CLIENT ALERTS & INSIGHTS

Governor's Budget Outlines Major Policy Plans for Ohio's Future

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In his most recent annual State of the State address, Governor Mike DeWine focused on children and families by calling on the Legislature to pass tax breaks while increasing spending on economic development and social programs.

This is the Governor's third budget package which laid out his plans for his last four years in office. This is expected to be a legacy budget for him, with major investments in the areas he cares most deeply about - children and families.

The Governor's Office of Budget and Management developed the budget using the S&P Global baseline as the foundation for their forecasts, which predicts a mild recession in the first and second quarters, stating that "it is conservative and wise to use an underlying economic forecast that has a mild downturn built in." The all-funds budget totals $103.3 billion in fiscal year 2024, an increase of about 3.4 percent from the previous estimates.

Workforce and Economic Development:

Touting the success of Intel's development in Central Ohio, Governor DeWine announced the creation of a new $2.5 billion All Ohio Future Fund. This fund will help prepare potential sites for development so that every Ohioan will be within commuting distance of at least one of these sites. The program would help each region develop a large site so that the infrastructure is already in place the next time a manufacturer calls.

Gov. DeWine is also proposing a $150 million investment to create innovation Hubs in regions throughout the state, beyond the current locations in Cincinnati, Columbus and Cleveland.

DeWine's budget aims to create a new Office of Computer Science within the Ohio Department of Higher Education along with funding of $18.5 million in each fiscal year, as well as a new Computer Science Council with the goal of funding after school and summer programs offered by nonprofit organizations to fill the gaps in computer science education.

DeWine further proposes $200 million for a "Super RAPIDS" surge in coordination with the Office of Workforce Transformation for high-tech training equipment requested in collaboration with local businesses to prepare Ohioans for high-skilled in-demand jobs.

In the area of housing, the governor has proposed two new tax credits - a state Low Income Housing Tax Credit and a Single-Family Housing Tax Credit - aimed at stimulating construction. He also said the state should create an Ohio Home Ownership Savings Account that will help Ohioan save for down payments on homes.

His final directive was the creation of a Rivers Initiative within the H2Ohio program to "improve the quality and the health of our rivers, which are critical for wildlife habitat, infrastructure, drinking water, economic development, and recreation."

Children and Families:

The Governor has proposed a $2,500 per-child state tax deduction and a repeal on sales tax for infant supplies, as recommended by the Department of Taxation.

He has also called for a new cabinet-level agency called the Department of Children and Youth that would consolidate programs from six different state agencies to focus on physical health, behavioral health, kids in foster care, and early childhood education.

Governor DeWine wants to expand the EdChoice Scholarship program by expanding eligibility to families at or below 400% of the Federal Poverty Level. The program is currently capped at 250% of poverty, or $75,000 for a family of four. In addition, charter schools would receive more state funding, including an additional $3,000 for each economically disadvantaged student and raising the per-pupil facilities funding from $500 to $1,000.

Career centers would see a $300 million one-time funding bump for capital improvements and equipment, while more scholarship and need-based funding will be available for those who choose to attend college. Under Gov. DeWine's plan, students graduating in the top 5% of their high school class would receive a $5,000 a year scholarship to an Ohio college or university.

Healthcare:

Gov. DeWine's budget also features a strong mental health component, including the creation of the State of Ohio Action for Resiliency (SOAR) Network, a multi-year, multi-disciplinary study of mental health conditions and addiction. Another one-time investment would be used to increase capacity and access of the pediatric behavioral health system. He hopes to provide $46.5 million over two years for Ohio’s 988 Suicide and Crisis Lifeline network to increase the ability to provide a timely and quality response and intervention during a behavioral health crisis, and unprecedented funding toward suicide prevention efforts.

The Administration is proposing across the board Medicaid rate increases, the amounts of which we expect to be released this week.

The Governor emphasized that any conversations about nursing homes must include a discussion about quality control. He plans to appoint a task force to study the issue and will give it a short deadline to report findings.

Safety and Law Enforcement:

The Governor’s budget includes $40 million a year for de-escalation training, and the full funding of the Next Generation 911 in every Ohio community that will link calls directly to local dispatchers using a phone's GPS.

Gov. DeWine also wants to pay all monthly fees for any agency using the Multiagency Radio Communications System to encourage all agencies to use the same system for better collaboration.

Summary:

Budget language was recently released, and there are many more issues proposed in the bill including a doubling of the sports gaming tax, transferring the role of the Ohio Board of Pharmacy for the Medical Marijuana Program to the Ohio Department of Commerce and providing $3 million over the biennium for a drug abuse response team grant program. Hearings will continue in the House Finance Committee throughout the next few months, with the first round of amendments due in early April and House passage expected this spring. The Ohio Senate will then debate the House changes and add their amendments to the budget before they negotiate in a conference committee. The deadline for a budget bill to be signed into law is before the beginning of the new fiscal year on July 1, 2023.

If you have any questions about the Governor's budget proposal, or any other issue, please reach out to the Benesch Government Relations team.

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