



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 4.997 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.





CUTTING TAXES BY OVER \$1.9 BILLION

Eliminating Income Tax for Many Small Businesses, Across-the-Board Income Tax Cut for Individuals

In his first term, Gov. John R. Kasich cut taxes \$3 billion by reducing income tax rates 10 percent, cutting small business income tax 50 percent (increased to 75 percent for 2014), eliminating the estate tax and giving targeted tax relief to low- and middle-income workers. These tax cuts helped spur Ohio's economic recovery, which has seen 360,000 new private-sector jobs created since 2011 and our unemployment rate reach its lowest level since 2001. With these new tax cuts, Ohio has cut taxes by \$5 billion since Gov. Kasich took office.

\$1.9 BILLION IN NEW TAX CUTS

- **Eliminating Income Tax for Many Small Businesses by 2016 Tax Season:** The budget continues the current 75 percent deduction of the first \$250,000 in business income, and in 2016, eliminates these taxes all together on the first \$250,000 of business income. For taxable business income, Ohio will establish a new, low flat tax rate of 3 percent. This dramatic tax cut will free up nearly \$950 million in new capital over two years for Ohio's hometown businesses to better leverage the expanding economic recovery, make new investments and increase hiring to improve their competitiveness.
- **6.3 Percent Income Tax Cut for All Ohio Taxpayers:** Personal income tax rates will be cut for all Ohio taxpayers for this tax year by an additional 6.3 percent. This change means Ohio's top marginal rate will have been cut from 5.925 percent in 2011 to 4.997 percent today.
- **Increasing Ohio's Cigarette Tax:** Ohio's cigarette tax increased to \$1.60 per pack from \$1.25.

BOTTOM LINE: By phasing out the income tax for many small businesses and cutting the overall personal income tax rate by 6.3 percent, the budget will help our state keep its job creation momentum and become more attractive to job creators and entrepreneurs, while helping Ohioans keep more of what they earn.





CONTINUED STRONG SUPPORT FOR K-12 EDUCATION

Helping Students Get Ready for College and Career Opportunities

The budget builds upon Ohio's progress in K-12 education by giving educators, parents and communities the resources and policies they need to support Ohio's students. Highlights include:

Record Support for K-12 Education: The new budget commits approximately \$10 billion per year to K-12 education, the strongest level ever. The budget also increases funding for key areas like special education, K-3 literacy and career-technical education. A new component in Ohio's school funding formula will reward school districts in a meaningful way, based on their high school graduation rates and reading proficiency. The budget also includes new funding for districts with a low capacity to raise revenues locally and supplemental transportation funds for low density districts.

Continuing the Expansion of Early Childhood Education: The budget provides \$40 million over the biennium to provide high-quality preschool services for disadvantaged children. This builds on progress over the last biennium when Gov. Kasich doubled the number of children from low-income families served in high-quality preschool between 2012-2013 and 2014-2015 and will triple the number served by 2016-2017. More than 17,000 four-year-olds will be served statewide by 2016-2017

Getting More High School Students Access to College-Level Credit (College Credit Plus): Too few Ohio high schools have enough teachers qualified to teach college-level courses, so the budget provides \$10 million to train more teachers in college instruction and provide competitive grants to universities for teachers to become credentialed for college credit plus courses. With more high schools able to offer college-level credit, students can get a jump start on college at no cost and reduce their overall college education costs. Students will also have access to College Credit Plus during summers.

Investing \$30 Million Over Two Years In The Straight A Fund To Encourage Further Innovation: Two years ago, Gov. Kasich created the Straight A Fund to help improve student achievement, increase efficiency and tear down barriers to college and career training. The program sparked a wave of creativity in our schools and the budget will build on that success.

Helping Ohio Adults Without Diplomas Get Back on Track: The budget creates a second round of planning grants of up to \$250,000 for up to five new pilot sites at community colleges or technical centers to assist adults ages 22 or older earn high school diplomas and industry credentials.

Innovative Waiver Extensions: The state superintendent of public instruction will be able to grant 10 additional waivers from state testing and teacher evaluation requirements in order to implement new, innovative educational programs in the 2015-2016 school year.

Ensuring a Right to a Quality Education: Ohio's Educational Choice Scholarship Program has been helping students from under-performing public schools attend private schools for almost two decades. EdChoice scholarship amounts increase to \$4,650 for K-8 and \$5,900 for high school in FY16 and \$6,000 in FY17.

A Continued Commitment to Mentoring: Ohio's Community Connectors mentorship effort has sparked much interest in communities across the state, bringing together parents, schools, communities, faith and value-based groups, and businesses. The budget increases the program's support by \$20 million and continues to match \$3 for every \$1 provided by local partners.

Helping More Students Advance at Their Own Academic Pace: The budget creates as many as five pilot programs that advance students when they master course material.





IMPROVING HIGHER EDUCATION AFFORDABILITY

Gov. John R. Kasich's leadership has brought a new culture to Ohio's 37 public colleges and universities. Early in 2012, the governor called on Ohio's college and university presidents to put aside their old fractious process for allocating construction funds and instead collaborate on a single list of recommendations designed to meet the needs of the state and all of its students. The result was unprecedented and widely applauded cooperation.

Building on that success, Gov. Kasich charged the presidents with developing a single, unified recommendation for funding the operations of Ohio's public two- and four-year institutions. The result was a funding formula based not on enrolling more students but instead on helping them complete courses and graduate, thereby aligning the goals of students with the colleges that teach them.

The Kasich Administration will build on these types of innovations with additional new policies for higher education that continue to improve how Ohio helps students prepare for their futures while also helping colleges improve their own operations:

Improving Affordability and Reducing Costs: Gov. Kasich believes that the high cost of college is one of the greatest challenges facing higher education. While a number of Ohio colleges and universities have taken innovative steps to control costs, more work is needed to help universities avoid prohibitively large hikes in tuition and fees.

- **Getting More High School Students Access to College-Level Credit (College Credit Plus):** Too few Ohio high schools have enough teachers qualified to teach college-level courses, so the budget provides \$10 million to train more teachers in college instruction. With more high schools able to offer college-level credit, students can get a jump start on college at no cost and reduce their overall college education costs. Students will also have access to College Credit Plus during summers.
- **Freezing Tuition and Fees:** While Ohio's public colleges and universities have been among the nation's leaders in limiting tuition increases under Gov. Kasich, the budget seeks to do better by freezing tuition and general fees for two- and four-year schools.
- **Examining New Ways for Universities to Reduce Costs:** Ohio created a nine-member Task Force on Affordability and Efficiency to examine ways for its public colleges and universities to hold down costs. Following the work of the Task Force, the board of trustees at each of Ohio's public colleges and universities will conduct an efficiency review to identify ways to improve efficiencies and reduce costs.
- **Using Campuses During Summer, to Help Low-Income Students:** To help low-income community college and regional campus students accelerate their coursework, the budget will give them access to funds from the Ohio College Opportunity Grant (OCOG) to fill a gap in the federal Pell Grant, which does not fund year-round studies.
- **Higher Education Innovation Grants:** Ohio will establish a new \$10 million grant program to promote educational excellence and economic efficiency to stabilize or reduce student tuition rates

Making Campuses Safer: Ohio will identify best practices for preventing and responding to campus sexual assaults by September 1, and allocate \$2 million to implement these new strategies.

Preparing Students for the Workforce Through Work Experiences: Ohio will work with its public and private colleges and universities and the business community to, by the end of 2015, embed into the curriculum of degree programs work experiences (including co-ops and internships) for in-demand jobs, such as computer science, with OhioMeansJobs.com as the central location for college students to access information on work experiences and career opportunities.

Helping Ohio Adults Without Diplomas Get Back on Track: After the age of 22, adults are no longer eligible for traditional high school diplomas. In 2014, the governor's Mid-Biennium Review launched a pilot program allowing five community colleges and technical centers to create new initiatives to help adults earn credits toward a high school diploma, while pursuing job training coupled with credential efforts. The budget provides \$1.25 million for as many as five additional pilot sites at Ohio community colleges and technical centers.

Enhancing Scholarship Opportunities: Ohio currently invests nearly \$130 million annually in higher education scholarship programs, and the budget provides an additional \$13 million to enhance several scholarships, including:

- **Ohio College Opportunity Grant:** Expanded to let students at community colleges and regional campuses study 12 months per year, and added \$10 million in new funds.
- **War Orphans:** Increased from 77 percent to 100 percent of tuition and general fees for children of deceased or severely disabled Ohio veterans.
- **Ohio National Guard:** Increased \$1 million to continue covering 100 percent of tuition and general fees.





HUMAN SERVICES INNOVATION

Helping Ohioans Rise Up and Out of Poverty and Into Jobs

Governor John R. Kasich established the Office of Human Services Innovation in fall 2014 to help bring badly needed reforms to the state's human services programs.

The new office is working with state and local agencies and stakeholders to pursue a better-coordinated, person-centered human service system that will help Ohioans get a job, succeed at work and prevent or move out of poverty. This budget will help turn those reform ideas into the reality of a more effective, more efficient system that gives taxpayers the value they deserve and low-income Ohioans the future they need.

Targeting Those With Highest Rates Of Unemployment: A strategy to strengthen services and work supports for Ohioans starts with a focus on teens and young adults, ages 16 to 24, where early intervention can have the greatest impact in breaking the cycle of poverty by preventing it.

Focusing On People, Not Programs to Help Ohioans Move Up and Out Of Poverty: The budget seeks to end the siloed, fragmented approach that for far too long has tried to treat the collected "symptoms" of poverty instead of seeking a cure for the underlying challenges that needy Ohioans face. The budget starts fixing this by allocating existing federal and state funding to create the framework for a comprehensive case management and employment initiative. The initiative will provide unique collections of services around individuals based on their needs and better support them as they move up and out of poverty. The goal is to expand this approach to all Ohioans on public assistance.

Removing Barriers to Moving Up: The lack of access to affordable and quality child care remains one of the biggest barriers to work. Furthermore, the loss of subsidized child care once a family's income grows above 200 percent of the federal poverty level (approximately \$3,298 a month for a family of three) is one the most detrimental benefit "cliffs" working poor encounter as their economic situations improve. Softening the impact of these types of "cliffs" removes a significant disincentive to economic advancement for the working poor and the budget does that by raising the income limit for initial child care eligibility and allowing families to keep subsidized child care longer as their incomes gradually increase. Families would instead have their child care subsidies phased out gradually until their income reaches 300 percent of the federal poverty level, or approximately \$4,948 a month for a family of three.

Bottom Line: The budget begins laying the foundation needed to move Ohio's disjointed array of human services and workforce programs into a better-coordinated, person-centered approach to support low-income Ohioans as they move up and out of poverty. By focusing first on teens and young adults, factors that contribute to life-long poverty can be addressed before they become insurmountable. In addition, addressing the child care benefit "cliff" removes one of the biggest barriers to employment for the working poor.





HEALTH COVERAGE WORKS

Transforming Health Care, Modernizing Medicaid, Strengthening Accountability

Four years ago, Governor John R. Kasich enacted innovative new policies to modernize Medicaid, streamline health and human services, and improve overall health system performance. With the help of public and private partners, that work is beginning to pay off for Ohioans:

- Better Value and Better Care: Today, nearly 4 of every 5 individuals on Medicaid receive their benefits through a private managed care organization, not the old government-run fee-for-service system. Care is better and this budget holds Medicaid's cost growth to less than 3 percent per member per month next year. This is the result of new reimbursement policies, better primary and preventive care, and residents taking greater responsibility in their care.
- More Home Care, Less Institutional Care: In 2014, for the first time, Ohio Medicaid spent more on home and community-based services than it did on institutions. Governor Kasich is committed to providing all residents with options in determining what level and settings of care are right for them. Ohio is now a national leader in transitioning individuals out of institutions and back into their communities.
- Streamlining Human Services Systems: Eligibility determinations for all health and human service programs in Ohio were fragmented, overly complex, and relied on outdated technology. On October 1, 2013, the new online *Ohio Benefits* system went live and is transforming eligibility determination in Ohio by removing barriers for low-income residents to obtain health care benefits.
- Incentivizing Better Care—Not Just More Care: Ohio leads the nation in innovative efforts to improve the health of its citizens by resetting the basic rules of health care competition to reward better care, not just more care. On December 17, 2014, the federal Center for Medicare and Medicaid Innovation recognized the progress the state is making by awarding Ohio a four-year grant to test innovative new payment models that improve overall health system performance.

Building On Success, Taking Medicaid Modernization to the Next Level: While the improvements in recent years have succeeded in helping restrain costs and improve quality, Ohio's health care landscape requires additional reforms to further ensure that taxpayer dollars are protected and positive health outcomes are realized. The budget seeks additional innovations that improve health in a fiscally responsible way.

Rebalancing Long Term Services and Supports: Governor Kasich believes all Ohioans should be able to choose the setting for care that is right for them and this budget builds on the success of his first term to improve the quality and coordination of home and community-based alternatives to institutional placements. Today, more than 50 percent of long-term care spending is directed to home- and community-based options, rather than institutional settings.

- Unprecedented New Investments in Developmental Disabilities Services: The budget makes historic new investments to ensure that more Ohioans with a developmental disability who wants to live and work in the community can do so. This proposal invests \$286 million over two years to increase home- and community-based services, create new options for individuals who want to leave institutions and support community work opportunities.
- Rebuilding Community Behavioral Health Resources: In the four years prior to the Kasich Administration, Ohio's mental

health and addiction services system was in turmoil. State funding for mental health had been reduced by nearly 20 percent. The Kasich Administration reversed this trend by increasing mental health funding and extending Medicaid coverage to more individuals needing behavioral health services. This budget adds additional services to the Medicaid behavioral health benefit package, and improves care coordination through managed behavioral health care

Encouraging Healthier Families and Communities Across Ohio: Reforms included in this package connect directly to residents in our communities. By developing new methods to deliver health care and increase access, the Kasich Administration seeks to help all Ohioans lead healthier lives.

- **Reducing Infant Mortality:** It is not acceptable that more than 1,000 Ohio babies die each year before their first birthday; it is one of the worst infant mortality rates in the country. The budget provides enhanced maternal care coordination through Medicaid for women living in neighborhoods most at risk for poor infant health outcomes.
- **Reducing Tobacco Use:** Ohio ranks 8th in the nation in the percent of adults who smoke. In addition, 15 percent of high school students and nearly 4 percent of middle school students were current smokers in 2013. To combat these issues, the budget increases the current tax on cigarettes by 35 cents.
- **Improving Academic Achievement Through Better Health in Schools:** Currently, there are 580 school systems enrolled in the Medicaid in Schools Program serving 61,000 Medicaid eligible students with an Individualized Education Plan (IEP). This budget includes enhancements to pay for additional services provided to children at MSP sites, and significantly reduces the financial burden on local school districts.

Improving Quality and Reforming Payments by Rewarding Value, Not Volume

- **Expanding Care Coordination Services:** The budget seeks to improve health care for children in foster care by providing them the coordinated care benefits of Medicaid's managed care plans instead of the old, government-run fee-for-service program. Additionally, individuals with developmental disabilities will have the option to enroll in private Medicaid through managed care plans.
- **Increasing Nursing Facility Quality:** Building upon the work of the previous four years, the budget strengthens the relationship between payment and quality for residents. Nursing facilities will be eligible to receive new performance payments if they reach more rigorous quality benchmarks. Every nursing facility in Ohio will be eligible to receive additional funds.
- **Reforming Hospital Payments:** By extending Medicaid in 2014, Ohio's hospitals now are able to receive payment for nearly all of the services they provide instead of having to simply absorb the costs of care in many instances in which patients lacked coverage or could not afford to pay. This change has provided a significant improvement in many hospitals' fiscal health and provided needed financial stability, especially to many smaller hospitals in rural, under-served areas. As a result, a temporary 5-percent hospital rate increase provided by Ohio Medicaid to help hospitals weather recent financial hardships will be allowed to expire. In addition, Medicaid will launch new efforts to improve health outcomes and help hospitals control costs with new strategies that increase quality and prevent errors that can cause unnecessary and potentially harmful readmissions.

BOTTOM LINE: The budget continues to transform Ohio into a national leader in health care. This latest series of reforms focuses on improving the quality and outcomes associated with our state's health care programs, while staying accountable to Ohio taxpayers and finding new ways to support all Ohioans. Despite significant new investments in primary care, behavioral health care, and for persons with developmental disabilities, good program management will hold Medicaid's per member cost growth to below 3 percent next year.





A STRONG COMMITMENT TO EARLY CHILDHOOD

Governor John R. Kasich has made it a priority to expand and improve Ohio's early childhood programs since a child's earliest years are so critical to their future wellbeing. The 2016-17 budget includes \$61.5 million in new funds for early childhood programs.

Increasing Slots for High Quality Preschool: Gov. Kasich doubled the number of preschool opportunities in his first term for economically disadvantaged children by expanding the program from 5,700 to 11,090 children. Now, in FY16-17, the budget will add an additional \$40 million to provide preschool for 6,125 additional children, bringing the total number of children served to more than 17,000—more than a threefold increase from 2013 in both children served and funding.

Improving the Quality of Early Childcare Services: Because we know that most of the brain development takes place in the first five years of life, Ohio is taking steps in this budget to assure that children, of all ages, who attend quality-rated childcare facilities, have access to at least 12.5 hours of educational instruction each week. This will align childcare standards with preschool education.

New Behavioral Health Resources for Young Children: The impact of poverty and trauma on young children can have a lasting effect on their emotional and academic wellbeing. To help address these issues, Ohio will apply best practices developed over the past three years and provide \$5 million over the biennium to make Early Childhood Mental Health Counselors available to children, teachers and early childcare staff; create a hotline for acute problems; and make an early childhood counselor available for site visits within 48 hours of a request to conduct observations, train staff and develop support plans for children in need.

Removing Barriers to Moving Up: The lack of access to affordable, quality childcare remains one of the top employment barriers to low-income parents.

- Covering Copays: Many families below 100 percent of the federal poverty level cannot afford the current copays for childcare thus keeping them from getting a job. The state will allocate \$7 million each year to cover the copays for families making less than 100 percent of the federal poverty level. This will make it easier for low-income families to get childcare while they go to work and align childcare with preschool education.
- Ending the Childcare "Cliff": The sudden loss of subsidized childcare if a parent or family's income exceeds 200 percent of the federal poverty level (approximately \$3,298 a month for a family of three) can actually prevent some parents from taking a better-paying job and moving up on the economic ladder. The budget softens barriers to economic advancement by allowing families to keep subsidized child care on a gradually reducing scale up to 300 percent of the federal poverty level (approximately \$4,948 a month for a family of three).

BOTTOM LINE: The budget continues Governor John R. Kasich's commitment to expanding and improving Ohio's early childhood programs since a child's earliest years are so critical to their future wellbeing. The budget includes new funds for early childhood programs, including expanded preschool opportunities for economically disadvantaged children.





FUELING THE ENGINES OF GROWTH: OHIO'S SMALL BUSINESSES

*The New Budget Continues Gov. Kasich's Commitment to Small Business
As the Engine of Jobs Creation and Economic Well-Being of Ohio's Hometowns*

Small businesses are some of the most important drivers of our economy, making up roughly 98 percent of all Ohio businesses and employing half of our state's private-sector workforce. Since taking office, Gov. John Kasich has enacted \$5 billion in tax cuts for all working Ohioans, including eliminating the estate tax, cutting the state income tax by more than 16 percent, creating substantial tax deductions for small businesses, and giving targeted tax relief to low-income workers.

\$1.9 BILLION IN NEW TAX CUTS

- Eliminating Income Taxes for Many Small Businesses by 2017: 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 all together. For businesses above that income level, Ohio will establish a new, low flat tax rate of 3 percent. Over the next two years, this dramatic tax cut will free up nearly \$950 million in new capital for Ohio's hometown businesses to better leverage the expanding economic recovery, make new investments and increase hiring.
- 6.3 Percent Income Tax Cut for All Ohio Taxpayers: Personal income tax rates will be cut for all Ohio taxpayers by an additional 6.3 percent. This change means Ohio's top marginal rate will have been cut from 5.925 percent in 2011 to 4.97 percent in 2017.

BUILDING ON WHAT WORKS: Provisions in the budget that support small businesses and promote a jobs-friendly climate are just the latest in a long record of policies in support of entrepreneurs.

- Reforming Ohio's Regulatory Environment: Led by Lt. Gov. Mary Taylor, the Common Sense Initiative (CSI) was one of the first initiatives of the Kasich Administration, charged with eliminating excessive or duplicative rules and regulations that stand in the way of job creation. Since 2012, CSI has reviewed more than 5,500 rules and regulations for their impact on job creators.
- Cutting Taxes to Spur Economic Growth: With his signature on this budget, Gov. Kasich has enacted \$5 billion in tax cuts for all working Ohioans. These cuts include total elimination of the estate tax, reducing the state income tax more than 16 percent, large increases in small business tax deductions and giving targeted tax relief to low-income workers.
 - In Gov. Kasich's first year in office, he moved forward with a scheduled \$450 million income tax cut that had been put on hold by the previous administration.
 - Ohio's estate tax (the "death tax") was eliminated making it easier for families to pass their business down to a family member without penalty.
 - In 2013, Gov. Kasich's second budget included net tax cuts of \$2.7 billion, including a 10 percent income tax cut and a 50 percent small business tax deduction.
 - In 2014, Gov. Kasich increased the small business tax deduction to 75 percent.
- Returning \$2 Billion to Job Creators in Workers Compensation Rebates: Thanks to strong investment management and efficient operations, the Ohio Bureau of Workers' Compensation was able to return \$1 billion in rebates to its 200,000

public- and private-employer customers in 2013 and again in 2014. In addition, the bureau tripled investments in worker safety grants and set the stage to lower all rates by modernizing its payment system.

- Fully Refunding Taxpayers' Money: The Kasich Administration ended a decades-long practice whereby the Department of Taxation failed to inform business taxpayers of overpayments unless payers proactively asked for a refund. Unclaimed refunds had been returned to the state treasury. Now, business taxpayers are notified of overpayments, which are then either applied to other tax liabilities or returned.
- Supporting Small Business's Workforce Needs: The Kasich Administration launched an improved website, *OhioMeansJobs.com*, providing a one-stop career center to connect employers with qualified talent. Ohio employers can post job openings and search more than two million resumes available at *OhioMeansJobs.com* to identify the skilled worker they need. Employers also get easy access to Ohio's employment programs to take advantage of potential incentives and tax credits. Additionally, small business owners can utilize the Business Support Center, a dedicated team committed to matching an employer's job needs with knowledgeable, skilled workers.
- Improving Ohio's Infrastructure Without a Tax Increase: Ohio's job creators depend on the ability to efficiently ship raw materials and goods throughout the state and across the country. In 2011, Ohio faced a \$1.6 billion transportation funding gap, which challenged our ability to repair or replace crumbling infrastructure. In response, Gov. Kasich's introduced the Jobs and Transportation Plan. That program is now injecting nearly \$3 billion of state, local and federal funds into key infrastructure projects – without raising the gas tax – and allowing those projects to be completed faster. Many projects that had previously been delayed for a decade or more will now begin construction within the next few years. As a result of the governor's program, the 2014 construction season on Ohio's roadways was the largest ever, investing \$2.5 billion in over 900 construction projects statewide.
- Income Tax Credits to Encouraging Entrepreneurship and Investment: Historically, small businesses have created two out of every three new jobs, so Ohio spurred economic development by directly helping these entrepreneurs reinvest in their businesses. InvestOhio was launched by the Kasich Administration to encourage risk-taking by making investments of up to \$10 million eligible for an income tax credit worth 10 percent of the total investment.
- Reforming a Municipal Tax System to Encourage Small Business Growth: Ohio established a uniform tax base and filing schedule to help fix a long-standing problem that had imposed unnecessary costs and burdens on business taxpayers as they had to comply with hundreds of different tax systems and thousands of forms, rates and regulations.

BOTTOM LINE: Ohio has made it a priority to create an economic climate for small businesses to succeed and create jobs.





PROTECTING OUR LAKE ERIE WATERSHED

Aggressively Tackling Water Quality Issues

Through Ohio's state agencies — and in partnership with the General Assembly, conservation organizations, agricultural organizations, local communities and the federal government — the Kasich Administration is working to improve water quality throughout Ohio. This includes a special focus on Lake Erie and its tributaries by reducing the threat of harmful algal blooms and eliminating the open-lake disposal of dredge material. Ohio has invested more than \$1 billion since July 2011 in the Lake Erie watershed to improve drinking water and wastewater facilities, monitor water quality, plant cover crops, recycle dredge material, install controlled drainage systems on fields and fix faulty septic systems. Ohio has embraced new reforms initially introduced in the budget but passed through Senate Bill 1 to build on this progress with additional regulations to protect its environment.

No Open Lake Disposal of Dredge Materials by 2020: Reducing the sediment dumped in Lake Erie will help reduce chemical and nutrient loading, which likely contributes to harmful algal blooms, and will improve water quality while protecting fish and wildlife habitats. Ohio will require that all dredge material be diverted from open-lake disposal by 2020, unless it's for a beneficial use such as beach nourishment.

No Manure or Fertilizer Application on Frozen/Snow Covered Ground in Western Basin: Ohio will prohibit manure or fertilizer from being applied to frozen, snow-covered or rain soaked ground in the Western Lake Erie Basin unless proper farming practices such as injection, tillage, or cover crops are also used. If needed, medium-sized farms will have one year, and small farms two, to work with the Department of Natural Resources to comply with the new manure regulations. This provision is necessary to reduce the nutrients that cause algal blooms and restore the health of our great lake.

Limiting Phosphorus Discharges: Ohio Environmental Protection Agency is modifying new and existing wastewater discharge permits for major public wastewater treatment plants to expand monitoring and continue to limit phosphorus discharges in state waters.

Additional Requirements for Spreading Manure: The Ohio Department of Agriculture will now require anyone applying livestock manure from a Concentrated Animal Feeding Facility to obtain a Certified Livestock Manager certificate or an agricultural fertilizer applicator certificate. Both certifications help ensure that applicators practice responsible nutrient management principles. This statewide provision will work to further protect our environmental resources while allowing Ohio to continue to grow its vital agricultural industry.

BOTTOM LINE: Gov. John R. Kasich is working to improve water quality throughout Ohio with a special focus on Lake Erie by reducing the threat of harmful algal blooms and eliminating the open-lake disposal of dredge material.

