



Senator Frank LaRose
27th Ohio Senate District

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SENATE ELIMINATES HISTORIC SHORTFALL WITHOUT RAISING TAXES

COLUMBUS— The Ohio Senate passed a balanced, reform-minded state budget today that reduces spending and eliminates a projected \$8 billion shortfall without raising taxes.

“Never before in the history of our state have we experienced such a dramatic shortfall in revenue,” said Senate President Tom Niehaus (R-New Richmond). “We had a choice. We could either reduce spending or raise taxes by as much as 56 percent, and asking Ohio families to pay more in this tough economy just wasn't an option in our view. This budget is balanced with a lot of smart thinking and shared sacrifice, and I'm confident that Ohioans who deal with those realities every day at home will appreciate that effort.”

The total biennial budget reduces spending over the current fiscal year by \$3 billion in Fiscal Year 2012 and \$2.4 billion in Fiscal Year 2013.

Senate Republicans made difficult but necessary decisions to get spending under control through responsible reform, restructuring state revenue streams and enacting long-overdue improvements to high-cost programs, such as Medicaid, education and prison operations. Senators added an additional \$115 million to bolster school funding levels over the House version of the budget, ensuring that every school district in the state gets at least the same amount of basic state aid they received in the current fiscal year. Senate Republican leadership also identified an additional \$100 million to support local governments, helping communities across the state sustain vital services in a tough economy.

“When we received the budget in the Senate we started to work on trying to reduce the burden to schools and the burden to our communities, and we did that,” said Senator Frank LaRose (R-Akron). “We didn't erase all the cuts, but to pass a state budget in this time and to fill an \$8 billion hole in the structural imbalance that we had without raising taxes, well, a year ago folks said it couldn't be done. We were able to accomplish this goal by making difficult but thoughtful decisions to get spending under control and place the limited resources we had in areas of greatest need.”

The Senate budget preserves the final phase-in of a 21 percent across-the-board income tax reduction approved in 2005, which is estimated to put more than \$800 million back into the wallets of Ohio families at a time when they need it most. The bill also includes tax incentives

for job creation, community revitalization and economic development, as well as historic levels of property tax relief - \$1.7 billion annually over the biennium, for every Ohio homeowner. Ohio's job-killing estate tax, often called the "Death Tax," would be eliminated by 2013.

Substitute House Bill 153 received 15 public hearings in the Senate Finance Committee, where legislators heard more than 74 hours of testimony on the budget from 491 witnesses. The bill now moves to a conference committee process for reconciliation with the Ohio House version of the budget. The General Assembly faces a constitutional requirement to send the governor a balanced budget by June 30th.

Highlights of Substitute House Bill 153

Focusing on Fiscal Discipline & Reform:

- Balanced Budget - eliminates a projected \$8 billion structural imbalance created by the previous biennial budget
- No New Taxes - balances the budget without requiring Ohioans to pay anymore of their hard-earned money
- Responsible Reform - consolidates and restructures Medicaid services (the largest single expenditure in the budget) to ensure fiscal stability
- Public-Private Partnerships - continues a nationwide trend toward merging public sector needs with the talent and efficiency of the private sector

Putting Students & Quality Education First:

- Basic Aid - holds every school district harmless so that state funding per student is not reduced below current levels (excluding federal stimulus dollars)
- Excellent Schools Incentive - provides a \$17 per pupil supplemental payment for schools rated excellent or excellent with distinction
- Special Education - provides scholarship funding for children with special needs who rely on special services unavailable in their school district
- Charter School Reform - upholds quality and operational controls in existing law and adopts new accountability measures
- Parochial Schools - restores baseline funding for chartered non-public schools to ensure parity in support levels with public schools

Providing Tax Relief in Tough Times:

- Income Tax Cut - reinstates a 4.2 percent annual reduction in state income tax rates for every Ohio taxpayer (approved in 2005)
- Property Tax Relief - provides \$1.7 billion annually in property tax relief over the biennium
- Tax Incentives - enacts tax credits for community revitalization efforts, job retention for major employers and economic development
- Estate Tax - eliminates the job-killing, anti-small business Death Tax in 2013

Preparing Ohio's Future Workforce:

- Live & Learn Program - allows out-of-state college students to pay in-state tuition rates in exchange for living in Ohio for at least five years after graduation

- National Guard Scholarships - develops a partnership with Ohio's higher education institutions to ensure that National Guard Scholarships are fully funded
- Tuition Limits - caps tuition increases to 3.5 percent to ensure an affordable college education

Investing in the Health & Welfare of Our Kids:

- Children's Hospitals - reinstates full funding to \$6 million a year, allowing the hospitals to draw down additional federal support
- Help Me Grow - restores funding for a program that provides expectant parents with health and developmental services
- Kinship Care - restores funding for a program for relatives who become primary caregivers when parents are unable or unavailable to care for a child
- Accountable Care Organizations - creates a process for developing coordinated pediatric services for children with disabilities
- Adoption Assistance - provides \$7 million to counties for adoption services
- Child Support Enforcement - provides \$7 million to counties, allowing a \$14 million draw-down of additional federal support
- Immunizations - added \$2.5 million in FY 2013 for the purchase of child health immunizations

Providing Support for Quality Health Care:

- Non-Contracting Policy - reinstates existing law requiring hospitals to provide Medicaid services by contract through a managed care plan
- PASSPORT - added \$15 million to the program that supports at-home care for Ohioans who prefer to live independently in their own homes
- Pill Mills - fully funded the recently-passed legislation designed to crack down on prescription drug abuse

Focusing on Economic Development & Government Efficiency:

- JobsOhio - provides full support to an innovative new public-private effort to generate job growth and economic development
- Shared Services - permits local governments to tear down walls that currently prevent townships, villages, cities, counties and school districts from working together to share services, reduce costs and provide better taxpayer value
- Lottery Management - allows the Lottery Commission to improve operational performance by contracting with a private vendor for day-to-day management
- Reducing Bureaucracy - decentralizes the E-Check emissions testing program so motorists can have their vehicles checked at certified locations when doing routine maintenance