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# POLICY MATTERS OHIO

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## ISSUE BRIEF

### **The Unbalanced Approach to Budgeting: House of Representatives' changes to SFY 2012-13 proposed budget**

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*May 2, 2011*

The amended substitute House Bill 153, Ohio's biennial budget proposal for fiscal years 2012 and 2013, emerged at the Ohio House of Representatives Finance and Appropriations Committee Thursday afternoon with small changes in programmatic funding, but no change in an approach that only looks at spending cuts and ignores the revenue side of the ledger. In fact, a proposal is added to further cut resources through elimination of the estate tax, which would cut \$231 million more at the local level in 2013. This harsh plan will hurt the young, the poor, the elderly and the ill, and it will hurt Ohio's economy. The Appendix shows the changes inserted at the committee. Key changes in the amended substitute bill included:

- The \$100 million added for K-12 education will help a relatively small number of mostly affluent of districts facing deep cuts in the Executive Budget, but other districts may be looking at cuts in programs and services, layoffs and larger class size (possibly 50 children in a classroom, as suggested by Kasich Administration official Robert Sommers.)<sup>1</sup> Ohio's children and parents will face big challenges in the fall.
- \$100 million is added in for a new program called 'Local Government Integration and Innovation,' but Ohio's local governments face the loss of ten times that amount in revenues seized by the State. Can integration and innovation keep cops on the beat and keep firefighters on call?
- Medicaid spending, held to a bare minimum increase in the Executive budget, declines by \$89 million in state and federal funding. State share of this adjustment could have been used to enhance health services: for example, to replace reductions in mental health services for non-Medicaid community services, mental health medications, and the residential state supplement program.
- Public transit, which young and low-income workers need to get to work, is further cut by \$3.6 million in additional dollars. This is the 4<sup>th</sup> largest reduction to program spending by the House of Representatives. Total spending cut to this program is 54 percent, \$13 million.

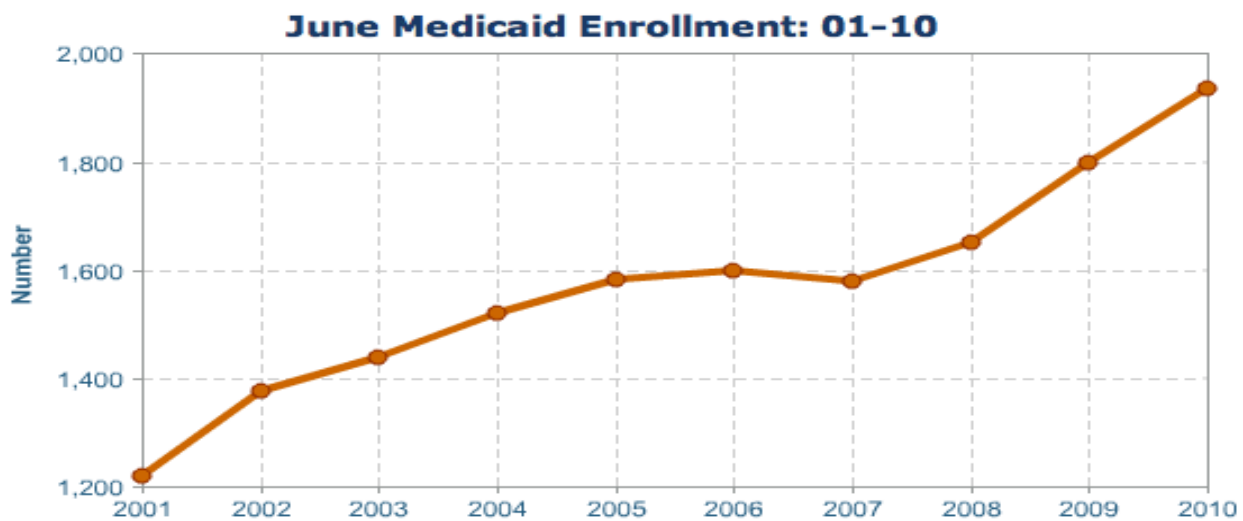
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<sup>1</sup> Jim Siegel, Schools can adjust to cuts, Kasich official tells lawmakers, *The Columbus Dispatch*, March 24, 2010 at [http://www.dispatchpolitics.com/live/content/local\\_news/stories/2011/03/24/copy/schools-can-adjust-to-cuts-kasich-education-official-tells-lawmakers.html?adsec=politics&sid=101](http://www.dispatchpolitics.com/live/content/local_news/stories/2011/03/24/copy/schools-can-adjust-to-cuts-kasich-education-official-tells-lawmakers.html?adsec=politics&sid=101), accessed 4/29/2011.

- Help Me Grow program, Department of Health programming for young children, is further reduced by \$3 million, the fifth largest cut. Reductions in this program reduces the ability of local communities to identify and help infant and toddlers at risk of developmental delays, resulting in higher cost interventions in school and later in life.
- Adult Basic Literacy programming is cut by \$2 million.
- AIDS treatment and prevention is cut by \$400,000. Policy changes in the Ryan White program earlier this biennium limited most funding to purchase medicine. Funding cuts most likely means less access to drugs that make the difference in the quality and length of life of Ohioans living with AIDS.

This harsh budget hits when Ohioans continue to struggle with the aftermath of the Great Recession. The Ohio Family Health Survey of 2010 found about a quarter of working-age Ohioans (24.1 percent) live at or below the federal poverty level (\$18,310 annual income for a family of 3, 2009 dollars); a third of Ohio’s children (32.6 percent) live in poverty. The number of working age adults in Ohio living at or below 200% of the federal poverty line (\$36,620 annual income for a family of 3, 2009 dollars) is approaching half (43.2 percent), while more than half (54.2 percent) of Ohio children now live at this economic level.<sup>2</sup> There is no room for error or bad luck. Figure 1 shows how the public safety net has grown in importance to many Ohio families.

**Figure 1: Growth in Medicaid Enrollment from 2001 to 2010 in Ohio**



Source: Kaiser Family Foundation

The bill authors can take credit for restoring some funding for PASSPORT services for seniors,<sup>3</sup> and restoring funding to Federally Qualified Health Centers. They can take half-credit for restoring half the funding for the Kinship Permanency Incentive, holding harmless half of the 8000 kids served last year under that program. The Ohio Second Harvest Food Bank gets about \$2 million more for the biennium. The problem is, they need \$9 million more in these tough times. The positive tweaks are far too meager for Ohio families reeling from the effects of the Great Recession.

<sup>2</sup> Ohio Family Health Survey 2010

<sup>3</sup> Gongwer Ohio, “Administration pleased, nursing homes concerned by house’s hands off stance on Medicaid,” April 30, 2011.

**APPENDIX**

**Table 1: Additional funding cuts for SFY 2012-13 under consideration by the House of Representatives Finance and Appropriations Committee (April 2011)**

<b>Rank</b>	<b>Agency</b>	<b>Fund</b>	<b>Program</b>	<b>Biennial funding cut</b>
1	JFS	GRF	Health Care/Medicaid - Federal	(\$56,801,659)
2	JFS	GRF	Health Care/Medicaid - State	(\$32,100,000)
3	DEV	GRF	Economic Development Projects	(\$3,770,000)
4	DOT	GRF	Public Transportation-State	(\$3,600,000)
5	DOH	GRF	Help Me Grow	(\$2,999,558)
6	EDU	GRF	Personal Services	(\$2,417,558)
7	JFS	GRF	Medicare Part D	(\$2,000,000)
8	BOR	GRF	Adult Basic and Literacy Education - State	(\$2,000,000)
9	EDU	GRF	Student Assessment	(\$1,904,962)
10	BOR	GRF	The Ohio State University Clinical Teaching	(\$1,137,524)
11	DEV	GRF	Thomas Edison Program	(\$1,000,000)
12	DEV	GRF	Travel and Tourism	(\$1,000,000)
13	DEV	GRF	Rapid Outreach Grants	(\$1,000,000)
14	BOR	GRF	Choose Ohio First Scholarship	(\$1,000,000)
15	DRC	GRF	Community Misdemeanor Programs	(\$1,000,000)
16	BOR	GRF	University of Cincinnati Clinical Teaching	(\$935,596)
17	EDU	GRF	Ohio Educational Computer Network	(\$817,022)
18	DAS	GRF	Web Site and Business Gateway	(\$800,000)
19	DAS	GRF	OBA-Building Operating Payments	(\$800,000)
20	TAX	GRF	Operating Expenses	(\$757,836)
21	BOR	GRF	University of Toledo Clinical Teaching	(\$729,248)
22	EDU	GRF	Computer/Application/Network Development	(\$600,000)
23	DNR	GRF	Division of Parks and Recreation	(\$589,382)
24	DAS	GRF	State Agency Support Services	(\$559,489)
25	BOR	GRF	Ohio Supercomputer Center	(\$557,904)
26	DEV	GRF	Strategic Business Investment Division and Regional Offices	(\$500,000)
27	AGR	GRF	Animal Disease Control	(\$400,000)
28	DOH	GRF	AIDS Prevention and Treatment	(\$400,000)
29	EDU	GRF	Accountability/Report Cards	(\$380,000)
30	BOR	GRF	Family Practice	(\$372,492)

31	EDU	GRF	School Management Assistance	(\$358,230)
32	BOR	GRF	Wright State University Clinical Teaching	(\$354,282)
33	BOR	GRF	Northeastern Ohio Universities College of Medicine Clinical Teaching	(\$352,258)
34	BOR	GRF	OhioLINK	(\$344,960)
35	BOR	GRF	Ohio University Clinical Teaching	(\$342,496)
36	BOR	GRF	Articulation and Transfer	(\$311,103)
37	BOR	GRF	Primary Care Residencies	(\$310,350)
38	AGR	GRF	Consumer Analytical Lab	(\$275,112)
39	DNR	GRF	Division of Forestry	(\$258,829)
40	BOR	GRF	Case Western Reserve University School of Medicine	(\$252,500)
41	BOR	GRF	Ohio Learning Network	(\$229,580)
42	EDU	GRF	Maintenance and Equipment	(\$226,182)
43	AGR	GRF	Meat Inspection Program - State Share	(\$200,000)
44	ADA	GRF	Treatment Services	(\$200,000)
45	DDD	GRF	Central Administration	(\$200,000)
46	JFS	GRF	Medicaid Provider Audits	(\$161,624)
47	CIV	GRF	Operating Expenses	(\$161,282)
48	DOH	GRF	Alcohol Testing	(\$150,000)
49	DMH	GRF	Central Administration	(\$148,734)
50	DOT	GRF	Airport Improvements-State	(\$138,107)
51	EDU	GRF	Academic Standards	(\$121,651)
52	DEV	GRF	Minority Business Enterprise Division	(\$120,000)
53	BOR	GRF	Student Support Services	(\$120,000)
54	DOH	GRF	Chronic Disease and Injury Prevention	(\$110,343)
55	BOR	GRF	Area Health Education Centers Program Support	(\$106,340)
56	AGR	GRF	Weights and Measures	(\$100,000)
57	EDU	GRF	Child Care Licensing	(\$100,000)
58	DOH	GRF	Free Clinics Safety Net Services	(\$100,000)
59	JFS	GRF	Office of Family Stability	(\$100,000)
60	BOR	GRF	Operating Expenses	(\$94,878)
61	BOR	GRF	The Ohio State University Clinic Support	(\$90,000)
62	DAS	GRF	Equal Opportunity Certification Programs	(\$82,737)
63	AGR	GRF	Dairy Division	(\$81,568)

64	DOT	GRF	Ohio Rail Development Commission	(\$81,203)
65	TAX	GRF	Tobacco Settlement Enforcement	(\$78,274)
66	AGR	GRF	Poultry Inspection	(\$65,154)
67	EDU	GRF	Policy Analysis	(\$65,014)
68	DAS	GRF	Construction Compliance	(\$65,011)
69	BOR	GRF	Geriatric Medicine	(\$61,430)
70	TOS	GSF	County Treasurer Education	(\$59,886)
71	BOR	GRF	Information System	(\$59,718)
72	DMH	GRF	Resident Trainees	(\$53,284)
73	AGR	GRF	Food Safety	(\$52,502)
74	AGR	GRF	Farmland Preservation	(\$45,500)
75	SPA	GRF	Personal Services	(\$38,438)
76	BOR	GRF	State Grants and Scholarship Administration	(\$37,788)
77	EBR	GRF	Operating Expenses	(\$34,615)
78	DOH	GRF	Cancer Incidence Surveillance System	(\$21,623)
79	BOR	GRF	Economic Growth Challenge	(\$17,350)
80	SPA	GRF	Maintenance	(\$13,776)
81	DNR	GRF	Canal Lands	(\$13,334)
			<b>TOTAL</b>	<b>(\$130,097,276)</b>

Source: Policy Matters Ohio, taken from Ohio Legislative Services Commission , Budget in Detail, House Finance and Appropriations, at <http://www.lsc.state.oh.us/fiscal/bid129/default.htm>

\*Note: Some funding changes were included in legislative language and not reflected in the LSC 'Budget in Detail,' those changes are not incorporated here.

**Table 2: New funding increases for SFY 2012-13 under consideration by the House of Representatives Finance and Appropriations Committee (April 2011)**

<b>Rank</b>	<b>Agency</b>	<b>Fund</b>	<b>Program</b>	<b>Biennial funding increase</b>
1	EDU	GRF	Foundation Funding	\$106,000,000
2	PWC	SSR	Local Government Integrating and Innovation	\$100,000,000
3	OBM	GRF	Pension Shift Replacement	\$45,784,725
4	EDU	GRF	Auxiliary Services	\$8,000,000
5	JFS	FED	Health Care (Federal)	\$7,140,536
6	JFS	GRF	Kinship Permanency Incentive Program	\$6,000,000
7	DNR	GRF	Soil and Water Districts	\$5,800,000
8	BOR	GRF	Ohio Agricultural Research and Development Center	\$5,000,000
9	JFS	GRF	Children's Hospital	\$4,000,000
10	BOR	GRF	Ohio College Opportunity Grant	\$4,000,000
11	BOR	GRF	Cooperative Extension Service	\$4,000,000
12	DMH	GSF	Community Mental Health Projects	\$3,811,100
13	DOH	GRF	Federally Qualified Health Centers	\$3,145,376
14	ART	GRF	State Program Subsidies	\$3,000,000
15	EDU	GRF	Nonpublic Administrative Cost Reimbursement	\$2,000,000
16	EDU	SSR	Community School Dropout Programs	\$2,000,000
17	JFS	GRF	Second Harvest Food Banks	\$2,000,000
18	MED	GSF	Operating Expenses	\$800,000
19	OHS	GRF	State Historical Grants	\$781,140
20	EXP	GRF	Junior Fair Subsidy	\$100,000
21	BOR	GRF	Sea Grants	\$30,000
	<b>TOTAL</b>			<b>\$313,392,877</b>

Source: Policy Matters Ohio, taken from Ohio Legislative Services Commission , Budget in Detail, House Finance and Appropriations, at <http://www.lsc.state.oh.us/fiscal/bid129/default.htm>

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**Table 3: Net changes by agency under consideration by the House of Representatives Finance & Appropriations Committee April 2011**

	<b>Gain</b>	<b>Lose</b>	<b>Net</b>
ADA	\$-	\$(200,000)	\$(200,000)
AGR	\$-	\$(1,219,836)	\$(1,219,836)
ART	\$3,000,000	\$-	\$3,000,000
BOR	\$13,030,000	\$(9,817,797)	\$3,212,203
CIV	\$-	\$(161,282)	\$(161,282)
DAS	\$-	\$(2,307,237)	\$(2,307,237)
DDD	\$-	\$(200,000)	\$(200,000)
DEV	\$-	\$(7,390,000)	\$(7,390,000)
DMH	\$-	\$(202,018)	\$(202,018)
DNR	\$5,800,000	\$(861,545)	\$4,938,455
DOH	\$3,145,376	\$(3,781,524)	\$(636,148)
DOT	\$-	\$(3,819,310)	\$(3,819,310)
DRC	\$-	\$(1,000,000)	\$(1,000,000)
EBR	\$-	\$(34,615)	\$(34,615)
EDU	\$118,000,000	\$(6,990,619)	\$111,009,381
EXP	\$100,000	\$-	\$100,000
JFS	\$19,140,536	\$(91,163,283)	\$(72,022,747)
MED	\$800,000	\$-	\$800,000
OBM	\$45,784,725	\$-	\$45,784,725
OHS	\$781,140	\$-	\$781,140
PWC	\$100,000,000	\$-	\$100,000,000
SPA	\$-	\$(52,214)	\$(52,214)
TAX	\$-	\$(836,110)	\$(836,110)
TOS	\$-	\$(59,886)	\$(59,886)
<b>NET</b>	<b>\$309,581,777</b>	<b>\$(130,097,276)</b>	<b>\$179,484,501</b>

Source: Policy Matters Ohio, taken from Ohio Legislative Services Commission , Budget in Detail, House Finance and Appropriations, at <http://www.lsc.state.oh.us/fiscal/bid129/default.htm>

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