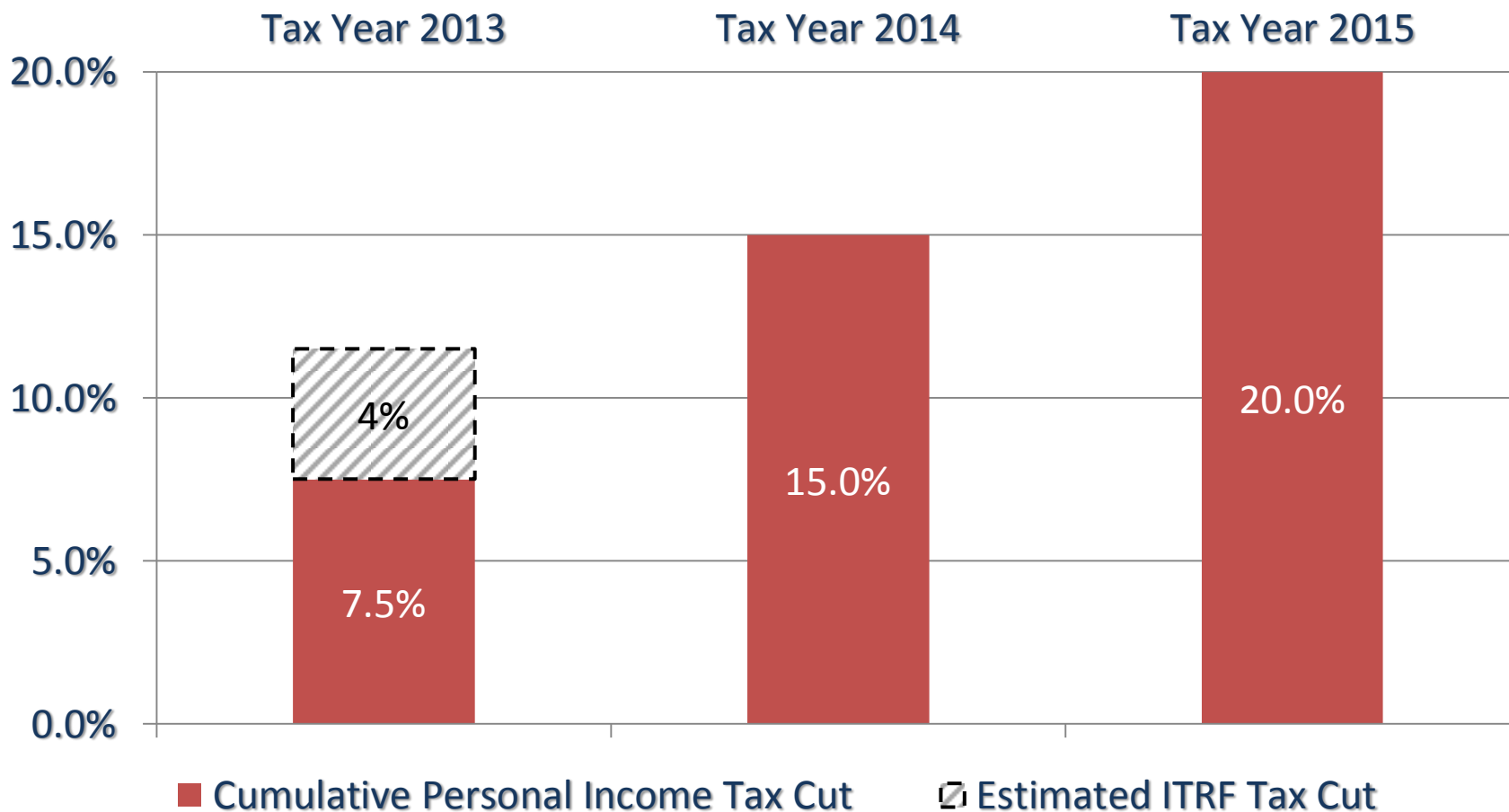


Personal Income Tax Cut for All Ohioans





Good Management Dividend





Transforming Higher Education

Timothy S. Keen
Office of Budget and Management
Director



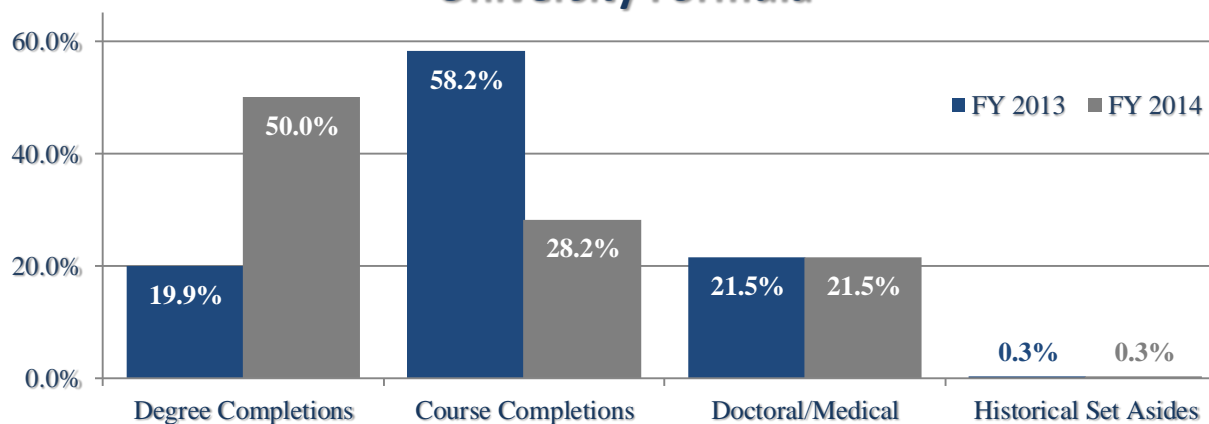
College Graduation: A Better Future for Ohioans

- College Graduates Earn 80% More Than High School Graduates
- Only about 25% of Ohioans Have Bachelor's Degrees—Less Than the National Average
- Graduates Need More Job Creators and Job Creators Need More Graduates

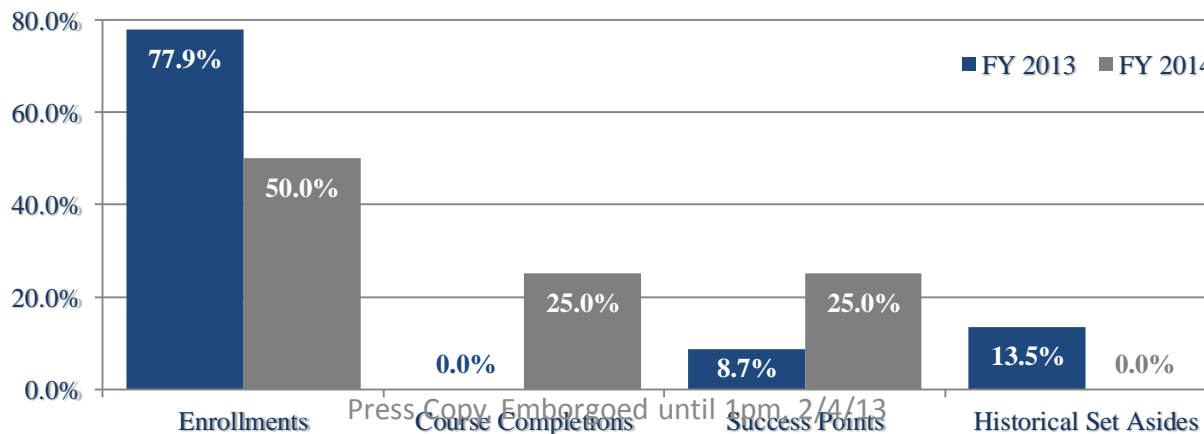


Graduation and Student Success

University Formula



Community College Formula



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Keeping College Affordable for Students and Their Families

- Tuition and General Fees Cap



Ohio Jobs and Transportation Plan

- Ohio Keeps Control of the Turnpike
- \$3 Billion to Preserve and Improve Ohio's Highways
- Accelerate Completion of Otherwise Delayed Projects
- All of Ohio Benefits



Ohio's Jobs Budget 2.0 = Better Ohio

Lower Taxes	=	More Jobs
Medicaid Reforms	=	Healthier Ohioans, Lower Costs, Stronger Economy
Better Schools Everywhere	=	Better Opportunities For All Ohioans
More Graduates	=	Better Futures, Better Workforce
Better Highways	=	Stronger Economy



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