

UNDERSTANDING OHIO'S BIENNIAL BUDGET PROCESS

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Ohio operates on a biennial budget cycle meaning that once every two years lawmakers are required to craft a new operating budget that will fund the state for the next two years. Unlike the calendar year, the state's fiscal year begins and ends in June. The current 2002-2003 biennial budget expires at the end of this coming June. Therefore, we are currently in the process of crafting a new budget that will carry Ohio through fiscal years 2004-2005.

It's important to understand that Ohio's Constitution requires that the state have a balanced budget at all times. This means that unlike the federal government, Ohio cannot deficit spend. This is why the General Assembly worked to pass several budget corrections bills within the past two years. As soon as it becomes apparent that Ohio's budget is becoming unbalanced, for example when revenues fall short of projections, lawmakers must make adjustments in order to keep the state operating in the black. Three times during the 2002-2003 budget we have had to adjust the operating budget because of shortfalls in projected revenue.

Having completed a final round of corrections in February to bring the current budget back on track, we are now looking ahead to the 2004-2005 budget that must be in place by July. The process actually began in January, when Governor Bob Taft outlined his priorities in his State of the State address. The budget bill, or House Bill 95, must now undergo many changes and amendments and pass through a number of steps before becoming law.

The House Finance Committee reviewed the bill first, made numerous changes and recommended the bill for a full vote of the House. Having passed the House, the bill is currently being considered by the Senate Finance Committee. It is still subject to amendments although the Finance Committee plans to recommend the bill for a full Senate vote by June. Once the Senate passes it, the bill will then go to Governor Taft for his final approval.

It's no secret that times are tough all around these days meaning that the upcoming budget presents unique challenges. However, members and staff of the General Assembly are doing their best to ensure that funding for essential government

programs like OARDC and Extension remain in place while being mindful of the tax burden Ohioans already bear. I am confident, however, that lawmakers will work together to enact a responsible plan that will carry Ohio through the next two years. With your continued help we can make sure OARDC and Extension are a priority with all members of the General Assembly.

In the event that we can answer any questions regarding the process please feel free to contact us.