



# Transforming Ohio for Growth

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## *Stronger. Together.*

### **FY2016-17 BUDGET OVERVIEW**

**Preserving Ohio's growth, paving the way for more success, helping all Ohioans succeed**

**PRIORITY ONE: PRESERVING OHIO'S GROWTH:** After hard work and tough choices helped get Ohio back on its feet, many have called for relaxing Ohio's budget discipline but Gov. Kasich has been through this challenge before and steadfastly refused. As chair of the U.S. House of Representatives Budget Committee, Kasich was the architect of the first balanced federal budget in a generation, but watched with frustration and amazement as, after he left Congress, Washington backslid from conservative budget principles and blew a projected \$5 trillion surplus in just two years. He is committed to making sure Ohio does not go down this path and this budget keeps conservative budgeting principles firmly in place with conservative revenue estimates and spending projections, tax cuts and a stronger rainy day fund.

**ELIMINATING TAXES ON SMALL BUSINESSES:** The budget continues the current 75 percent tax cut for small businesses earning under \$250,000 in business income and, in FY2017, eliminates these taxes altogether. For small businesses above that income level, Ohio will establish a new, low flat tax rate of three percent.

**LOWER INCOME TAXES, AGAIN:** Personal income tax rates will be cut for all Ohio taxpayers by 6.3 percent. This means Ohio's top marginal income tax rate will have been cut from 5.925 percent when Gov. Kasich came into office in 2011 to 4.97 percent in 2016. With the \$1.9 billion in net tax cuts in this budget, Ohio will have reduced taxes by approximately \$5 billion since Gov. Kasich took office. This is the lowest rate since 1982.

**CONTINUED STRONG SUPPORT FOR K-12 EDUCATION:** For the second straight budget, Ohio will significantly increase funding to K-12 education — providing record funding for K-12 education in this budget. Additionally, by building on a practice Kasich first proposed two years ago and giving greater consideration to the income of local residents, Ohio will more effectively drive state support to school districts with a series of carefully targeted aid categories.

**MAKING COLLEGE MORE AFFORDABLE:** The budget will freeze tuition at two- and four-year state-supported schools, assuring that Ohio remains a leader in holding down the growth of tuition and general fees. A new nine-member Task Force on Affordability and Efficiency is working to help public colleges and universities examine ways to reduce costs. Following the work of the Task Force, Ohio's public colleges and universities will conduct an efficiency review to improve efficiencies and reduce costs.

**BETTER SUPPORT FOR OHIOANS WITH DISABILITIES:** The budget makes historic new investments to ensure that every Ohioan with a developmental disability who wants to live and work in the community can do so. This budget invests \$286 million over two years to increase home- and community-based services, support community work opportunities and create new options for individuals who want to leave institutions.

**COMBATING INFANT MORTALITY:** It is not acceptable that each year more than 1,000 Ohio babies die before their first birthday; it is one of the worst infant mortality rates in the country. The budget provides enhanced maternal services through Medicaid health plans for every woman living in neighborhoods most at risk for poor infant health outcomes. Working to engage local community leaders, health plans will connect women in high-risk neighborhoods to health care services.

**TRANSFORMING WELFARE:** The budget creates a person-centered case management system where services are wrapped around an individual's needs in order to better support them as they move toward self-sufficiency. New initiatives will initially focus on those ages 16-24 in order to have the greatest impact and prevent the poverty cycle at an early age. To help in the effort, the budget also works to soften the benefit "cliffs" by allowing families to keep subsidized child care on a gradually reducing scale up to 300 percent of the federal poverty level.

**REDUCING RECITIVISM AND TREATING ADDICTION IN OHIO'S PRISONS:** Approximately 80 percent of Ohio's prison inmates have past histories of drug and alcohol addiction and those who don't overcome their addiction have a higher likelihood of re-entering prison after their release. By leveraging the clinical expertise of the Department of Mental Health and Addiction Services, Ohio can get inmates the help they need to overcome their addiction while they are serving their sentences and provide a seamless transition of services and supports to ensure sustained recovery after their release. In addition, the state will begin transferring low-level, non-violent inmates with addictions to serve their short-term sentence in a community treatment facility.

**BOTTOM LINE:** At a time when many other states are struggling with fiscal challenges, Ohio's new state budget is among the strongest, thanks to conservative budgeting and smart management. The result is an economic climate friendly to job creators and a formula for future prosperity that helps more Ohioans participate in our state's economic revival.

