



STATE BUDGET OVERVIEW

Prepared for the Budget Planning and Management Commission

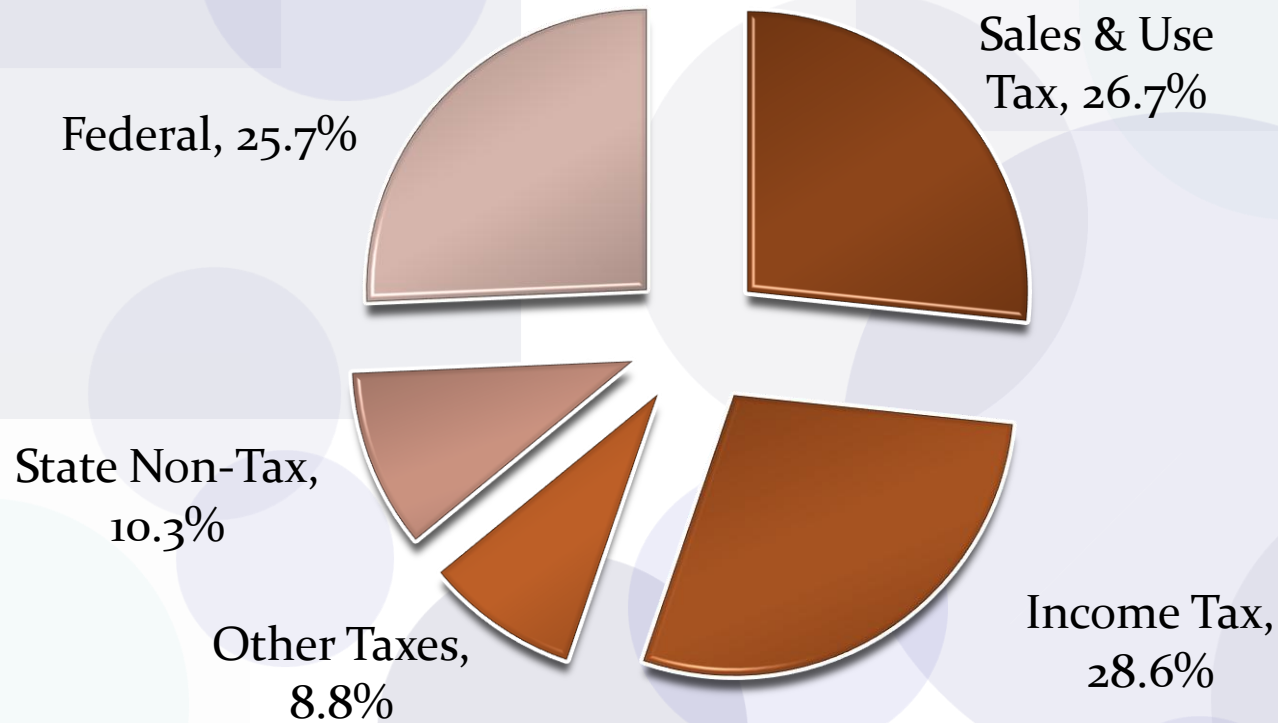
LSC

June 29, 2010

Where Do GRF Dollars Come From?

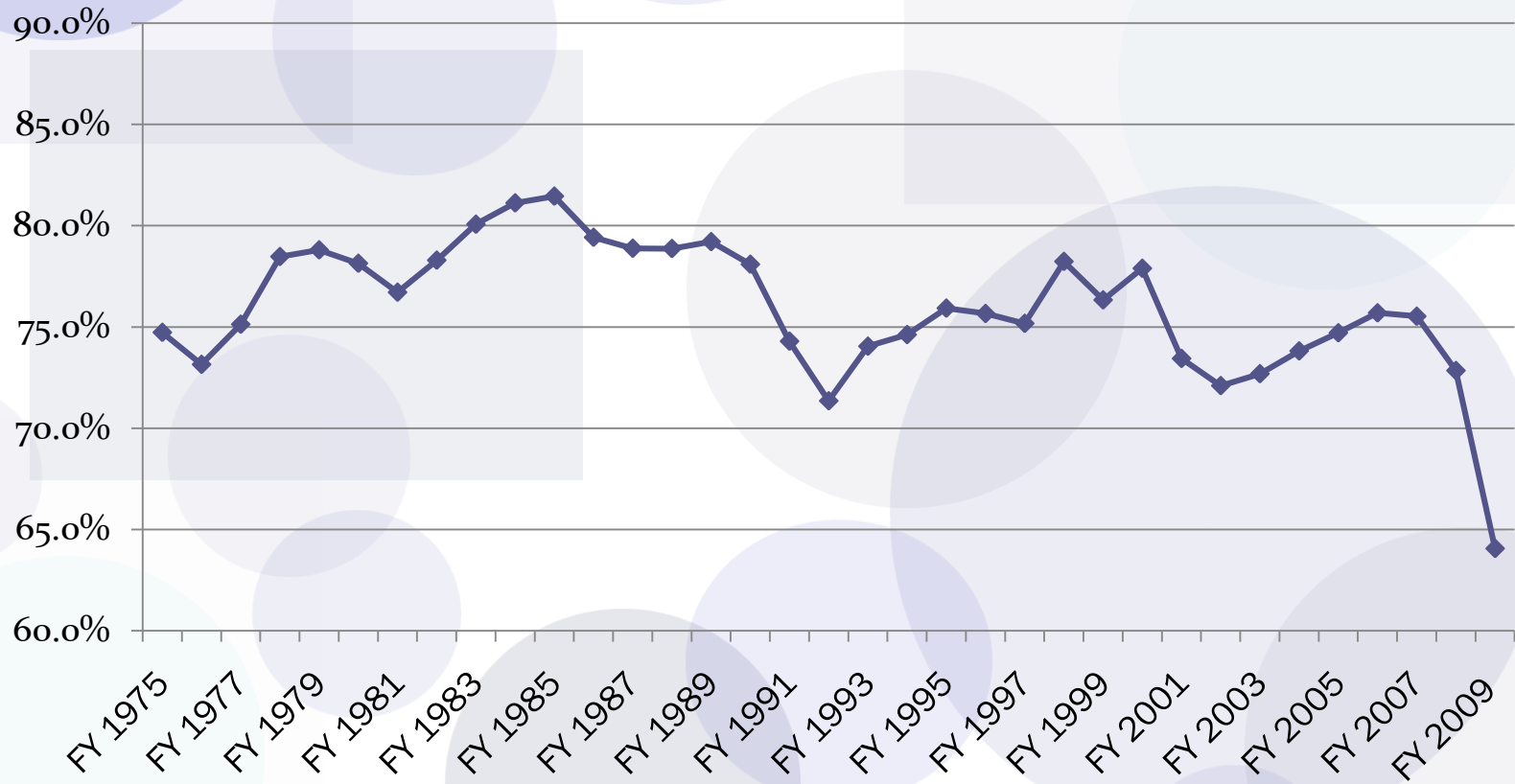
- ❖ State: tax revenue
- ❖ State: non-tax revenue
 - Transfers
 - Interest earnings
 - Fees
- ❖ Federal grants

FY 2009 GRF Revenue Composition

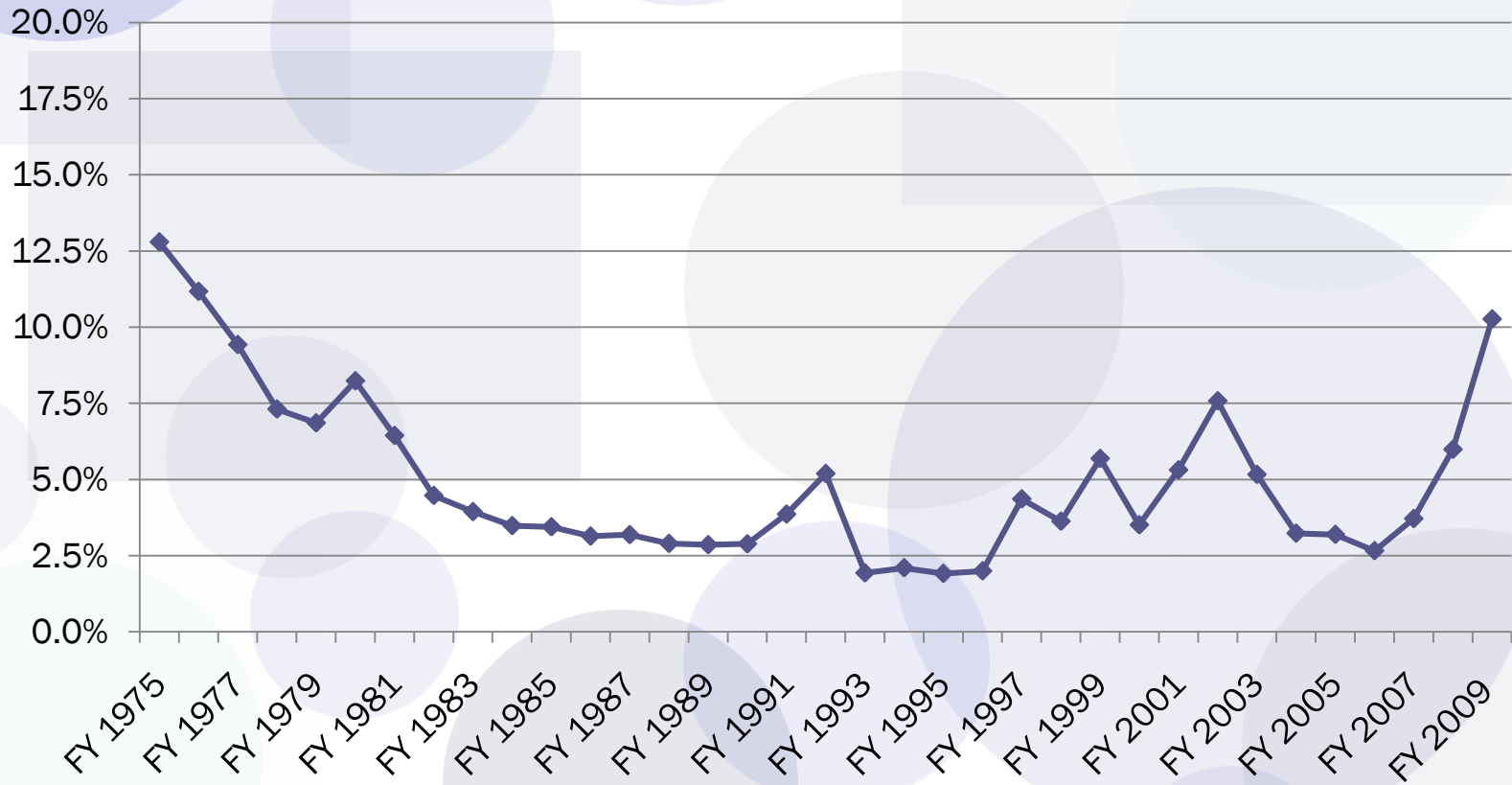


Total: \$26.68 billion

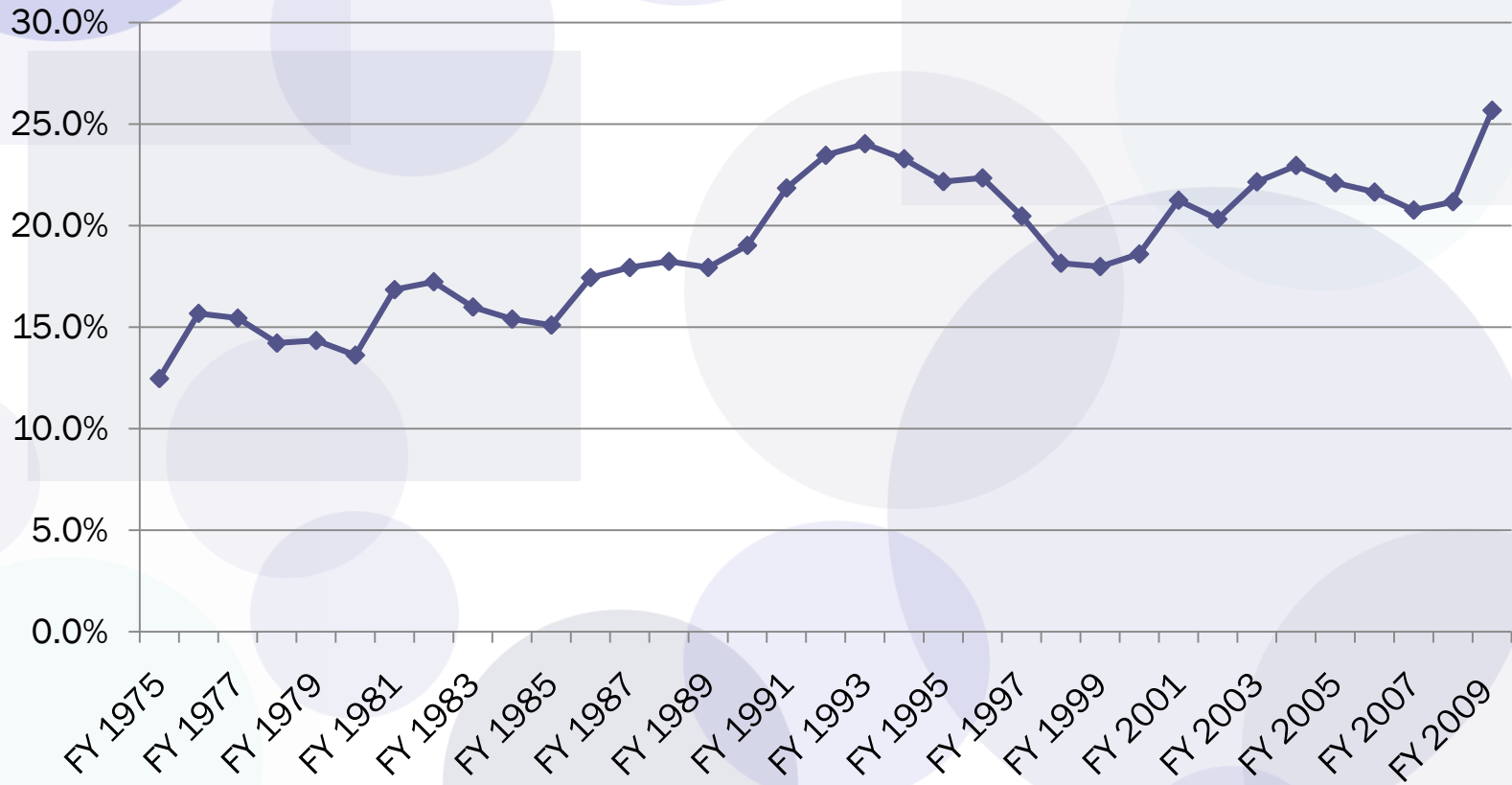
Tax Revenue Share of the GRF



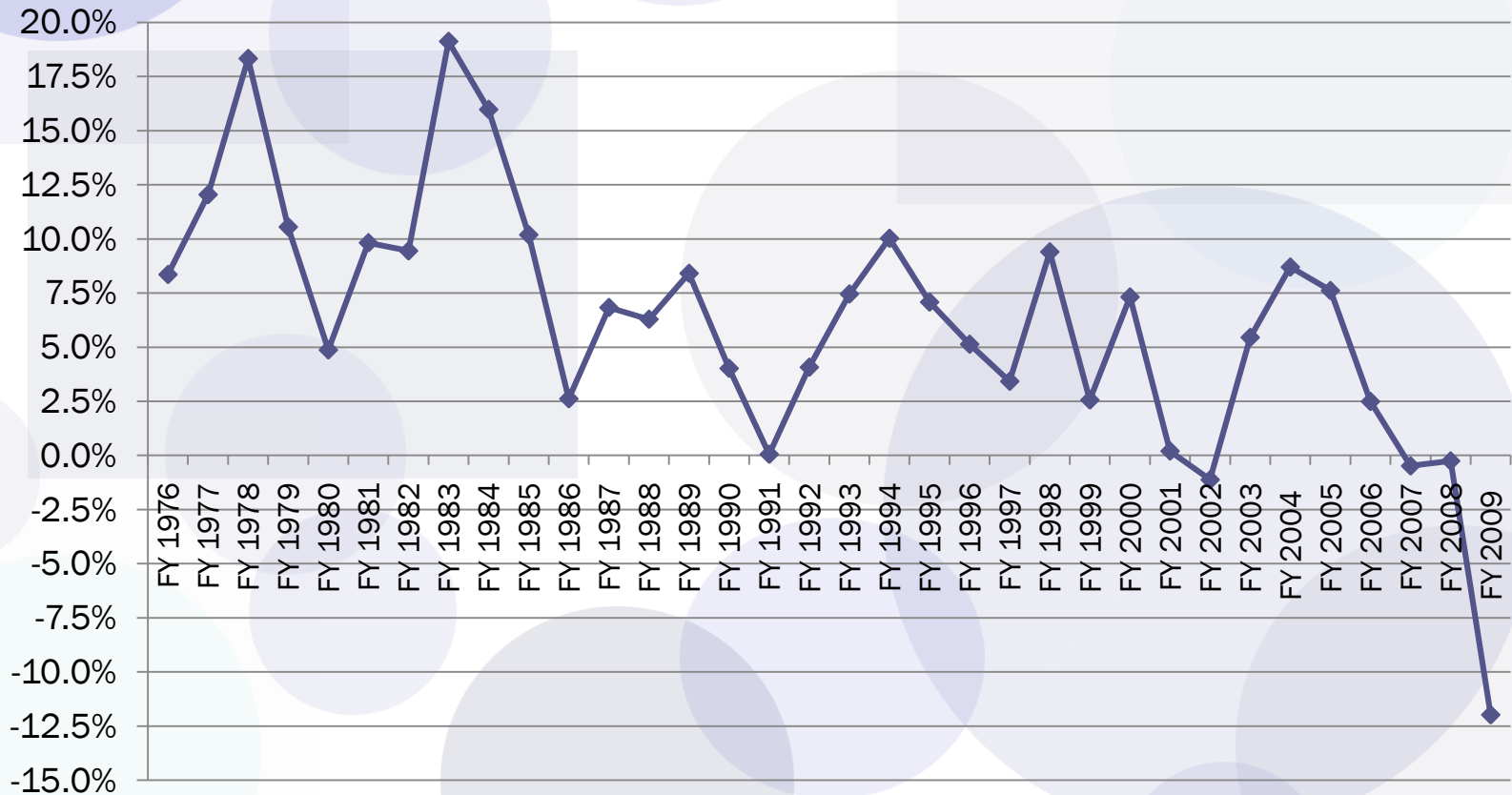
State Non-tax Share of the GRF



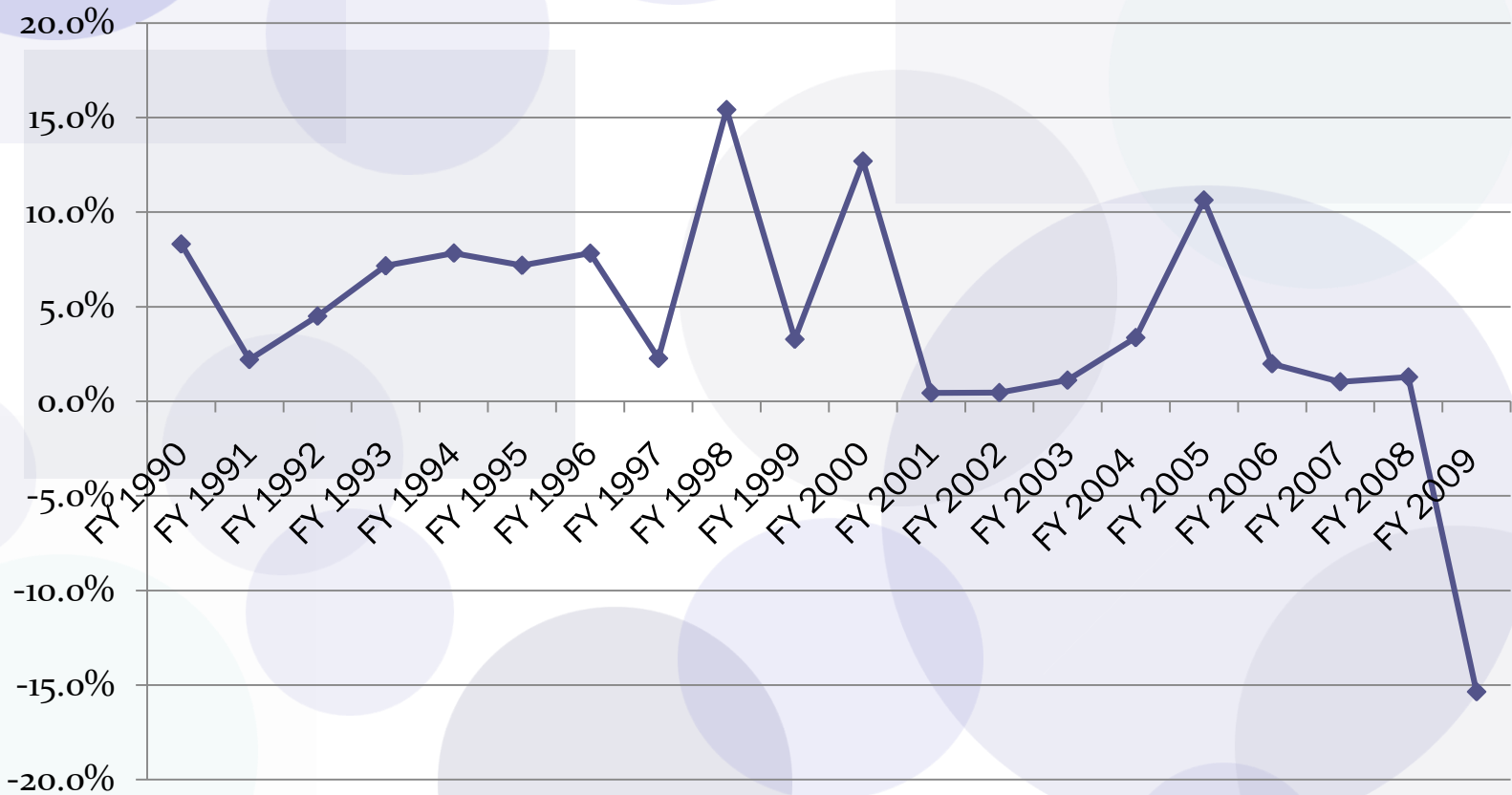
Federal Grant Share of the GRF



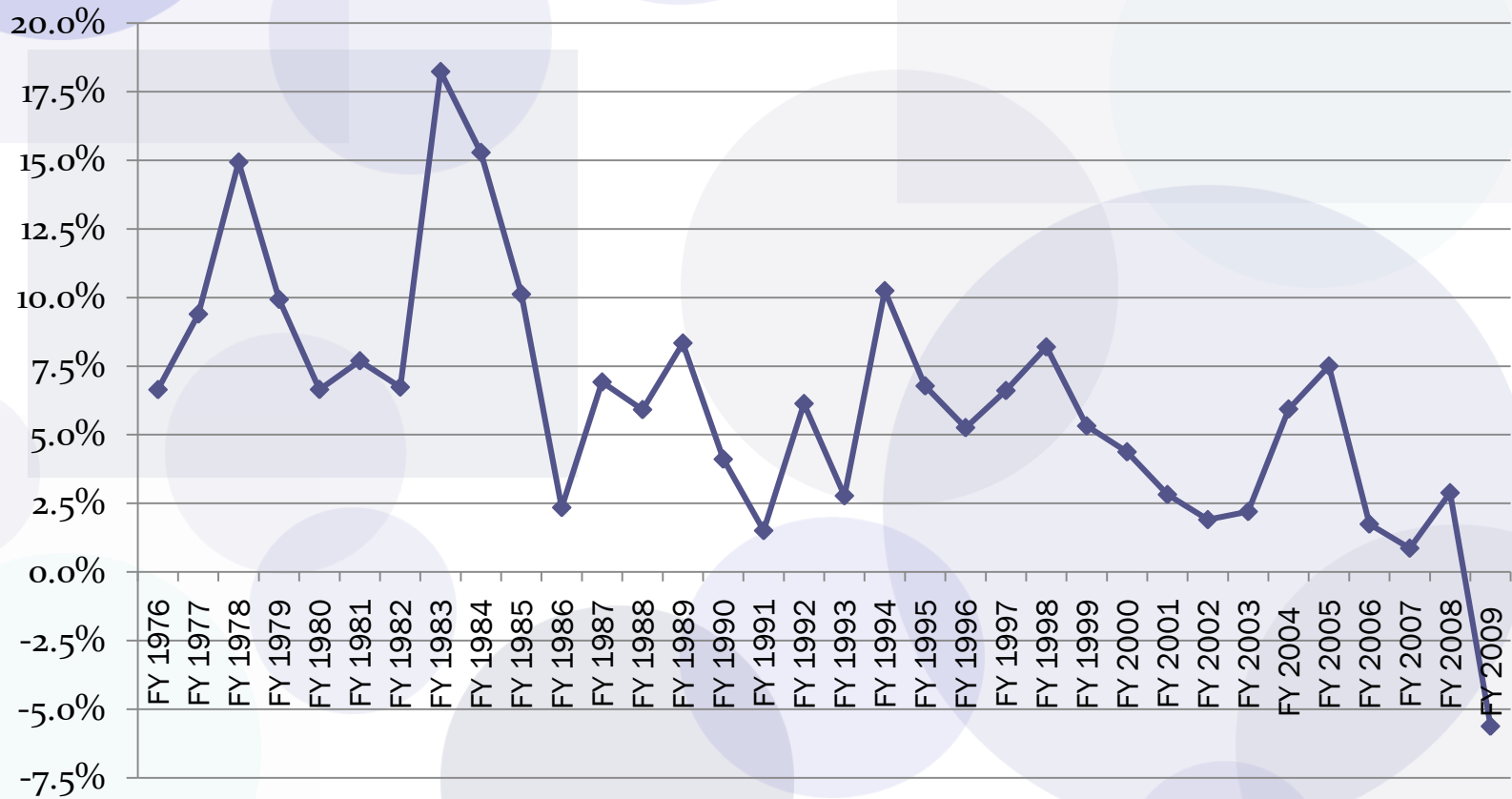
Historical Growth of GRF Tax Revenue



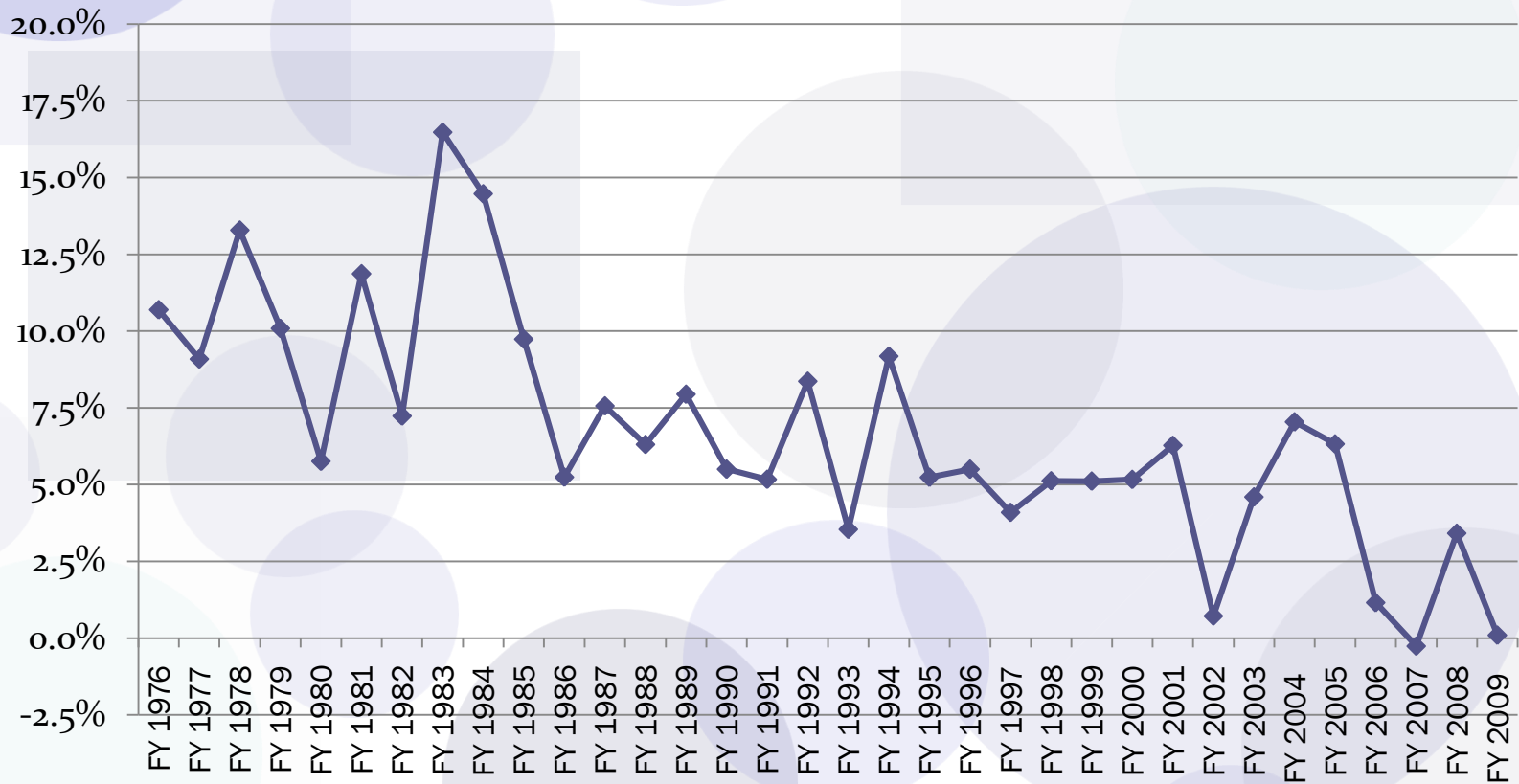
Historical Growth of Personal Income Tax



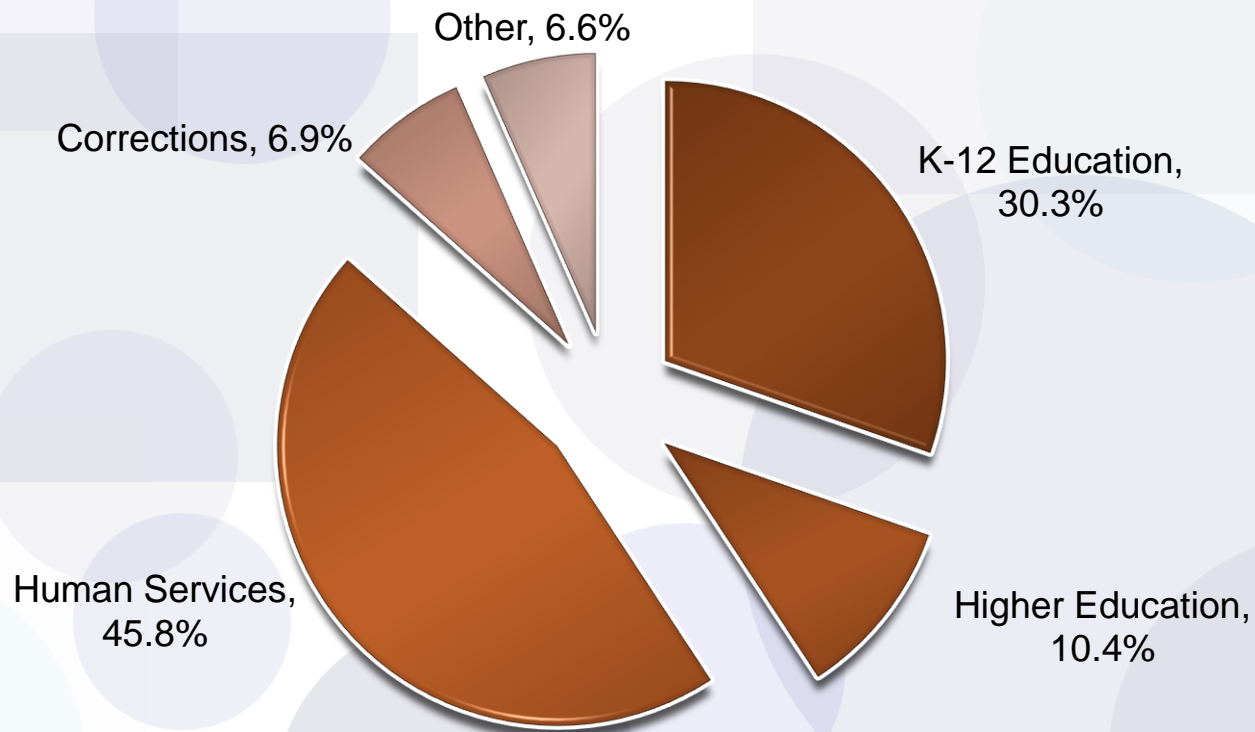
Historical Growth of State-source GRF



Historical Growth of All-source GRF

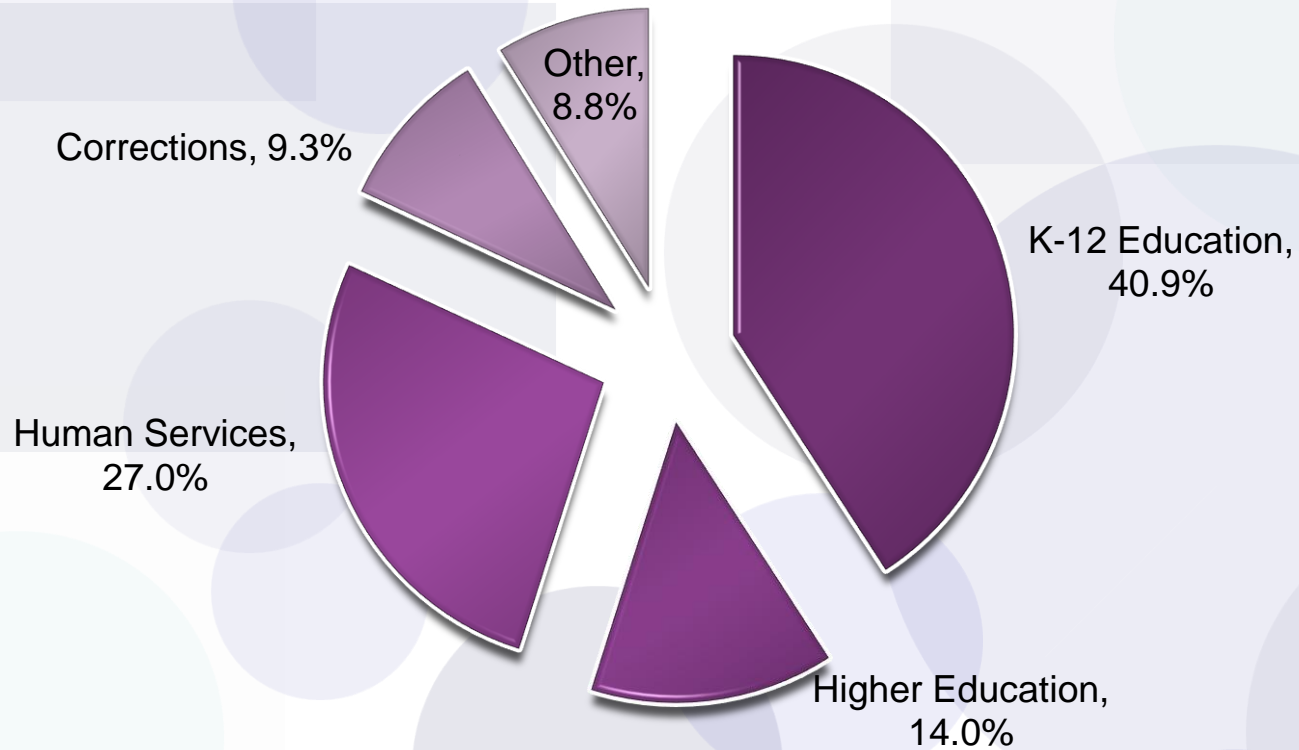


FY 2009 State & Federal GRF Spending by Program



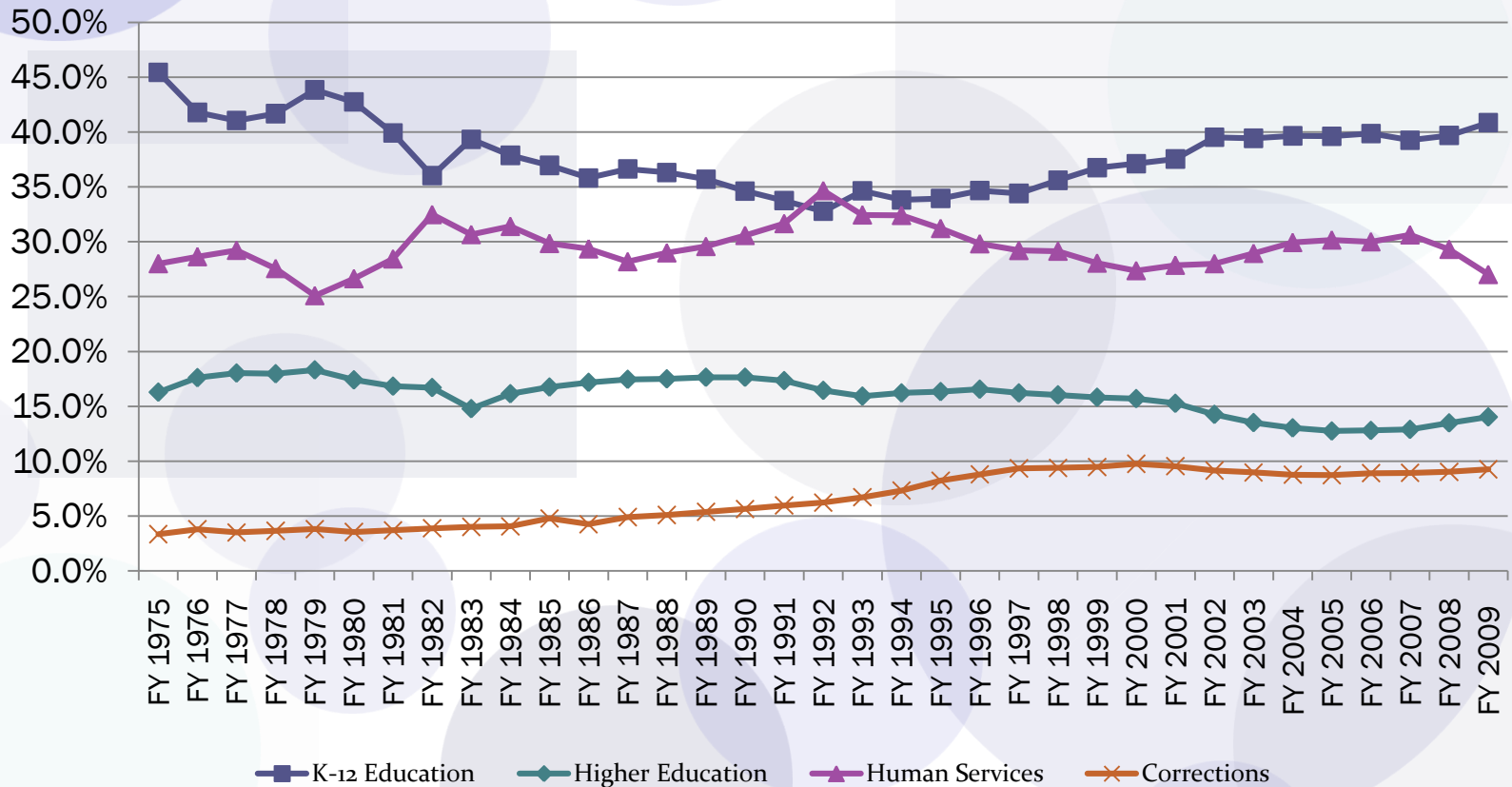
Total : \$26.78 billion

FY 2009 State-source GRF Spending by Program

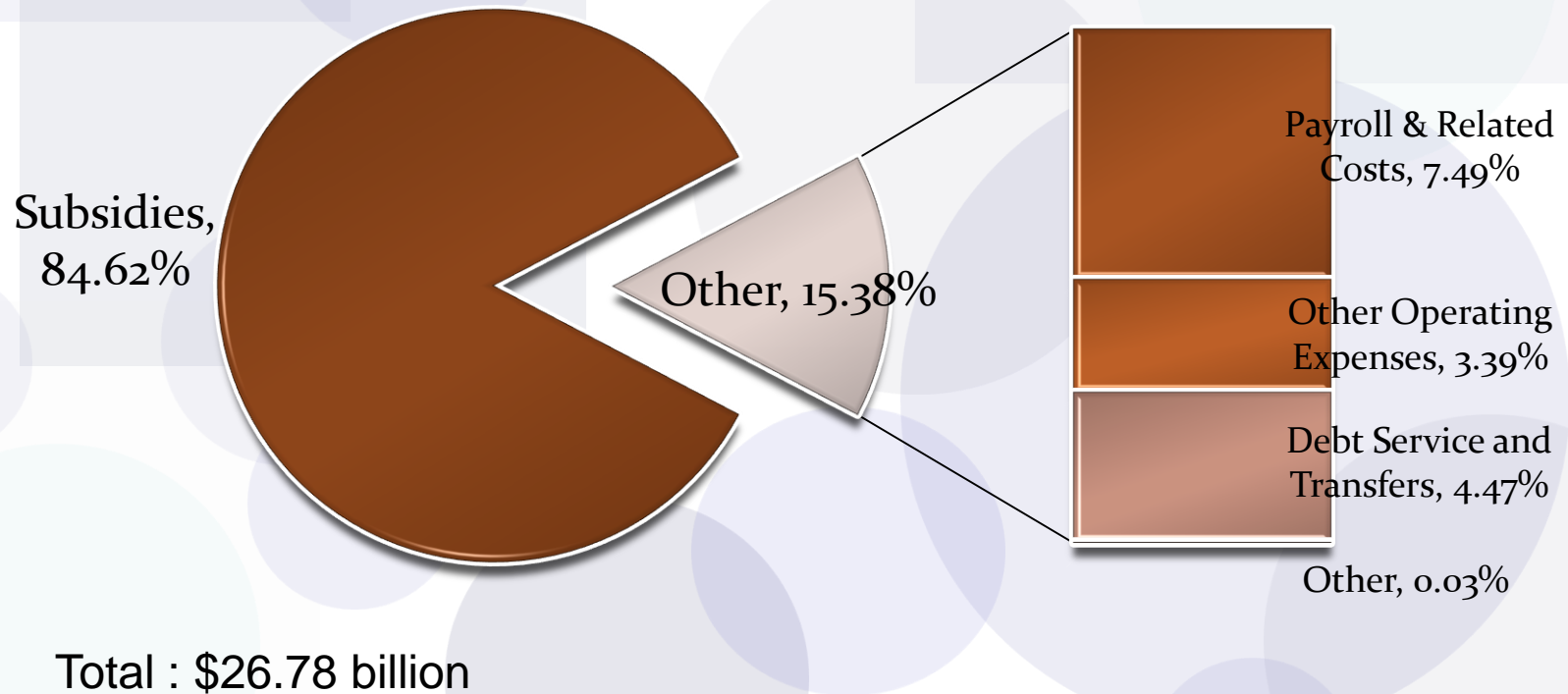


Total : \$19.89 billion

Program Shares of the State-source GRF



FY 2009 State & Federal GRF Spending by Expense Category

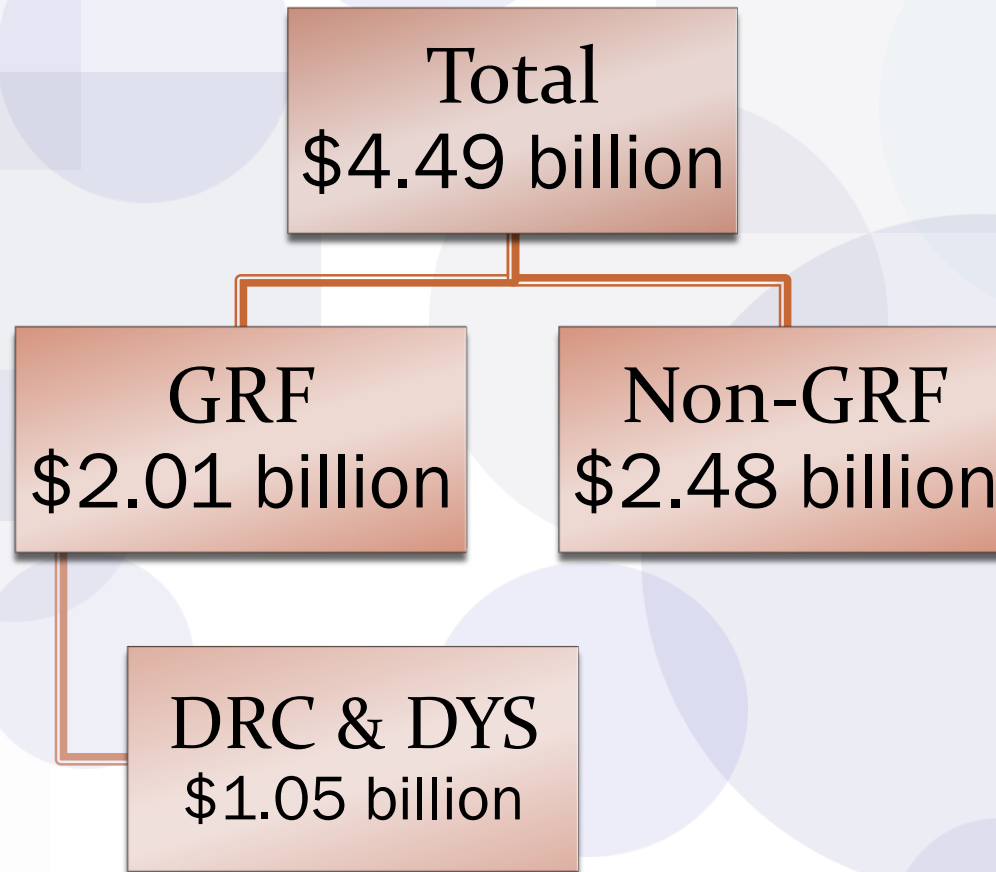


State Employee Headcount (As of June 15, 2010)

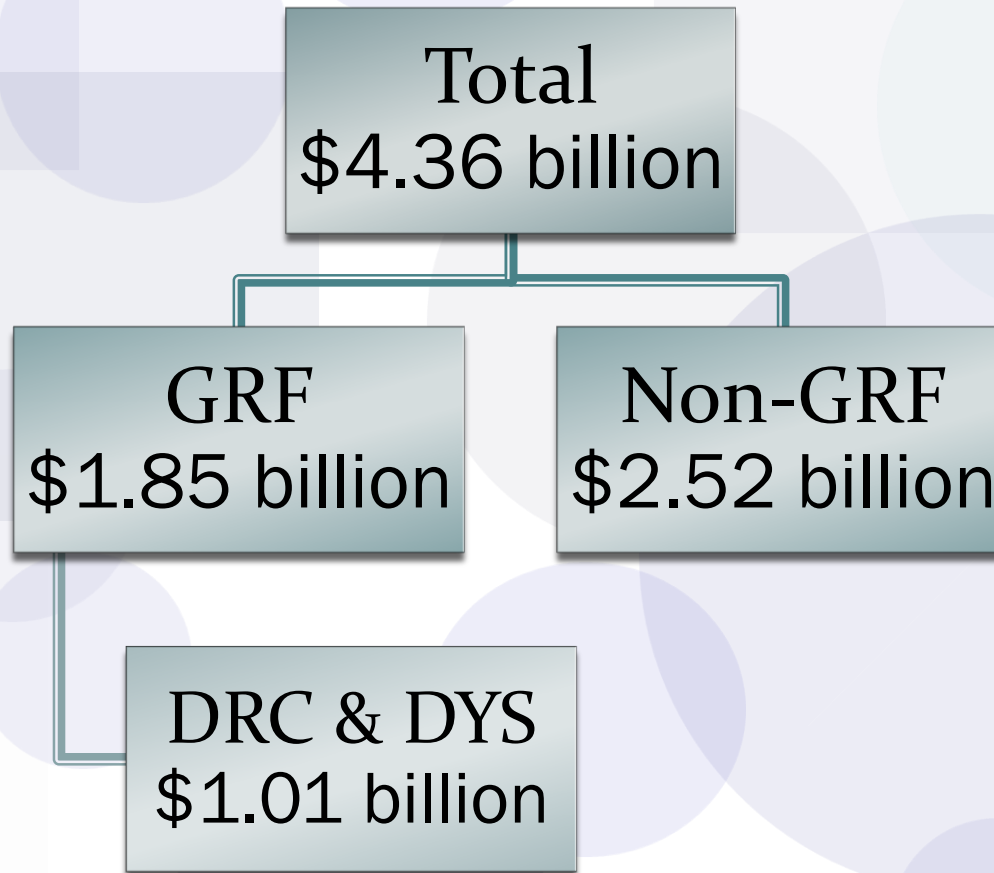
Total:
59,045

- Corrections: 15,212
 - DRC: 13,326
 - DYS: 1,886

FY 2009 State Payroll & Related Costs



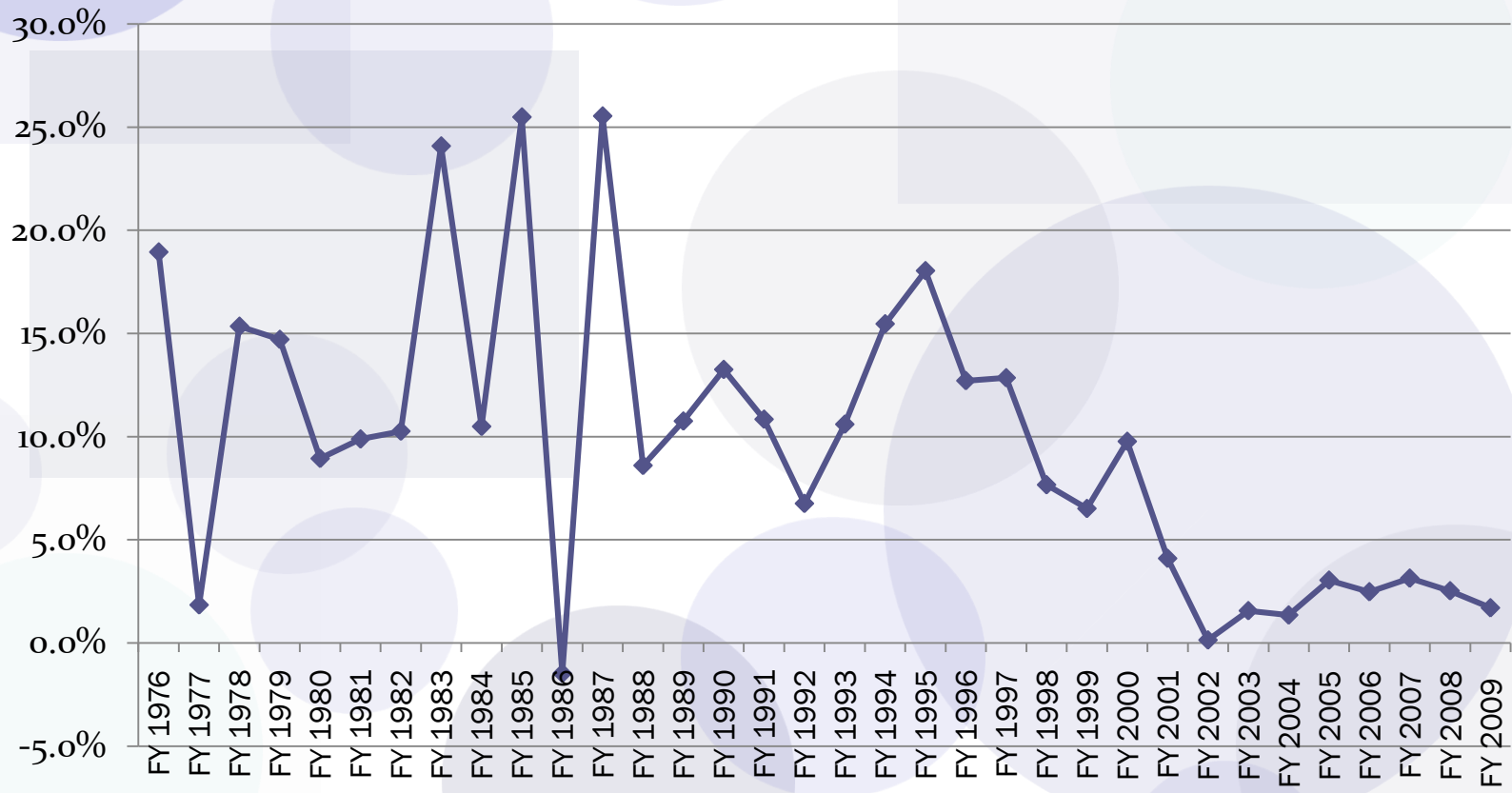
FY 2010 State Payroll & Related Costs



Comparison of State Payroll & Related Costs

	FY 2009	FY 2010	Difference
Total All-Fund	\$4,487,755,471	\$4,361,714,807	-\$126,040,665
Non-GRF Share	\$2,481,789,846	\$2,516,625,088	\$34,835,242
GRF Share	\$2,005,965,625	\$1,845,089,718	-\$160,875,906
DRC & DYS Portion of GRF Share	\$1,052,416,565	\$1,011,572,941	-\$40,843,625

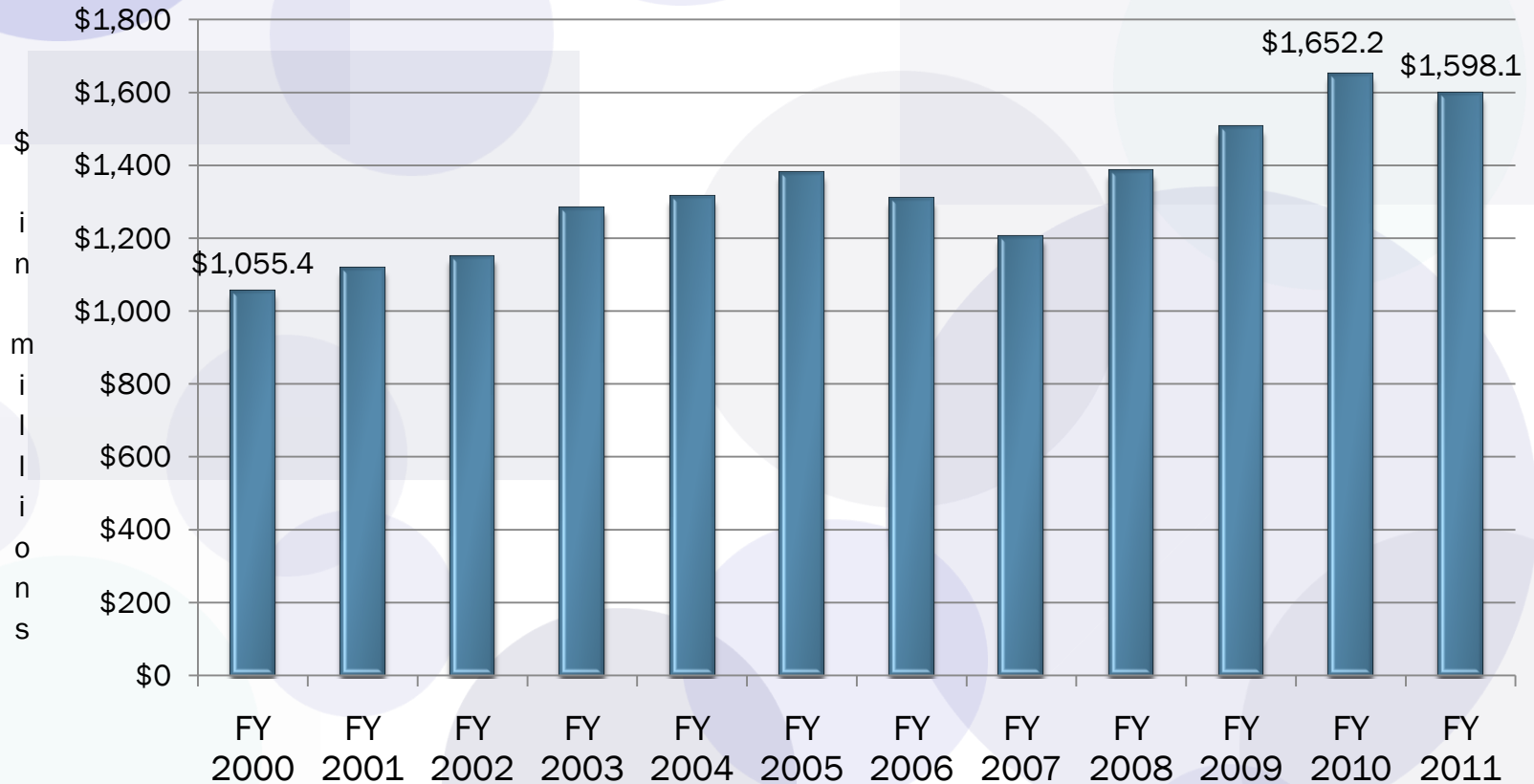
GRF Correction Spending Growth Rate



School Foundation Aid

- ❖ Funded by the GRF and lottery profits appropriations
- ❖ Also funded by ARRA State Fiscal Stabilization Fund (SFSF) in the FY 2010-FY 2011 biennium
- ❖ \$6.81 billion – FY 2010 total
 - GRF - \$5.65 billion
 - Lottery - \$745.0 million
 - ARRA - \$417.6 million

Property Tax Relief Spending (\$ in millions)



Tangible Personal Property Tax Replacement

- ❖ Enacted in H.B. 66 of the 126th General Assembly
- ❖ Funded by commercial activity tax (CAT) revenue
- ❖ Total replacement payment – a known amount
- ❖ Full reimbursement to schools through FY 2013 and to local government through FY 2011
- ❖ Any potential CAT deficit – made up by the GRF

Tangible Personal Property Tax Replacement

- ❖ \$1.64 billion – FY 2011 total payment amount
 - \$1.17 billion – schools
 - \$472.5 million – local government
- ❖ \$1.42 billion – Estimated CAT revenue for FY 2011
- ❖ Potential GRF subsidy – \$218 million

Medicaid Expenditures (GRF and non-GRF, \$ in millions)

	FY 2008	FY 2009	FY 2010 (Estimate)	FY 2011 (Estimate)
GRF Amount	\$9,345.8	\$10,237.0	\$9,022.5	\$10,579.3
GRF Share	86.8%	83.8%	68.9%	73.0%
Non-GRF Amount	\$1,420.4	\$1,974.7	\$4,071.2	\$3,732.3
Non-GRF Share	13.2%	16.2%	31.1%	26.1%
Total	\$10,766.2	\$12,211.8	\$13,093.7	\$14,311.6

Source: Projected Medicaid Expenditures FYs 2010-2011, Ohio Department of Job and Family Services, August 2009

Medicaid GRF Expenditures (State and Federal, \$ in millions)

	FY 2008	FY 2009	FY 2010 (Estimate)	FY 2011 (Estimate)
State Amount	\$3,793.3	\$3,431.6	\$2,705.2	\$3,434.7
State Share	40.6%	33.5%	30.0%	32.5%
Federal Amount	\$5,552.5	\$6,805.4	\$6,317.3	\$7,144.6
Federal Share	59.4%	66.5%	70.0%	67.5%
Total	\$9,345.8	\$10,237.0	\$9,022.5	\$10,579.3

Source: Projected Medicaid Expenditures FYs 2010-2011, Ohio Department of Job and Family Services, August 2009

Reducing Medicaid Expenditures by One Dollar...

Every one
dollar
reduction in
Medicaid
expenditures

- Savings of 30-40 cents from state resources
- Revenue loss of 60-70 cents from federal match

Medicaid Caseloads

	FY 2008	FY 2009	FY 2010 (Estimate)	FY 2011 (Estimate)
Average Monthly Caseloads	1,780,500	1,879,540	2,048,620	2,120,520
Change	--	5.6%	9.0%	3.5%

Source: Projected Medicaid Expenditures FY s 2010-2011, Ohio Department of Job and Family Services, August 2009

- Medicaid caseloads totaled 2,086,930 individuals for April 2010 (the most recent month of available data)

Medicaid Expenditures by Service Category (\$ in Millions)

	FY 2008	FY 2009	FY 2010 (Estimate)	FY 2011 (Estimate)
Managed Care	\$3,844.7	\$4,854.8	\$4,871.7	\$5,011.5
Nursing Facilities	\$2,543.5	\$2,574.2	\$2,724.2	\$2,731.9
Hospitals	\$1,315.5	\$1,444.3	\$1,524.4	\$1,575.4
Prescription Drugs	\$468.3	\$537.8	\$1,021.3	\$1,962.6
ICFs/MR	\$532.0	\$536.2	\$544.1	\$498.0
All Other	\$2,062.2	\$2,264.5	\$2,408.0	\$2,532.2
Total	\$10,766.2	\$12,211.8	\$13,093.7	\$14,311.6

Source: Projected Medicaid Expenditures FY s 2010-2011, Ohio Department of Job and Family Services, August 2009

Medicaid Optional Services

- Ambulance & ambulette
- Chiropractic
- Community alcohol and drug addiction treatment
- Community behavioral mental health
- Dental
- Durable medical equipment and supplies
- Home & community-based service waivers
- Hospice care
- Independent psychology
- Intermediate care facility
- Occupational therapy
- Physical therapy
- Podiatry
- Prescription drugs
- Private duty nursing
- Speech therapy
- Vision care

Medicaid eFMAP

- ❖ October 1, 2008 to December 31, 2010
- ❖ To date, Ohio has received \$2.14 billion
- ❖ Possible six-month extension to June 30, 2011
 - \$500 million - \$800 million in additional federal reimbursement

Federal Health Care Reform

(Medicaid coverage of adults up to 133% FPG)

- ❖ Expands eligibility beginning January 1, 2014
- ❖ Adds estimated 554,000 individuals
 - 279,000 currently eligible
 - 275,000 newly eligible

	FY 2013 – FY 2019
State	\$1.45 billion
Federal	\$16.94 billion
Total	\$18.39 billion

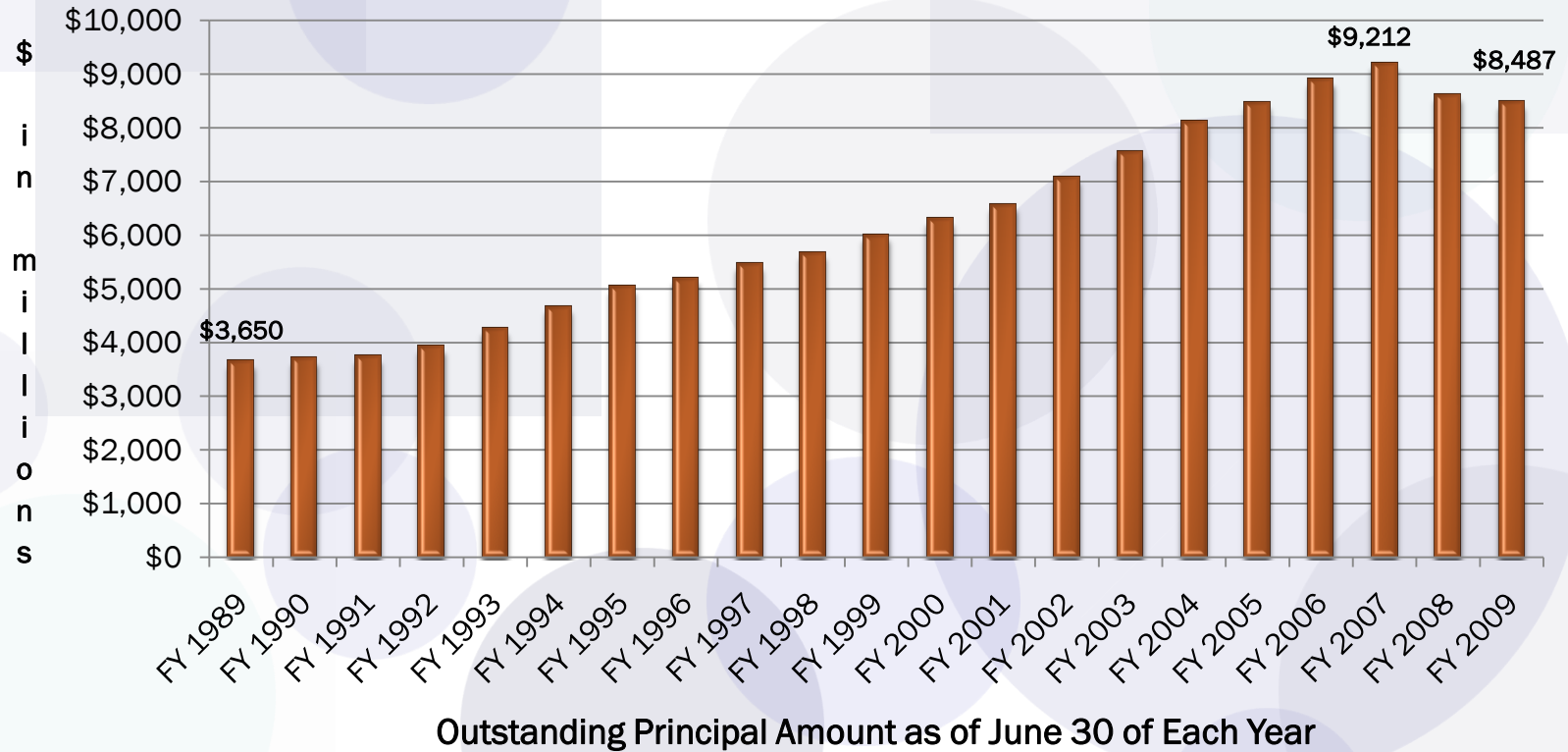
Source: Ohio Department of Job and Family Services

Federal Health Care Reform

(Medicaid coverage of adults up to 133% FPG)

Calendar Year	Federal Reimbursement Rate for Newly Eligible
2014	100%
2015	100%
2016	100%
2017	95%
2018	94%
2019	93%
2020 +	90%

Historical Growth of GRF-Supported Debt (\$ in millions)



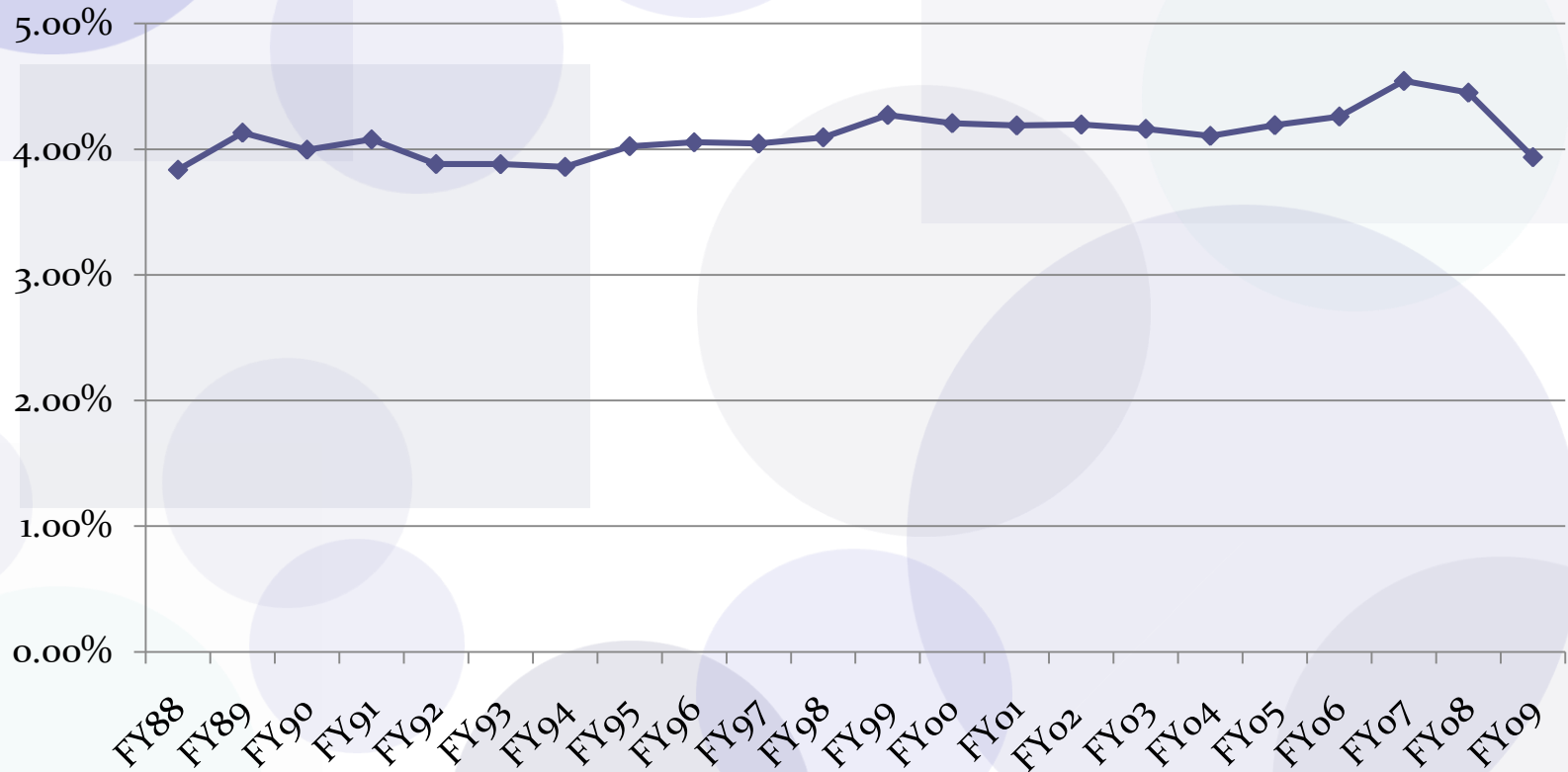
Five Percent Debt Service Limit

- ❖ Approved by voters in November 1999
 - Section 17 of Article VIII of the Ohio Constitution
 - Applies to most GRF-backed debt
 - May be waived by a three-fifths vote of each house of the General Assembly
- ❖ No new debt can be issued if annual debt service payments exceed 5% of the GRF plus lottery profits revenues

Debt Service Ratio

- ❖ Director of Budget and Management is required to certify that the state's debt service ratio is in compliance with the 5% limit every time the state plans on issuing new debt subject to the 5% limit
- ❖ 2.72% as of April 1, 2010
- ❖ Debt restructuring plan reduces GRF debt service payments by \$736 million over the FY 2010-FY 2011 biennium

Debt Service Ratio



Debt Service as % of Total GRF and Lottery Profits Revenue

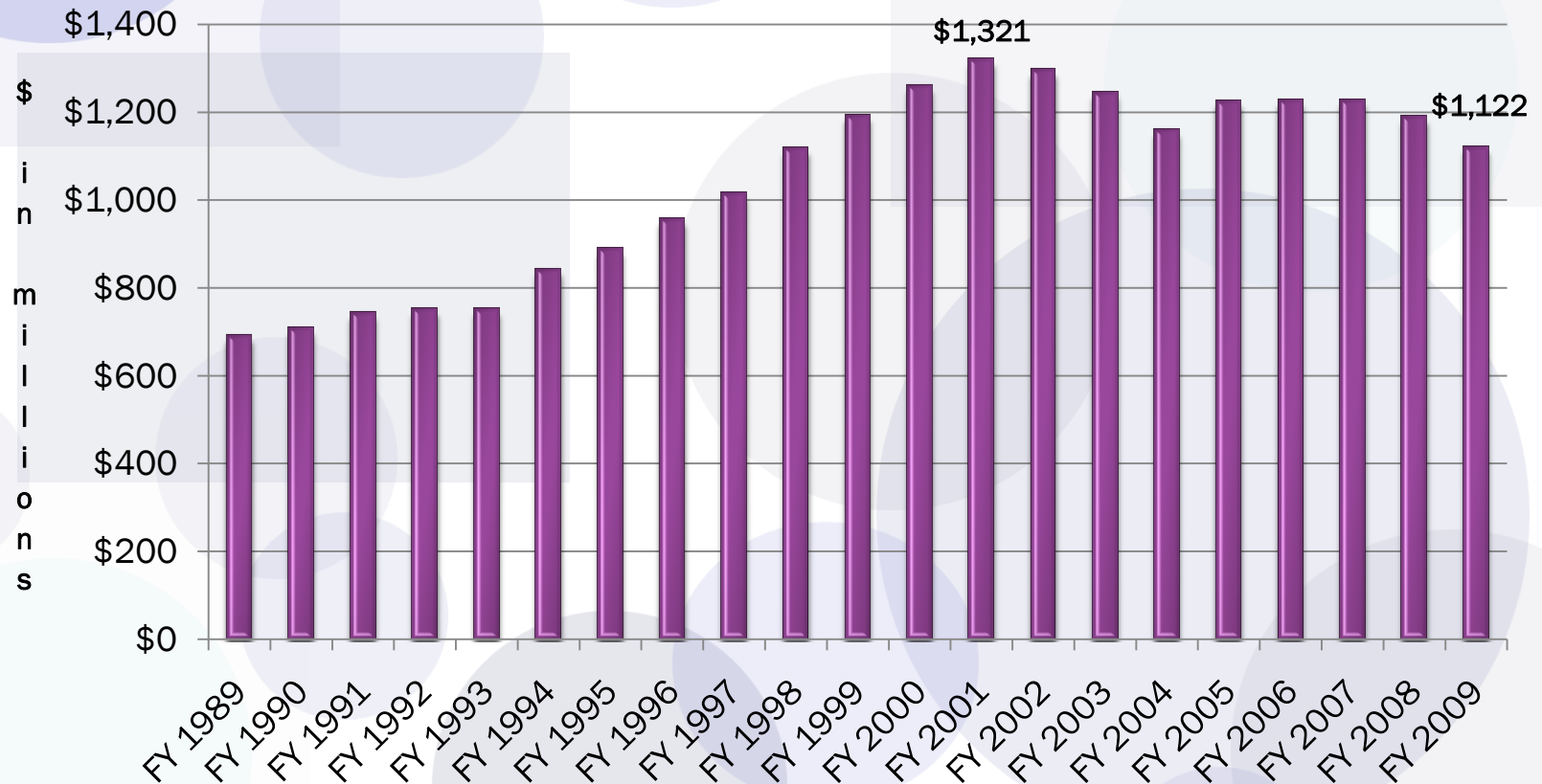
Fiscal Year	GRF Debt Subject to 5% Limit Only	All GRF Debt
FY09	3.94%	4.01%
FY08	4.45%	4.51%
FY07	4.54%	4.60%
FY06	4.26%	4.26%
FY05	4.19%	4.19%
FY04	4.11%	4.11%
FY03	4.16%	4.16%
FY02	4.20%	4.20%
FY01	4.19%	4.19%
FY00	4.21%	4.21%
FY99	4.27%	4.27%
FY98	4.09%	4.09%
FY97	4.04%	4.04%
FY96	4.05%	4.05%
FY95	4.02%	4.02%
FY94	3.86%	3.86%
FY93	3.88%	3.88%
FY92	3.88%	3.88%
FY91	4.08%	4.08%
FY90	4.00%	4.00%
FY89	4.13%	4.13%
FY88	3.84%	3.84%

GRF Debt Service Spending (\$ in millions)

Biennium	Amount	Change
FY 2000-FY 2001	\$1,398.3	--
FY 2002-FY 2003	\$1,818.5	\$420.1
FY 2004-FY 2005	\$1,982.2	\$163.7
FY 2006-FY 2007	\$2,235.2	\$253.0
FY 2008-FY 2009	\$2,325.6	\$90.4
FY 2010-FY 2011 *	\$1,606.6	-\$719.1

* Appropriations minus anticipated lapses

Local Government Fund Distribution (\$ in millions)



Unemployment Compensation

- ❖ \$2.31 billion – Ohio's borrowed amount as of June 18, 2010
 - Used to pay regular unemployment benefits
 - Extended unemployment benefits are 100% federally funded
- ❖ Principal – to be paid back by unemployment compensation premium deposited in the State Trust Fund
- ❖ Interest – to be paid from other state funds

Unemployment Compensation

- ❖ January 1, 2011 – interest starts to accrue on any outstanding principal on that date
- ❖ September 30, 2011 (FY 2012) – Ohio's first interest payment due
 - Subsequent interest due September 30 each year thereafter
- ❖ \$110.5 million (first payment) and \$182.6 million (second payment) for a total of \$293.1 million for the FY 2012-FY 2013 biennium
 - Source: Urban Institute

Ohio's ARRA Formula Funding Allocation

\$8.71 billion – Estimated Total

- \$3.20 billion – eFMAP
- \$1.79 billion – SFSS
- \$1.12 billion – Transportation
- \$1.01 billion – Title I, special education, and other education

Source: Federal Funds Information for States, 11-2009

ARRA Revenue Received – All Programs

Fiscal Year	GRF	All-Fund
FY 2009	\$577.1 million	\$808.8 million
FY 2010 (as of 6/21/2010)	\$1,513.5 million	\$3,344.6 million
Total	\$2,090.6 million	\$4,153.3 million

ARRA Revenue Received - eFMAP

Fiscal Year	GRF	All-Fund
FY 2009	\$576.5 million	\$749.7 million
FY 2010 (as of 6/21/2010)	\$700.6 million	\$1,387.6 million
Total	\$1,277.1 million	\$2,137.3 million

Note: These figures exclude \$151.5 million in reduced state payments for Medicare Part D.

GRF Appropriations Supported by ARRA State Fiscal Stabilization Fund

	FY 2010	FY 2011	Biennial
Education	\$697,457,939	\$766,252,024	\$1,463,709,963
General Government	\$111,177,531	\$214,488,988	\$325,666,519
Total	\$808,635,470	\$980,741,012	\$1,789,376,482

“One-Time” Revenue Sources in the FY 2010-FY 2011 Biennial Budget

Source	Senate Majority Caucus	OBM	Difference
Ohio School Facilities Commission Loan	\$250,000,000	\$250,000,000	\$0
Rotary Transfers	\$45,000,000	\$45,000,000	\$0
Fund 4K90 Transfer	\$30,000,000	\$30,000,000	\$0
Human Resource Rotary Transfer	\$142,000,000	\$142,000,000	\$0
Human Resource Lapse in GRF	\$130,000,000	\$130,000,000	\$0
Tobacco Interest from Bond Fund	\$65,000,000	\$65,000,000	\$0
Public Library Fund Temporary Reduction	\$84,317,620	\$84,317,620	\$0
<i>HB 318 Delayed Part of Income Tax Cut</i>	<i>\$844,000,000</i>	<i>\$0</i>	<i>\$844,000,000</i>
Unclaimed Funds Transfer	\$335,000,000	\$335,000,000	\$0
ARRA State Fiscal Stabilization Funds for Education	\$1,463,709,963	\$1,463,709,963	\$0
ARRA State Fiscal Stabilization Funds for Government Services	\$325,666,520	\$325,666,520	\$0
eFMAP in GRF	\$488,764,741	\$488,764,741	\$0
<i>eFMAP in Non-GRF</i>	<i>\$1,890,000,000</i>	<i>\$0</i>	<i>\$1,890,000,000</i>
Prior Fiscal Year Roll-Forward Balances	\$364,300,000	\$364,300,000	\$0
Assumed Spending Lapses	\$428,185,965	\$428,185,965	\$0
<i>Medicare Part D Payment Reduction</i>	<i>\$151,000,000</i>	<i>\$0</i>	<i>\$151,000,000</i>
<i>Tobacco Funding Redirected for Human Services</i>	<i>\$257,600,000</i>	<i>\$0</i>	<i>\$257,600,000</i>
<i>Federal Match from Tobacco Funding for Human Services</i>	<i>\$369,000,000</i>	<i>\$0</i>	<i>\$369,000,000</i>
Debt Restructuring	\$735,900,000	\$735,900,000	\$0
46	Total	\$8,399,444,809	\$4,887,844,809
			\$3,511,600,000