



RENEW. REFORM. REVIVE.

BUDGET OF THE STATE OF OHIO • FISCAL YEARS 2012-2013

LEADERSHIP IN REDUCING GOVERNMENT COSTS

Setting Priorities, Reforming Programs Reduces FY12-13 Non-Medicaid Spending \$1 Billion

Accounting Maneuvers Made FY10-11 Spending Appear Artificially Low: The previous Administration’s dramatic use of one-time federal “stimulus” funds to support Medicaid—whose costs continue to rise due to the economic downturn—diverted spending out of the General Revenue Fund (GRF) and made the last budget’s GRF spending appear artificially low. The elimination of federal stimulus funds means these Medicaid costs now revert back to their normal place in the GRF. Even after the extensive cost-containment measures in the FY12-13 budget, Medicaid costs continue to increase and account for *the entire change* in GRF spending from the previous biennium.

Excluding Medicaid, the FY12-13 General Revenue Fund Goes Down \$1 Billion: These Medicaid issues mean that evaluating the FY12-13 budget only on the GRF creates a distorted picture. Excluding Medicaid costs reveals that the GRF goes down \$1 billion in the FY12-13 budget from the previous biennium. This reduction is due to dramatic efforts to reduce state agency spending and improve program efficiencies through major, overdue reforms.

Reducing Spending is Essential to Reducing Taxes: With Ohio’s total income tax burden ranking in the top third in the nation, it is essential to reduce government costs so we can begin reducing taxes and restore a jobs-friendly environment. The FY2012-13 budget starts this process.

GRF Spending Restraint and Medicaid’s Role as a Cost Driver

Comparing GRF Spending Between FY10-11 and FY12-13

[all amounts in billions]

	FY 2010 [Actual]	FY 2011 [Est.]	FY 2012 [Approp.]	FY 2013 [Approp.]	Biennial Change
GRF Total	24.1	26.6	27.1	28.7	
<i>Biennial Total</i>		50.8		55.8	5.0
Medicaid (JFS 600525)	8.4	10.5	11.8	13.1	
<i>Biennial Total</i>		18.9		25.0	6.0
GRF Adjusted (non-Medicaid)	15.7	16.1	15.2	15.6	
<i>Biennial Total</i>		31.8		30.8	-1.0

Note: GRF Adjusted (non-Medicaid) equals GRF Total minus Medicaid (JFS 600525).