



# BUILDING FOR OHIO'S NEXT GENERATION

BUDGET OF THE STATE OF OHIO • FISCAL YEARS 2018–2019

## **FYS 2018 AND 2019 BUDGET OVERVIEW**

By working together, we've been able to create a better Ohio over the past six years: more than 450,000 new private-sector jobs, a balanced budget with more than \$2 billion in reserves, lower taxes, common-sense regulations, record school funding and better roads. But, we can't rest on our laurels. We must do all we can to be prepared for the future. To continue Ohio's job creation momentum, the state's operating and transportation budgets for Fiscal Years 2018 and 2019 build on what we know works – focusing on areas critical to long lasting job growth and embracing the future and the emerging technologies that will create new job opportunities.

### **MAINTAINING FISCAL DISCIPLINE**

The essential foundation of Ohio's economic turnaround and improved business climate is state government's fiscal stability. As a result, Governor John R. Kasich's budgets have been among the strongest in the nation, and world-class corporations and small business operators alike are realizing that Ohio's stable state finances make it a welcoming place to do business and to have that business succeed.

- Preserving Ohio's Fiscal Stability: A climate of fiscal balance and stability continues to be the most important signal Ohio can send to job creators as they look to do business in a state that's on solid financial footing. This budget continues the Kasich tradition of conservative budgeting and restrained spending that has served Ohio well for the past six years.

### **STRENGTHENING OHIO'S JOBS-FRIENDLY BUSINESS CLIMATE**

Ohioans have enjoyed one of the biggest tax cuts in the nation over the past six years with more than \$5 billion in tax relief. These tax cuts have helped spur our state's economic recovery and made Ohio one of the nation's top states for job creation. At the same time, Ohio has made regulatory reform a key priority within state government. Despite this progress, many elements of Ohio's tax system remain irrational and align poorly with today's consumer-driven economy. That is why this budget builds upon the Kasich Administration's previously enacted reforms.

- Shrinking the Number of Tax Brackets: This budget reduces the number of state income tax brackets from nine to just seven, making Ohio's tax system simpler.
- Simplifying Tax Filing for Businesses to Encourage More Economic Growth: Despite significant progress to address long-standing problems in Ohio's municipal tax structure, some aspects of the system remain too complex and costly as businesses are forced to comply with hundreds of different tax systems. Provisions in this budget streamline that process by giving businesses the option of filing just one form for their municipal taxes and make a single payment through the Ohio Business Gateway. The Ohio Department of Taxation will process those payments and distribute revenues back to the appropriate local government, just as it does for county sales taxes and school district income taxes.

### **HELPING OHIOANS BETTER PREPARE FOR CAREERS AND COLLEGE**

Continual education and workforce training are crucial in today's economy if we are to help Ohioans be better prepared when technology forces profound changes for industries and their workforce needs.

- Record Resources for K-12 Education: Gov. Kasich has again made K-12 education a priority by increasing base support to Ohio schools by more than \$166 million. As a result, under the governor's leadership, Ohio will be spending \$1.5 billion more for K-12 education than in 2011 – the strongest level ever at nearly \$10.6 billion.
- Awarding Degrees and Certificates Based on Competency Instead of Just Classroom Time: Ohio's community colleges recently partnered with Western Governors University to provide a flexible option for adult learners. The multi-state, online institution awards college credit and degrees based on a student's demonstrated knowledge instead of just the amount of time spent in the classroom. To build upon that relationship, Ohio will now formalize Western Governors University.
- Offering Bachelor's Degrees at Community Colleges Where Demand Is Not Being Met: A new budget provision allows applied bachelor's degree programs to be offered through Ohio's community colleges in areas where Ohio's public and private universities do not offer specialized degree programs. This provides another low-cost pathway for students and strengthens Ohio's ability to meet workforce demands in the Knowledge Economy.
- Strengthening Pathways to a Low-Cost Degree: The state's new budget encourages more agreements between community colleges and four-year universities to allow students to complete three years of their coursework at a community college and finish their degree at a four-year university.

### **TAKING OHIO TO WHERE IT NEEDS TO BE IN THE 21<sup>ST</sup> CENTURY BY EMBRACING TECHNOLOGY**

Ohio state government has been working to stay ahead of the curve with advances in technology with innovative, forward-looking improvements in its programs and strategic investments in technologies that encourage economic growth. Gov. Kasich continues to build on that progress with a number of new or expanded initiatives.

- Tackling Complex Problems through Data Analytics: By better connecting and correlating state government's data resources through applying advanced analytical technologies, the state can tackle complex problems – such as infant mortality and child welfare – with solutions that improve Ohioans' health, security and well-being.
- Improving Cybersecurity: To ensure that Ohio's government, education and research infrastructure is protected against outside cybersecurity threats, Ohio will create a "cyber range" – a virtual environment used for cybersecurity training and IT infrastructure testing. At the same time, Ohio will work with the business community to develop a program to increase the number of students who pursue certificates or degrees in cybersecurity.
- Using Innovation and New Technologies to Improve Transportation for Those Seeking Health Services: Ohio will modernize its existing non-emergency medical transportation system for Ohioans seeking medical treatment.

### **SUPPORTING OUR MOST VULNERABLE OHIOANS**

The new state budget continues to prioritize necessary support for Ohio's most vulnerable, including the mentally ill, drug addicted and developmentally disabled.

- Better Choices for Ohioans with Developmental Disabilities: The last budget invested a historic \$286 million in additional dollars in Ohio's developmental disabilities system, and this budget includes an additional \$65 million that will continue the Kasich Administration's push to provide more opportunities for individuals with developmental disabilities to receive care in the community.
- Strengthening Ohio's Fight Against Drug Abuse: Ohio invests nearly \$1 billion each year to help fight drug abuse and addiction. The new budget maintains this strong funding commitment in order to provide continued access to health care for many Ohioans struggling with addiction, plus other necessary treatment and recovery supports.
- Supporting Mental Health Services: The new budget maintains the Kasich Administration's strong commitment to support Ohioans with mental health needs, including the continued integration of Ohio's behavioral and physical health systems, support for children in crisis and mental health hospital bed capacity.

## **GETTING A JUMP ON THE FUTURE OF TRANSPORTATION**

The Kasich Administration is committed to embracing the future of transportation with new investments and forward-looking policies to ensure that Ohio maintains its leadership role within the automotive and aviation industries in order to benefit from the business investments and jobs that follow. Highlights of the state transportation budget for FYs 2018 and 2019 – passed earlier this year – include:

- **Continuing Ohio’s Record-Breaking Pace for Highway Repairs and Improvement:** Over the past seven years, at the same time many states have fallen behind in repairs and improvements to highway infrastructure, Ohio has invested an unprecedented \$14 billion on nearly 7,000 projects – an increase of \$3 billion. The state’s new transportation budget continues that progress by investing in 43 major projects, 446 bridge projects, 615 pavement projects and 356 safety projects over the next two years.
- **Creating Smart Highways as Testing Corridors for New Transportation Technologies:** Ohio will create and instrument two additional smart highway projects – on the Interstate 270 beltway in Columbus and Interstate 90 in northeast Ohio for innovators to test and refine jobs-creating technologies. These will complement the state’s other research corridors on a stretch of U.S. Route 33 in central Ohio and the Ohio Turnpike.
- **Investing in the Transportation Research Center, America’s Foremost Independent Automotive Proving Ground:** Funding in the transportation budget, together with commitments from other partners, invests \$45 million for expanded research capabilities at the independent Transportation Research Center in East Liberty – the continent’s most advanced independent automotive test facility and an ideal environment for autonomous vehicle and smart highway research.
- **Developing the Nation’s First “Sense and Avoid” Test Site for Drones:** Ohio is working with the U.S. Air Force Research Laboratory to develop a ground-based “sense-and avoid-system” for unmanned aircraft and has already invested in a \$5 million cooperative effort. The state remains committed to advancing work underway at the Ohio Unmanned Aircraft System Center and Test Complex in Springfield for further research that gives Ohio a major advantage as drones become the basis for new industries and economic growth.

**BOTTOM LINE:** By maintaining Ohio’s fiscal strength through conservative budgeting and smart management, we can continue to provide job creators with a stable environment for growth. At the same time, embracing innovation and the jobs of tomorrow will keep Ohio economically competitive and at least one step ahead of others with emerging technologies that can help us reap the benefits and jobs that follow.





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## **STRENGTHENING OHIO'S JOBS-FRIENDLY CLIMATE**

Ohio has seen an impressive turn-around in its business climate over the past six years under the leadership of Governor John R. Kasich, receiving strong votes of confidence from a number of national surveys for the state's work to build a strong, business-friendly environment for job creation, capital investment and economic success. By continuing to focus on areas critical to long-lasting jobs growth, Ohio has seen the most improved business climate in the nation, creating nearly 450,000 new private sector jobs since the start of 2011 and bringing unemployment rates down to pre-recession levels.

### **Priority One: Preserving Ohio's Fiscal Stability with Conservative Budgeting**

The essential foundation of Ohio's economic turnaround and improved business climate is state government's fiscal stability. As a result, budgets enacted under the Kasich Administration have been among the strongest in the nation, and world-class corporations and small business operators alike are realizing that Ohio's stable state finances make it a welcoming place to do business and to have that business succeed. Then, as now, Ohio's jobs-friendly fiscal stability has been the result of conservative budgeting and restrained government spending in each of the three previous biennial budgets.

### **Developing a 21<sup>st</sup> Century Tax Plan to Drive More Job Creation**

Ohioans have enjoyed one of the biggest tax cuts in the nation over the past six years with more \$5 billion in tax relief. These tax cuts have helped spur our state's economic recovery and made Ohio one of the nation's top states for job creation. In the last biennial budget, Ohio took major steps to eliminate income taxes for many small businesses and further reduce income tax rates for all Ohioans. Despite these most recent reforms, many elements of Ohio's tax system remain irrational and align poorly with today's consumer-driven economy.

- **Simplifying Municipal Tax Filing for Businesses to Encourage More Economic Growth:** Despite significant progress in recent years to address long-standing problems in Ohio's municipal tax system, it remains cumbersome and costly as businesses are forced to comply with hundreds of different local tax systems. To save businesses the extra cost of computing and then filing "net profit" taxes with multiple municipalities, provisions in the new state budget streamline the process. Businesses will now have an option of filing just one form and a single payment online through the Ohio Business Gateway, with the Ohio Department of Taxation processing payments and distributing revenues back to the appropriate local government, just as it does for county sales taxes and school district income taxes. This is an important step toward bringing common sense to an outdated system and will save money for business taxpayers that operate in multiple jurisdictions. It will also save money for municipalities. The Department estimates that by bringing economies of scale to the processing of this tax, it can reduce administrative costs for these communities by about \$9 million a year.
  
- **Eliminating the Clutter in State Law for Those Who Pay Property Taxes:**
  - **Providing a Consistent Approach to Property Tax Appeals:** An Ohio taxpayer currently seeking to contest a property tax bill must begin by appealing at the county-level Board of Revision (BOR). Appeals of BOR decisions are taken directly to the state Board of Tax Appeals – with one exception. Confusingly, state law sends appeals

regarding a penalty for not paying property tax to the Ohio Tax Commissioner. Language in the new state budget eliminates that inconsistency by taking the Tax Commissioner out of the process and instead directs all cases to the Board of Tax Appeals.

- Ensuring Uniformity for Property Tax Exemption Applications: State universities often own property that qualifies for exemption from property taxes. To gain exempt status for certain types of qualifying property, universities presently need to apply for an exemption with the county auditor. Budget language now transfers the application and approval process from the county to the Ohio Tax Commissioner. This reform was supported by the County Auditors Association of Ohio.
- Eliminating Redundancy in State Law on Tax Exemption for Cemeteries: Under previous law, most cemeteries in Ohio are exempt from property taxes, provided by language that was redundantly described in five separate locations in the Ohio Revised Code (ORC). The new state budget eliminates the redundant provisions and combines the necessary language in one section of the ORC.
- Making Important Changes in Excise Tax Collection:
  - Simplifying a Property Owner's Exemption for Personal Use of Natural Gas: Ohio residents with a natural gas well on their property are entitled to personally use up to \$1,000 worth of their well's production without paying severance tax on that portion. However, because most of these non-commercial wells are not equipped with meters to measure how much gas is extracted and used, the owner can't know for certain whether tax is owed. A provision in the new state budget removes the \$1,000 limit and exempts all personal use of natural gas from the severance tax.
  - Establishing a One-Stop Process for Severance Permit Applications: Ohio's severance tax law requires a permit to extract certain minerals. Until now, taxpayers have obtained their permits from the Ohio Department of Natural Resources (ODNR), but the law also had allowed them to get a permit from the Ohio Tax Commissioner. Under those terms, permits from ODNR were issued at no charge, but any issued by the Tax Commissioner required a fee. New budget language eliminates this inconsistency by assigning issuance of all severance permits to ODNR and removing the Tax Commissioner from the process.
  - Simplifying the Tax Return Process for Cigarette Wholesalers: For many years, cigarette wholesalers in Ohio have followed a cumbersome process of filing monthly tax schedules and a semi-annual reconciliation return to verify the inventory they have been reporting each month. Language in the new state budget significantly reduces that paperwork burden by consolidating these reports on one monthly return.
  - Eliminating Loopholes to Ensure Tax Payments Are Current: Before a liquor permit can be issued or renewed, the Department of Taxation checks to make sure the merchant doesn't owe sales or employer withholding taxes to the state. A provision in the new state budget now ensures that the merchant also is current on all excises taxes (e.g., tobacco taxes and alcoholic beverage taxes) before a permit is issued. Similarly, the Tax Commissioner is now authorized to deny licenses to tire distributors, motor fuel dealers or tobacco distributors if they are delinquent with any tax payments.
  - Making Truth a Requirement for Obtaining or Holding a License: Another budget provision now provides the Tax Commissioner authority to deny or revoke a tax-related license if the application contains a fraudulent statement.
- Updating Sales Tax Laws:
  - Eliminating Unneeded Paperwork from County Auditors: County auditors had previously been required to report a list of all vendor's licenses to the Ohio Department of Taxation. New budget language makes that report no longer necessary because all state vendor's licenses are now obtained and registered electronically through the department.

- Bringing Sales Tax Brackets into the Computer Age: Before computers and electronic cash registers, Ohio law defined a series of tax brackets to help merchants determine how much sales tax to charge on a particular item (e.g., if there is a combined state/local sales tax rate of 7 percent, items priced between 8-21 cents are taxed one cent). Now retail technology computes the tax due based on the rate that exists in a particular county. Language in the new state budget eliminates the obsolete brackets from the Ohio Revised Code.
- Ensuring Better Scrutiny of Habitually Late Taxpayers: Business taxpayers who repeatedly fail to remit sales tax they collect or neglect to file sales tax returns on time are placed in the Habitual Offenders Program (HOP) to help them maintain compliance. In the past, some HOP participants have taken money they collected for the employer withholding tax and used it to pay the sales tax so that they remain current and compliant with HOP requirements. New budget language closes that loophole and requires HOP taxpayers to be current with both sales tax and employer withholding tax obligations.
- **Making Other Common Sense Tax Code Revisions**:
  - Setting a Sensible Minimum before Collecting the Wireless 9-1-1 Charge: Language in the new state budget affecting the state fee that helps pay for county 9-1-1 service now requires a one dollar minimum for collection or refund of that fee. This makes the Wireless 9-1-1 fee consistent with all other state taxes in this regard.

**BOTTOM LINE**: By making tax reform a priority each year of the Kasich Administration, Ohio has strengthened its ability to grow the economy and jobs in our state. With other states also cutting taxes and looking to stay competitive, Ohio must continue to make its tax code friendlier to job creators and entrepreneurs, while helping Ohioans keep more of what they earn. The new state budget for FYs 2018 and 2019 takes important steps in that direction.





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## **SMART MOBILITY: PUTTING OHIO ON TRACK TO TRANSPORTATION LEADERSHIP**

*Our State's Long History of Transportation Manufacturing, Research and Innovation Place Ohio in a Leadership Position to Benefit from New Technologies and the Jobs of Tomorrow*

For more than a century, Ohio has been at the heart of transportation manufacturing, innovation and research. Those ties grow stronger with each passing year and the innovations developed here will continue to build on our state's historic role as a world leader in transportation technology. The Kasich Administration is committed to embracing the future with new investments and forward-looking policies to ensure that Ohio maintains its leadership position with smart mobility and other emerging technologies – ready to benefit from the business investments and jobs that follow. By being one of the first – and best positioned – states to embrace new technologies for drones, autonomous and connected vehicle technology, data analytics and other industries of the future, Ohio can also be among the first to benefit. The state's biennial transportation budget for Fiscal Years 2018 and 2019 provides strong support for these efforts:

### With World-Class Research Capabilities and Highway Infrastructure, Ohio Has a Head Start on Smart Mobility Innovation:

In addition to having the world's leading automotive manufacturers and suppliers in Ohio, our state benefits from the research and development resources those companies are bringing here. We also rank high among all the states for the quality and maintenance of our complex highway infrastructure, providing key testing sites across a wide range of terrains and weather conditions. Over the past seven years, at the same time many other states have fallen behind in repairs and improvements to their highway infrastructure, Ohio has invested an unprecedented \$14 billion on nearly 7,000 projects – an increase of \$3 billion. The state's new transportation budget continues that progress by investing in 43 major projects, 446 bridge projects, 615 pavement projects and 356 safety projects over the next two years.

### To Maintain Our Leadership Role, Ohio Has Launched a Smart Mobility Initiative:

Ohio's outstanding research assets and well-maintained infrastructure have already attracted some of the world's most advanced transportation research to our state. These resources, supported by investments in the state's biennial transportation budget, are helping jump-start Ohio's Smart Mobility Initiative – a partnership of researchers at the Ohio Department of Transportation, Ohio Department of Public Safety, the Ohio Turnpike and Infrastructure Commission, and The Ohio State University – to collaborate on development of smart mobility and smart city technologies. In addition, the City of Columbus won a \$40 million federal grant, along with significant third-party co-investment, to develop Ohio's capital city as a hub for intelligent transportation.

### Creating Smart Highways as Testing Corridors for New Transportation Technologies:

An early example of our state's transportation research collaboration is the U.S. 33 Smart Mobility Corridor, which is being instrumented with fiber technology and sensors. The state's new transportation budget includes funding for two additional smart highway projects – on the Interstate 270 beltway in Columbus and Interstate 90 in northeast Ohio. These smart highways, as well as the Ohio Turnpike, will provide state-of-the-art sites for innovators to test and refine jobs-creating technologies. An expanding network of smart highways will give Ohioans a safer, better driving experience and offer businesses reduced transportation costs, increased operating efficiencies and faster access to markets.

Investing in the Transportation Research Center, America's Foremost Independent Automotive Proving Ground: Funding in the new transportation budget, along with commitments from other partners, will together invest \$45 million for expanded research capabilities at the Transportation Research Center (TRC) in East Liberty. The TRC is a 4,500-acre independent testing facility – the continent's most advanced – offering the ideal environment for autonomous vehicle and smart highway research, compliance and certification testing for vehicles and components, crash testing, emissions testing, and durability testing. The TRC is also home to the National Highway Traffic Safety Administration's only Vehicle Research and Test Center, another unique advantage for our state.

The Ohio Turnpike Is a Focal Point for Smart Mobility Research: Perhaps the crown jewel of the state's transportation assets for smart mobility is the Ohio Turnpike, six lanes and 241 miles of well-maintained roadway already equipped with a fiber-optic network that is being instrumented for short-range, vehicle-to-infrastructure and vehicle-to-vehicle communications. As this advanced research expands to other states, the Turnpike is poised to become the centerpiece of a contiguous, interstate highway test corridor. Otto, a world leader in self-driving vehicle technology, is already using the Ohio Turnpike and the U.S. 33 Smart Mobility Corridor as sites for testing its latest innovations under real-life traffic conditions.

Ohio is a Leader in Drone Technology, Developing the Nation's First "Sense and Avoid" Test Site: Transportation innovation and cutting-edge research in Ohio are by no means limited to automotive technology. Drone and unmanned aircraft technology is another promising arena where Ohio – "the Birthplace of Aviation" – is embracing the future. The state has funded its share of a cooperative \$5 million project with the U.S. Air Force Research Laboratory to develop a ground-based "sense-and avoid-system" for unmanned aircraft to empower drone operators, for the first time anywhere in the nation, to fly unmanned aircraft beyond their line of sight. The state remains committed to development of Ohio's Unmanned Aircraft System Center and Test Complex in Springfield and advanced research there that will give our state a major advantage as unmanned aircraft and drones become the basis for new industries and economic growth in ways we cannot yet imagine.

Using New Traffic Management Tools to Help Keep Ohio on the Move: The Ohio Department of Transportation is also introducing new traffic management techniques to enhance traffic flow on state highways and keep traffic moving during rush hour peaks. Recent tests of these practices – variable speed limits and using highway shoulders as an additional driving lane – have shown promising results in other states. Updates to traffic laws, contained in the transportation budget, will allow the state to safely apply these techniques on appropriate routes across Ohio's highway network.

BOTTOM LINE: One of the most promising areas for Ohio's economic growth is transportation, a field on the verge of historic, life-changing advances with autonomous and connected vehicles, smart highways, sensor technologies and drones. Building on Ohio's long history of transportation innovation and the state's wealth of world-class research, development and manufacturing resources, the Kasich Administration is working on many levels to capitalize on these emerging technologies. By taking full advantage of our ability to lead in developing next-generation industries, Ohio is well positioned to attract major new investments in the research, infrastructure and the jobs that will follow.





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## **PROVIDING OHIOANS OF ALL AGES WITH WORLD-CLASS PREPARATION FOR CAREERS AND COLLEGE**

Continuous learning and workforce training are crucial in today's Knowledge Economy if we are to ensure Ohioans are prepared when technology creates profound changes for industries and their workforce needs. To make Ohio workers more competitive in today's global marketplace, we must continue to transform what in many ways have become outmoded and inflexible models for education and workforce training. Under the leadership of Governor John R. Kasich, our state has made solid progress in helping prepare Ohioans for careers and college, while better aligning our education and workforce efforts with in-demand occupations – and the state's new budget takes another strong step forward in this work.

### **HELPING OHIOANS PREPARE FOR A RAPIDLY CHANGING WORKFORCE**

Transforming Ohio's workforce-preparedness system has been a key priority for Gov. Kasich and an essential component of his efforts to create an economic environment that promotes job creation and opportunity for all Ohioans. This commitment includes working with job creators to determine what skills and workers their companies need – today and well into the future – in order to ensure that training programs to meet those needs are available across the full spectrum of Ohio's education and workforce systems. Members of the Governor's Executive Workforce Board, a group of business, labor, education and workforce stakeholders, serve as key advisors to help Ohio strengthen its workforce training efforts. A number of recommendations by this board are realized in the new state budget, including:

- **Addressing the Skills Gap, Making It Easier for Schools to Provide Work Experience:** While public schools have had flexibility in providing credit for internships and other work experience, that ability has often been underutilized. This budget requires districts to review and update their plans and policies to ensure that all students have the opportunity receive credit for appropriate work experience. And schools are now required to provide an *OhioMeansJobs* designation on high school diplomas of those students who demonstrate that they are job-ready.
- **Leveraging the Strength of Ohio's Public Library System:** The state budget positions Ohio public libraries as "continuous learning centers," and help adult learners access online programs to gain additional skills.
- **Strengthening Ohio's Investment in K-12 Education:** Despite a restrained overall budget, K-12 education remains a priority with an increase in base support to Ohio schools of more than \$166.25 million. As a result, under Gov. Kasich's leadership, Ohio will be spending more than \$1.5 billion more for K-12 education than in 2011 – the strongest level ever at nearly \$10.6 billion. The continuation of "Guarantee Funds" in this budget ensures that no district will receive less in formula state aid than it did in the current 2017 fiscal year, unless the district has lost more than five percent of its students over the past two years and would otherwise be funded for students that no longer exist. Schools where student populations have declined at rates greater than five percent will see their

state aid reduced by one percent for each additional percent below the 95 percent threshold, up to a maximum of five percent of state aid.

- Better Preparing Students with Expanded STEM Programs and New STEAM Education: Ohio has seen growth in educational opportunities for students in grades 6-12 who focus their studies on STEM classes (Science, Technology, Engineering, and Math education). The state budget enhances those programs with a new STEAM designation for all grade levels, adding an “A” for arts education. This recognizes the additional career opportunities and critical creative skills offered to Ohio’s students by exposing them to these increasingly important fields.
- Improving Ohio’s Popular College Credit Plus Program: In its first year, the College Credit Plus Program helped more than 52,000 Ohio students earn college credit while still in high school, without having to pay for tuition, books or fees – a total savings in college costs of more than \$120 million for those students and their families. The new state budget takes important steps to improve this popular program by better defining eligible courses and what it means for a student to be “college-ready.”
- Increasing Support for the State’s 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 invests \$8 million to support new community mentorship partnerships.
- Building Stronger Ties between Local Businesses and Educators: To increase collaboration between local businesses and educators, the budget requires greater accountability from Business Advisory Councils in Ohio communities, including the development of plans that better link business and education.

## **HELPING MORE OHIOANS ADVANCE THEIR EDUCATION AND PURSUE AN INDUSTRY CREDENTIAL OR COLLEGE DEGREE**

In a world where an educated workforce is the key to building a competitive, knowledge-focused economy, Gov. Kasich knows that a credential or a college degree is a gateway to prosperity and a fulfilling career for many Ohioans. That is why higher education reform has been among the governor’s foremost priorities as Ohio is working on many fronts to strengthen the state’s economy and provide a well-prepared, well-educated workforce to fill the new jobs being created here. Today, Ohio’s public colleges and universities are funded on a basis of how well they succeed at guiding students to complete their courses of study and get their degrees. While Ohio has been among the nation’s very best states at restraining tuition growth over the past six years, Gov. Kasich has been working on a more lasting solution by having state colleges and universities implement recommendations from a task force of business leaders on how those institutions can cut costs and pass savings along to students.

- Awarding Degrees and Certificates Based on Competency Instead of Just Classroom Time: Ohio’s community colleges joined a partnership with Western Governors University, a multi-state, nonprofit online institution that awards college credit and degrees based on a student’s demonstrated competencies instead of just the amount of time spent in the classroom. The university provides a flexible college option for working, adult learners to pursue a college degree in four career fields. To build upon that relationship, the budget authorizes Ohio to recognize Western Governors University.
- Offering Bachelor’s Degrees at Community Colleges Where There Is a Demand That Is Not Being Met: A new budget provision allows applied bachelor’s degree programs to be offered through Ohio’s community colleges in areas where Ohio’s universities do not offer specialized degree programs. The program must demonstrate employer demand and be a partnership between industry and the community college. This provides another low-cost pathway for students and strengthens Ohio’s ability to meet workforce demands in the Knowledge Economy.

- Strengthening Pathways to a Low-Cost Degree: The success of Ohio’s efforts to provide a seamless transition between community colleges and four-year universities has paved the way for expanded opportunities to allow students to complete three years of their coursework at a community college and finish their degree at a four-year university. While a number of schools have “3+1” pathways agreements, new budget provisions will help institutions interested in developing additional “3+1” pathways between Ohio’s two- and four-year institutions.
- Helping Universities Control Their Costs: Gov. Kasich’s Task Force on Affordability and Efficiency in Higher Education, a team that included business leaders who are experts at controlling costs and balancing the bottom line, recommended a number of ways for colleges and universities to reduce costs by sharing services, analyzing staff overhead expenses, monetizing assets, examining space utilization, reassessing low-enrollment courses and exploring new revenue streams. To continue this work, public colleges and universities are now required to provide annual reporting on the savings they are achieving through their plans and how they are passing those savings onto students.
- Maximizing Savings at Co-Located Campuses. To ensure that Ohio’s seven co-located campuses are maximizing efficiencies, these institutions will now include best practices that drive down costs as part of their annual affordability and efficiency report.
- Strengthening Efforts to See That More Ohioans Attain a Credential or Degree: To ensure a continuing strong effort toward the state’s goal of ensuring that 65 percent of adults attain either a credential or degree by 2025, the budget requires the Department of Higher Education to report annually on progress.
- Building Better Pathways to Careers in Advanced Technology and Cyber Security: The budget requires the Ohio Department of Education, Department of Higher Education and Office of Workforce Transformation to work directly with businesses to develop pathways in advanced technology and cyber security to ensure that more Ohioans are prepared to enter these in-demand careers.

**BOTTOM LINE**: Knowing that new technologies are rapidly bringing profound changes to business and industry – including the skills required for jobs of the 21st century – the new state budget helps strengthen Gov. Kasich’s ongoing commitment to keeping Ohio workers competitive in the evolving global marketplace. Budget initiatives continue the transformation of Ohio’s workforce training system by opening new pathways to college degrees and professional certification, while aligning Ohio’s education and workforce preparation systems with the most in-demand occupations of today – and tomorrow.





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## **EMBRACING TECHNOLOGY: TAKING OHIO TO WHERE WE NEED TO BE IN THE 21ST CENTURY**

*Strategic Investments in Emerging Technologies, Such as Self-Driving/Connected Vehicles, Drones and Data Analytics, Will Improve Government Services, Spur Economic Growth*

Our nation's most successful business operations and entrepreneurs have one strategy in common: they are all embracing technology. Unfortunately, government at every level has failed to match that pace, being too slow or too unwilling to keep up with a rapidly changing world. As a result, the public sector has lost momentum in the way it operates, spends money and serves its citizens. But in recent years, under Governor John Kasich's leadership, Ohio has been working to build a much different model, one that keeps government ahead of the curve with advances in technology that lead with innovative, forward-looking improvements in its programs and makes strategic investments in technologies that encourage economic growth. In fact, Ohio was one of only five states to recently earn an "A" from industry experts for its work to advance technology.\* With provisions in the FYs 2018-2019 budget, the state continues to build on that model with a number of new or expanded initiatives.

\*Center for Digital Government and *Government Technology* magazine, September 2016.

**Unlocking the Full Power of State Government's Data Resources:** The new budget takes the benefits of advanced data analytics to the next level by requiring all state agencies, boards and commissions to share the data they now store in more than 1,600 separate databases. By better connecting and correlating these individual data resources and applying advanced analytical technologies, the state can tackle complex problems with solutions that improve Ohioans' health, security and well-being. While in each instance a database holds valuable uses for its specific program, it is presently rare – and often technically difficult – for that information to be systematically examined in any depth. Now, by removing barriers between the various databases, data from one can be cross-analyzed with other databases or shared with other agencies in ways that can help address more holistically such statewide problems as infant mortality, child welfare issues, opiate addiction, persistent poverty, and school dropout rates.

**Building on Ohio's Leadership Role in the Development of Advanced Transportation Technologies:** The Kasich Administration is committed to embracing the future of transportation with new investments and forward-looking policies to ensure that Ohio maintains its leadership position with research and implementation of "smart mobility" applications, including autonomous and connected vehicles, drones and other emerging transportation technologies [see *separate fact sheet*]. By taking full advantage of Ohio's transportation heritage and ability to lead in developing next-generation technologies, Ohio is well positioned to attract major new investments in the research, infrastructure and the jobs that will follow.

**Using Innovation and New Technologies to Improve Transportation for Those Seeking Health Care**

**Services:** Over the past six years, as the state has improved health care coordination for the most vulnerable Ohioans, the transportation system many rely upon to access medical appointments has not adopted innovations to improve its services. The new state budget streamlines Ohio’s existing non-emergency medical transportation (NEMT) system by moving from separate, county-administered programs to a single, more efficient model. Modernization of this system incentivizes the use of new technologies in order to make the system run more efficiently, while improving access to high quality transportation services for Ohioans on Medicaid – no matter where they live – and saving taxpayers an estimated \$13 million or more over the biennium.

**Encouraging New Business Development Through University Discoveries:** To encourage more technology commercialization and the formation of start-up businesses using discoveries made at Ohio’s public colleges and universities, the budget directs schools to adopt policies to break down barriers to taking intellectual property to the marketplace. In addition, the chancellor may consider whether an institution has a tenure track for faculty members who pursue commercialization activities in order for that institution to receive research funds from the Ohio Department of Higher Education.

**BOTTOM LINE:** The new state budget reinforces Gov. Kasich’s commitment to keeping Ohio ahead of the curve with new technologies and innovations, making strategic investments to ensure our state’s continuing leadership in areas such as self-driving vehicles and smart highways, drones, cybersecurity and advanced data analytics. Not only can these and other new technologies help state government become more efficient with its operations and services, they will also be fundamental for Ohio’s economic growth and expanding job opportunities in the 21st century.

