WHAT HAPPENED TO THE 20% CUT IN STATE FUNDING?

CONSUMER SPENDING DROPPED BECAUSE PEOPLE WERE AFRAID TO GO TO STORES, AND BECAUSE OF STAY-AT-HOME ORDERS.
WHAT HAPPENED TO THE 20% CUT IN STATE FUNDING?

OHIO UNEMPLOYMENT RATE SPIKED TO 17.6% IN APRIL
WHAT HAPPENED TO THE 20% CUT IN STATE FUNDING?

$2.2 TRILLION IN FEDERAL RELIEF PACKAGE BOLSTERED THE ECONOMY - REPRESENTS 10% OF THE PRE-PANDEMIC GDP
WHAT HAPPENED TO THE 20% CUT IN STATE FUNDING?

THIS STABILIZED CONSUMER SPENDING, AND LED TO AN INCREASE IN SAVINGS, WHICH INCREASED BY $1.6 TRILLION (173% HIGHER THAN IN 2019).

Source: Bureau of Economic Analysis via FRED
WHAT HAPPENED TO THE 20% CUT IN STATE FUNDING?

IMPORTANT TO NOTE THAT SPENDING ON DURABLE AND NONDURABLE GOODS INCREASED, DURING THE OVERALL DECREASE IN SPENDING.
WHAT HAPPENED TO THE 20% CUT IN STATE FUNDING?

THE MAJORITY OF THOSE WHO LOST EMPLOYMENT WERE IN LOW SKILL, LOW WAGE JOBS.

The K-Shaped Recovery

- Stockholders
- Homeowners
- Tech, Finance
- Men
- College grads
- SouthWest Goods
- Prime borrowers

- Renters
- Hospitality, Retail
- Women
- Non-college grads
- Northeast Services
- Subprime borrowers

Source: Moody's Analytics
WHAT HAPPENED TO THE 20% CUT IN STATE FUNDING?

ANSWER: SALES & INCOME TAXES PERFORMED BETTER THAN EXPECTED
STATE REVENUE PROJECTIONS GOING FORWARD

Figure B-10: GRF Tax Revenues, Baseline and After Proposed Law Changes
(dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th>Actual FY 2020</th>
<th>Estimate FY 2021</th>
<th>Forecast FY 2022</th>
<th>Forecast FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline GRF Taxes</td>
<td>22,623.2</td>
<td>24,294.4</td>
<td>24,789.0</td>
<td>25,636.9</td>
</tr>
<tr>
<td>GRF Taxes After Policy Changes</td>
<td></td>
<td></td>
<td>24,772.7</td>
<td>25,609.7</td>
</tr>
</tbody>
</table>
STATE REVENUE PROJECTIONS GOING FORWARD

Figure B-14: Personal Income Tax All Funds and GRF Revenues
(dollars in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>PIT - All Funds</th>
<th>PIT - GRF</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018</td>
<td>$8,796.0</td>
<td>$8,411.0</td>
</tr>
<tr>
<td>FY 2019</td>
<td>$9,313.4</td>
<td>$8,910.2</td>
</tr>
<tr>
<td>FY 2020</td>
<td>$8,285.0</td>
<td>$7,881.3</td>
</tr>
<tr>
<td>FY 2021</td>
<td>$9,622.3</td>
<td>$9,389.7</td>
</tr>
<tr>
<td>FY 2022</td>
<td>$9,613.5</td>
<td>$9,175.5</td>
</tr>
<tr>
<td>FY 2023</td>
<td>$10,025.7</td>
<td>$9,571.4</td>
</tr>
</tbody>
</table>
STATE REVENUE PROJECTIONS GOING FORWARD

SALES AND USE TAX REVENUES - GRF
GOVERNOR DEWINE'S 2022 & 2023 BUDGET

Figure C-4: Total GRF – Recommended Appropriations for Fiscal Years 2022 and 2023

- Medicaid: 49.3%
- Primary and Secondary Education: 21.8%
- General Government: 3.5%
- Health and Human Services: 4.5%
- Justice and Public Protection: 7.3%
- General Revenue Distributions: 4.9%
- Higher Education: 7.3%
- Other Education: 1.4%
GOVERNOR DEWINE'S 2022 & 2023 BUDGET

Table C-6: GRF Recommended Appropriations
State Share Only
(dollars in millions)

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary and Secondary Education</td>
<td>$8,151.8</td>
<td>$8,120.6</td>
<td>$16,272.5</td>
</tr>
<tr>
<td>Higher Education</td>
<td>$2,738.7</td>
<td>$2,743.5</td>
<td>$5,482.2</td>
</tr>
<tr>
<td>Other Education</td>
<td>$518.6</td>
<td>$498.4</td>
<td>$1,017.0</td>
</tr>
<tr>
<td>Medicaid</td>
<td>$5,364.2</td>
<td>$6,997.2</td>
<td>$12,361.4</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>$1,693.7</td>
<td>$1,674.9</td>
<td>$3,368.6</td>
</tr>
<tr>
<td>Justice and Public Protection</td>
<td>$2,679.2</td>
<td>$2,765.5</td>
<td>$5,444.7</td>
</tr>
<tr>
<td>General Government</td>
<td>$1,318.2</td>
<td>$1,274.7</td>
<td>$2,592.9</td>
</tr>
<tr>
<td>General Revenue Distributions</td>
<td>$1,834.4</td>
<td>$1,854.0</td>
<td>$3,688.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,308.9</strong></td>
<td><strong>$25,928.9</strong></td>
<td><strong>$50,237.8</strong></td>
</tr>
</tbody>
</table>

Note: Numbers may not add to total due to rounding.
Source: Ohio Office of Budget and Management, February 2021
GOVERNOR DEWINE'S 2022 & 2023 BUDGET

DOES NOT USE ANY FUNDING FROM THE RAINY DAY FUND

<table>
<thead>
<tr>
<th>Date</th>
<th>Ending Balance</th>
<th>% of GRF Revenues</th>
<th>Ending Balance</th>
<th>% of GRF Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. 6/30/2023</td>
<td>$190.6</td>
<td>0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Est. 6/30/2022</td>
<td>$583.0</td>
<td>1.6%</td>
<td>$2,691.6</td>
<td>6.8%</td>
</tr>
<tr>
<td>Est. 6/30/2021</td>
<td>$183.7</td>
<td>0.5%</td>
<td>$2,691.6</td>
<td>7.4%</td>
</tr>
<tr>
<td>6/30/2020</td>
<td>$784.8</td>
<td>2.3%</td>
<td>$2,691.6</td>
<td>8.0%</td>
</tr>
<tr>
<td>6/30/2019</td>
<td>$839.0</td>
<td>2.5%</td>
<td>$2,691.6</td>
<td>8.0%</td>
</tr>
<tr>
<td>6/30/2018</td>
<td>$166.3</td>
<td>0.5%</td>
<td>$2,691.6</td>
<td>8.3%</td>
</tr>
<tr>
<td>6/30/2017</td>
<td>$170.9</td>
<td>0.5%</td>
<td>$2,034.1</td>
<td>6.0%</td>
</tr>
<tr>
<td>6/30/2016</td>
<td>$735.2</td>
<td>2.2%</td>
<td>$2,034.1</td>
<td>6.0%</td>
</tr>
<tr>
<td>6/30/2015</td>
<td>$849.4</td>
<td>2.7%</td>
<td>$2,004.6</td>
<td>6.4%</td>
</tr>
</tbody>
</table>
STATE SHARE OF INSTRUCTION (SSI)

- ALL SSI CUTS FOR FY 2021 HAVE NOW BEEN RESTORED

- RESTORATION OF THOSE CUTS ESTABLISHED A HIGHER BASE FOR FY 2022 AND 2023

- SSI FUNDING IS RECOMMENDED TO INCREASE 1.0% IN FY 2022 AND 0.9% IN FY 2023
  - FY 2022 funding is a 6% increase from FY 20 cut levels

- THIS IS IN ADDITION TO THE $4.5 MILLION IN SSI THAT WAS APPROVED IN DECEMBER TO HELP TRANSITION TO A NEW FORMULA METRIC ON ENTRY LEVEL MATH & ENGLISH.
OHIO DEPARTMENT OF HIGHER EDUCATION BUDGET HIGHLIGHTS

INCREASES IN STUDENT FINANCIAL AID PROGRAMS
• OHIO COLLEGE OPPORTUNITY GRANT
• CHOOSE OHIO FIRST SCHOLARSHIPS
• NATIONAL GUARD SCHOLARSHIPS

MOST POLICY RELATED ISSUES WILL NOT BE KNOWN UNTIL THE BUDGET BILL IS FORMALLY INTRODUCED IN THE NEAR FUTURE.
• TUITION FLEXIBILITY
• FAFSA COMPLETION
• ADULT LEARNERS
• COLLEGE CREDIT PLUS
INVESTING in Ohio’s FUTURE

Support Ohio’s Small Businesses
$460 million

Strengthen Ohio’s Communities
$450 million

Tell Ohio’s Story
$50 million

Grow Ohio’s Skilled Workforce
$70 million
“INVESTING IN OHIO INITIATIVE” - $1 BILLION IN TARGETED, ONE-TIME INVESTMENTS

**Sustaining Businesses**
- **$200 million** for bars and restaurants by providing grants of up to $30,000
- **$150 million** for small businesses by providing grants of up to $10,000
- **$50 million** for lodging industry businesses by providing grants of up to $30,000
- **$40 million** for entertainment venues by providing grants of up to $30,000
- **$20 million** for new businesses by providing grants of up to $10,000

**Enhancing Communities**
- **$250 million** to expand broadband access throughout Ohio
- **$200 million** for community infrastructure projects by providing grants up to $2.5 million per project
- **$50 million** to “Tell Ohio’s Story” through a marketing campaign promoting Ohio as a place to live, learn and work

**Growing a Skilled Workforce**
- **$50 million** over the biennium + **$5 million** in FY 21 for TechCred and IMAP to fund an additional 45,000 credentials through
- **$15 million** to target investments in economically distressed rural and urban communities
- **$16 million** to help HS students earn workforce credentials each year
- **Expand Ohio to Work and Industry Sector Partnerships**
BUDGET TIMELINE

Governor’s Executive Budget Introduced (Feb 1)

House Budget Deliberations (Feb – April)

Senate Budget Deliberations (April – June)

Budget Conference Committee (June)

Governor Signs Budget with Line Item Vetoes (June 30)
134TH GENERAL ASSEMBLY

REPUBLICANS PICKED UP ADDITIONAL SEATS IN 2020

OHIO HOUSE OF REPRESENTATIVES
- 64 REPUBLICANS
- 35 DEMOCRATS
(23 “FRESHMEN” MEMBERS)

OHIO SENATE
- 25 REPUBLICANS
- 8 DEMOCRATS
(6 NEW, 2 “FRESHMEN” MEMBERS)
HOUSE MINORITY LEADERSHIP – 134TH GA

Minority Leader

Emilia Sykes
D-Akron

Assistant Minority Leader

Kristin Boggs
D-Columbus

Minority Whip

Paula Hicks-Hudson
D-Toledo

Assistant Minority Whip

Richard Brown
D-Canal Winchester
SENATE MAJORITY LEADERSHIP – 134TH GA

President
Matt Huffman
R-Lima

President Pro Tempore
Jay Hottinger
R-Newark

Majority Floor Leader
Kirk Schuring
R-Canton

Majority Whip
Rob McColley
R-Napoleon
SENATE MINORITY LEADERSHIP – 134TH GA

Minority Leader

Kenny Yuko
D-Richmond Hts.

Assistant Minority

Cecil Thomas
D-Cincinnati

Minority Whip

Nickie Antonio
D-Lakewood

Assistant Minority Whip

Tina Maharath
D-Canal Winchester
KEY HOUSE COMMITTEES

FINANCE (22 R | 10 D)
Scott Oelslager, Chair
Phil Plummer, Vice Chair
Reps: Abrams, Baldridge, Callender, Carfagna, Carruthers, Cross, Edwards, Ghanbari, Hoops, Kick, LaRe, Lipps, Patton, Richardson, Roemer, Schmidt, Stephens, Stoltzfus, Swearingen, Wilkin
Dems: TBA

FINANCE HIGHER ED SUBCOMMITTEE (3 R | 2 D)
Jon Cross, Chair
Hiraz Ghanbari, Vice Chair
Rick Carfagna
Dems: TBA

HIGHER ED & CAREER READINESS (8 R | 3 D)
Lara Lanese, Chair
Tim Young, Vice Chair
Reps: Bird, Cross, Hall, John, Manning, Pavliga
Dems: TBA

EDUCATION (10 R | 5 D)
Gayle Manning, Chair
Adam Bird, Vice Chair
Reps: Click, Fowler Arthur, Jones, Koehler, Manchester, Pavliga, Richardson, Swearingen
Dems: TBA
KEY SENATE COMMITTEES

FINANCE (10 R | 3 D)
Matt Dolan, Chair
Theresa Gavarone, Vice Chair
Reps: Blessing, Brenner, Hottinger, Lang, Manning, Peterson, Romanchuk, Schuring

Vern Sykes, Ranking Minority Member
Dems: Antonio, Craig

WORKFORCE & HIGHER ED (5 R | 2 D)
Terry Johnson, Chair
Jerry Cirino, Vice Chair
Reps: McColley, Reineke, Rulli

Sandra Williams, Ranking Minority Member
Dems: Antonio

SMALL BUSINESS & ECONOMIC OPPORTUNITY (5 R | 2 D)
Michael Rulli, Chair
George Lange, Vice Chair
Reps: Gavarone, Reineke, Schuring

Vern Sykes, Ranking Minority Member
Dems: Sandra Williams

EDUCATION (5 R | 2 D)
Andrew Brenner, Chair
Lou Blessing, Vice Chair
Reps: S. Huffman, O’Brien, Rulli

Teresa Fedor, Ranking Minority Member
Dems: Sykes
LOOKING AHEAD – LEGISLATIVE BILLS

A handful of key bills have already been or are likely to be introduced

• AUTHORITY FOR BOARDS TO MEET REMOTELY
  - Reintroduction of HB 404 for just college & university boards of trustees (Rep. Manchester)
  - Place broader temporary authority for all public bodies in permanent law

• LIMIT PERSONAL LIABILITY FOR COLLEGE TREASURERS/CFOs – SB 15 (Sen. Wilson)

• BROADBAND EXPANSION – SB 8 (Sen. McColley)
RAPID RECOVERY OHIO INITIATIVE (RAPID ROI)

TARGETED INVESTMENTS

- Use federal stimulus or state funding to support job-focused programs
- $1,500 per student to support 15,000 new credentials
- Focus on unemployed individuals or stopped out students

QUICKLY UPSKILL OHIO'S WORKFORCE

- Programs completed in one year or less
- Noncredit or credit pathways for in-demand jobs, critical occupations, or TechCred eligible credentials

PAYING FOR RESULTS

- Provide block grants for maximum flexibility
- Colleges would be paid as students progress and complete
LOOKING AHEAD – 134TH GA POLICY AGENDA

• MAKE OHIO “WORKFORCE READY”
  • Better Support Adult Learners
  • Support TechCred
  • Workforce Rapid Recovery Fund

• AFFORDABILITY AND ACCESS TO HELP CLOSE THE EQUITY GAPS
  • Emergency Aid Program
  • Expand Access to the OCOG Program
  • Increase FAFSA Completion
  • Expand Access to Broadband
LOOKING AHEAD – 134\textsuperscript{TH} GA POLICY AGENDA (CONT.)

• FUNDING STUDENT SUCCESS
  • State Support of Instruction
  • Tuition Flexibility

• COLLEGE CREDIT PLUS
  • Student Eligibility
  • Improve Career-Technical Pathways
  • Improve College Readiness for Academically Underprepared Students

• DEREGULATION
  • Acknowledge that community colleges are low-cost, efficient institutions of higher education by removing bureaucratic reporting requirements that unnecessarily divert resources on our campuses.
QUESTIONS?

Jack Hershey  jhershey@ohiocc.org
Tom Walsh  twalsh@ohiocc.org

Follow us on Twitter: @TheOACC