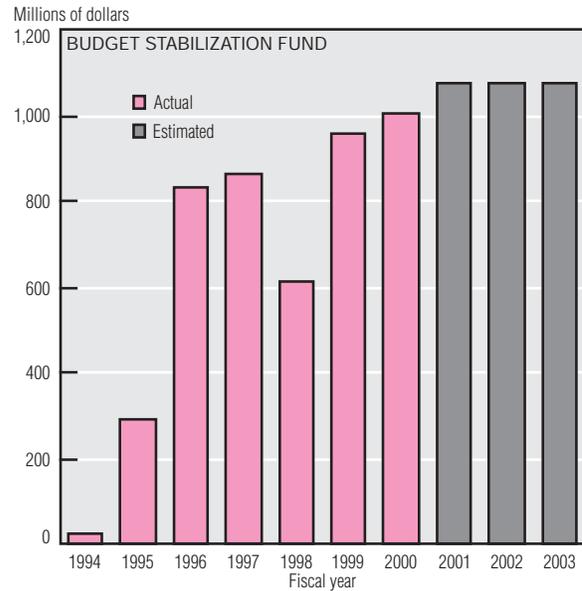
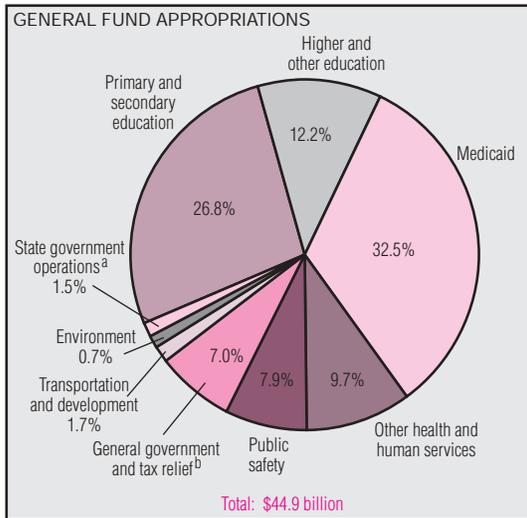
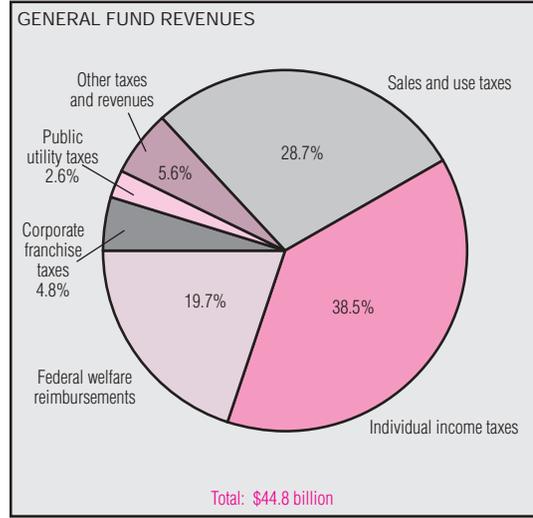
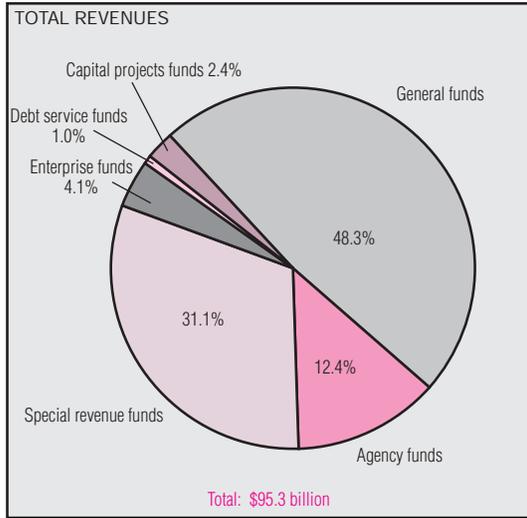


The Ohio Budget



NOTE: Budget calculations are based on recommended figures for the biennium encompassing fiscal years 2002–2003. Ohio's fiscal year 2002 began July 1, 2001.
 a. Dollars allocated to state executive, judicial, and legislative offices.
 b. State funds allocated to local governments and used for consumer tax relief.
 SOURCE: State of Ohio, Office of Budget and Management.

Ohio's budget process follows a biennial cycle: The governor proposes a state budget in every year ending in an odd number. In January 2001, Governor Taft presented his biennial budget for fiscal years 2002 and 2003.

Roughly half of Ohio's collected revenues have restrictions on the way they are spent. In most cases, these restricted funds are authorized by the state legislature for special projects. In Ohio, transfers from the federal government for social welfare projects are part of the general fund because the state has some discretion in the

way it distributes welfare dollars. The rest of the general fund is collected from income, sales, and property taxes levied on individuals and businesses.

General fund appropriations offer a glimpse into the executive branch's political priorities. Improving the quality of life for Ohio's children is one of these priorities; as a result, more than 40% of state dollars are directed to Medicaid as well as other health and human services. Governor Taft's proposed budget also highlighted the importance of education programs, which will receive almost 40% of the state's general fund.

Since his tenure began, Governor Taft has worked to build a budget stabilization fund (commonly known as the "rainy day" fund) that is roughly equal to 5% the state's general fund in any fiscal year. The purpose of the rainy day fund is to allow Ohio to avoid cuts in the level of services offered to its citizens, if a revenue shortfall should result from poor economic circumstances. Although the governor's 2002–2003 budget does not make substantial contributions to this fund, it calls for maintaining the balance near 5% through the end of 2003.