

POLICY MEMO

A PATH TO GREATER PROSPERITY
JUNE 12, 2023

Introduction

The Senate version of Ohio's biennial budget includes the boldest school choice plan in state history, pro-growth tax reform, additional guardrails to help prevent government overspending, and occupational licensing reform—all sound policy choices supported by The Buckeye Institute.

Putting Students First

The Senate budget puts students first in several important ways. First, it rightly makes the EdChoice scholarship available to every student in the state, increases funding to public charter schools, and creates opportunities for other innovative charter schools to access high-quality charter school funds. More money for charter schools will be needed to close the funding gap with district schools, but the Senate's budget makes good progress. Second, the Senate bill wisely restores the third-grade reading guarantee, which, recent **research** shows, improves academic performance over time. And finally, as The Buckeye Institute has **testified**, Senate Bill 1 and House Bill 33 will create a more responsive education bureaucracy. Keeping these policy improvements in the final budget will benefit every child in every family in every community of Ohio.

Improving Ohio's Tax Climate

The Senate's pro-growth tax policies move Ohio closer to a flat tax. Reducing the number of income tax brackets to two improves upon the House plan, and reducing the commercial activity tax by 25 percent will **improve** Ohio's economy. But more work remains to be done. The Buckeye Institute recommends restoring inflation indexing to the income tax brackets, **closing additional tax loopholes**, and adding **revenue triggers** to ensure that further rate reductions only happen after Ohio meets specified revenue goals.

Restraining Future Spending

The Senate's budget improves Ohio's porous statutory appropriation limitation by tightening the spending covered by the limit and lowering the cap on spending in future fiscal years—protective measures against rampant public spending that The Buckeye Institute has **long supported**.

Health and Human Services

The Senate's budget will make Medicaid and SNAP recipients more accountable and ultimately more self-sufficient. The Senate proposal protects work requirements for SNAP recipients and seeks a federal waiver to allow work requirements for able-bodied Medicaid recipients, which **tend** to increase lifetime earnings even for those who remain on Medicaid for their entire working life.

Occupational Licensing Reform

The Senate's budget includes overdue reforms that will make it easier to get a barber or cosmetology license without risking public health or safety. Ohio requires an onerous, unnecessary number of training hours (1,800 for barbers and 1,500 for cosmetologists), which the Senate budget will reduce to 1,000 hours for each—a smart, competitive move **long supported** by The Buckeye Institute.

Miscellaneous Items

Unfortunately, the Senate removed a House provision that would prohibit electric utilities from subsidizing electric vehicle (EV) charging stations by raising rates on all their customers. As The Buckeye Institute has **explained**, such subsidies increase costs for all electric ratepayers and redistribute wealth from the lower- and middle-classes to affluent EV buyers. The House provision should be restored.

Additionally, the Senate should tighten the criteria for spending the \$1 billion set asides going to the All-Ohio Future Fun and the One-Time Strategic Community Investments Fund. This is significant spending that should go through the Public Works Commission, which has specific criteria and evaluation guidelines to protect taxpayers.

Conclusion

Although not perfect, the Senate's budget deserves praise for putting students first, protecting taxpayers, improving accountability, and making Ohio more prosperous.