



BUILDING FOR OHIO'S NEXT GENERATION

BUDGET OF THE STATE OF OHIO • FISCAL YEARS 2018–2019

FYS 2018 AND 2019 BUDGET OVERVIEW

By working together, we've been able to create a better Ohio over the past six years: more than 450,000 new private-sector jobs, a balanced budget with more than \$2 billion in reserves, lower taxes, common-sense regulations, record school funding and better roads. But, we can't rest on our laurels. We must do all we can to be prepared for the future. To continue Ohio's job creation momentum, the state's operating and transportation budgets for Fiscal Years 2018 and 2019 build on what we know works – focusing on areas critical to long lasting job growth and embracing the future and the emerging technologies that will create new job opportunities.

MAINTAINING FISCAL DISCIPLINE

The essential foundation of Ohio's economic turnaround and improved business climate is state government's fiscal stability. As a result, Governor John R. Kasich's budgets have been among the strongest in the nation, and world-class corporations and small business operators alike are realizing that Ohio's stable state finances make it a welcoming place to do business and to have that business succeed.

- Preserving Ohio's Fiscal Stability: A climate of fiscal balance and stability continues to be the most important signal Ohio can send to job creators as they look to do business in a state that's on solid financial footing. This budget continues the Kasich tradition of conservative budgeting and restrained spending that has served Ohio well for the past six years.

STRENGTHENING OHIO'S JOBS-FRIENDLY BUSINESS CLIMATE

Ohioans have enjoyed one of the biggest tax cuts in the nation over the past six years with more than \$5 billion in tax relief. These tax cuts have helped spur our state's economic recovery and made Ohio one of the nation's top states for job creation. At the same time, Ohio has made regulatory reform a key priority within state government. Despite this progress, many elements of Ohio's tax system remain irrational and align poorly with today's consumer-driven economy. That is why this budget builds upon the Kasich Administration's previously enacted reforms.

- Shrinking the Number of Tax Brackets: This budget reduces the number of state income tax brackets from nine to just seven, making Ohio's tax system simpler.
- Simplifying Tax Filing for Businesses to Encourage More Economic Growth: Despite significant progress to address long-standing problems in Ohio's municipal tax structure, some aspects of the system remain too complex and costly as businesses are forced to comply with hundreds of different tax systems. Provisions in this budget streamline that process by giving businesses the option of filing just one form for their municipal taxes and make a single payment through the Ohio Business Gateway. The Ohio Department of Taxation will process those payments and distribute revenues back to the appropriate local government, just as it does for county sales taxes and school district income taxes.

HELPING OHIOANS BETTER PREPARE FOR CAREERS AND COLLEGE

Continual education and workforce training are crucial in today's economy if we are to help Ohioans be better prepared when technology forces profound changes for industries and their workforce needs.

- Record Resources for K-12 Education: Gov. Kasich has again made K-12 education a priority by increasing base support to Ohio schools by more than \$166 million. As a result, under the governor's leadership, Ohio will be spending \$1.5 billion more for K-12 education than in 2011 – the strongest level ever at nearly \$10.6 billion.
- Awarding Degrees and Certificates Based on Competency Instead of Just Classroom Time: Ohio's community colleges recently partnered with Western Governors University to provide a flexible option for adult learners. The multi-state, online institution awards college credit and degrees based on a student's demonstrated knowledge instead of just the amount of time spent in the classroom. To build upon that relationship, Ohio will now formalize Western Governors University.
- Offering Bachelor's Degrees at Community Colleges Where Demand Is Not Being Met: A new budget provision allows applied bachelor's degree programs to be offered through Ohio's community colleges in areas where Ohio's public and private universities do not offer specialized degree programs. This provides another low-cost pathway for students and strengthens Ohio's ability to meet workforce demands in the Knowledge Economy.
- Strengthening Pathways to a Low-Cost Degree: The state's new budget encourages more agreements between community colleges and four-year universities to allow students to complete three years of their coursework at a community college and finish their degree at a four-year university.

TAKING OHIO TO WHERE IT NEEDS TO BE IN THE 21ST CENTURY BY EMBRACING TECHNOLOGY

Ohio state government has been working to stay ahead of the curve with advances in technology with innovative, forward-looking improvements in its programs and strategic investments in technologies that encourage economic growth. Gov. Kasich continues to build on that progress with a number of new or expanded initiatives.

- Tackling Complex Problems through Data Analytics: By better connecting and correlating state government's data resources through applying advanced analytical technologies, the state can tackle complex problems – such as infant mortality and child welfare – with solutions that improve Ohioans' health, security and well-being.
- Improving Cybersecurity: To ensure that Ohio's government, education and research infrastructure is protected against outside cybersecurity threats, Ohio will create a "cyber range" – a virtual environment used for cybersecurity training and IT infrastructure testing. At the same time, Ohio will work with the business community to develop a program to increase the number of students who pursue certificates or degrees in cybersecurity.
- Using Innovation and New Technologies to Improve Transportation for Those Seeking Health Services: Ohio will modernize its existing non-emergency medical transportation system for Ohioans seeking medical treatment.

SUPPORTING OUR MOST VULNERABLE OHIOANS

The new state budget continues to prioritize necessary support for Ohio's most vulnerable, including the mentally ill, drug addicted and developmentally disabled.

- Better Choices for Ohioans with Developmental Disabilities: The last budget invested a historic \$286 million in additional dollars in Ohio's developmental disabilities system, and this budget includes an additional \$65 million that will continue the Kasich Administration's push to provide more opportunities for individuals with developmental disabilities to receive care in the community.
- Strengthening Ohio's Fight Against Drug Abuse: Ohio invests nearly \$1 billion each year to help fight drug abuse and addiction. The new budget maintains this strong funding commitment in order to provide continued access to health care for many Ohioans struggling with addiction, plus other necessary treatment and recovery supports.
- Supporting Mental Health Services: The new budget maintains the Kasich Administration's strong commitment to support Ohioans with mental health needs, including the continued integration of Ohio's behavioral and physical health systems, support for children in crisis and mental health hospital bed capacity.

GETTING A JUMP ON THE FUTURE OF TRANSPORTATION

The Kasich Administration is committed to embracing the future of transportation with new investments and forward-looking policies to ensure that Ohio maintains its leadership role within the automotive and aviation industries in order to benefit from the business investments and jobs that follow. Highlights of the state transportation budget for FYs 2018 and 2019 – passed earlier this year – include:

- **Continuing Ohio’s Record-Breaking Pace for Highway Repairs and Improvement:** Over the past seven years, at the same time many states have fallen behind in repairs and improvements to highway infrastructure, Ohio has invested an unprecedented \$14 billion on nearly 7,000 projects – an increase of \$3 billion. The state’s new transportation budget continues that progress by investing in 43 major projects, 446 bridge projects, 615 pavement projects and 356 safety projects over the next two years.
- **Creating Smart Highways as Testing Corridors for New Transportation Technologies:** Ohio will create and instrument two additional smart highway projects – on the Interstate 270 beltway in Columbus and Interstate 90 in northeast Ohio for innovators to test and refine jobs-creating technologies. These will complement the state’s other research corridors on a stretch of U.S. Route 33 in central Ohio and the Ohio Turnpike.
- **Investing in the Transportation Research Center, America’s Foremost Independent Automotive Proving Ground:** Funding in the transportation budget, together with commitments from other partners, invests \$45 million for expanded research capabilities at the independent Transportation Research Center in East Liberty – the continent’s most advanced independent automotive test facility and an ideal environment for autonomous vehicle and smart highway research.
- **Developing the Nation’s First “Sense and Avoid” Test Site for Drones:** Ohio is working with the U.S. Air Force Research Laboratory to develop a ground-based “sense-and avoid-system” for unmanned aircraft and has already invested in a \$5 million cooperative effort. The state remains committed to advancing work underway at the Ohio Unmanned Aircraft System Center and Test Complex in Springfield for further research that gives Ohio a major advantage as drones become the basis for new industries and economic growth.

BOTTOM LINE: By maintaining Ohio’s fiscal strength through conservative budgeting and smart management, we can continue to provide job creators with a stable environment for growth. At the same time, embracing innovation and the jobs of tomorrow will keep Ohio economically competitive and at least one step ahead of others with emerging technologies that can help us reap the benefits and jobs that follow.

