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expansion of vouchers are among the major policy changes included in the new two-year, \$62 billion budget that got final House and Senate approval yesterday.

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An income tax cut, a new funding formula for schools and universities and a major expansion of vouchers are among the major policy changes included in the new two-year, \$62 billion budget that got final House and Senate approval yesterday.

“This budget is about opportunity for Ohioans,” said Senate President Keith Faber, R-Celina. “Almost all of the new spending in this budget falls into Medicaid and K-12 education.”

The Republican-crafted budget, which passed the Senate 21-11 and the House 51-43, now heads to Gov. John Kasich, who is likely to make his line-item vetoes and sign it on Sunday, the last day of the fiscal year.

“I ask you to support the budget not because it's perfect, but because it furthers the path of opportunity for my kids, your kids and all Ohioans,” Faber told his fellow senators.

Republicans stressed the importance of a tax package that will net a \$2.7 billion cut over three years, as the income tax cut is phased in, starting with an 8.5 percent cut this year and ending in 2015 at 10 percent.

The plan also provides a 50 percent income tax deduction on the first \$250,000 of income for business owners.

Republicans argue that the tax cuts are vital to keeping Ohio competitive, creating jobs and letting Ohioans keep more of their own money. They see the income tax as punitive — Rep. Matt Huffman, R-Lima, called the income tax “a terrible idea.”

“We should have the lowest income tax we could possibly have and still pay our

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than \$30,000.

Those changes, Democrats argued, make Ohio's tax system more regressive and shifts the burden more to the lower and middle class.

“The poorest will have to pay more while the wealthiest pay less,” said Rep. Mike Foley, D-Cleveland, adding that Republicans tried income tax cuts in 2005, but the robust job growth never happened.

Democrats also are unhappy that the budget does not include the Medicaid expansion proposed by Kasich that would cover about 275,000 low-income Ohioans, and it contains a number of anti-abortion amendments, including those impacting Planned Parenthood funding and requiring doctors to perform an ultrasound and inform the woman if a heartbeat is detected.

“I was disappointed when the reference to the ‘least of these’ was misinterpreted,” said Rep. Ron Amstutz, R-Wooster, citing a Democratic reference to the words of Jesus. “Who would the least of these be but an unborn child? Why do they have to be victims?”

Republicans noted that the bill provides \$1 billion more in Medicaid spending, and covers 231,000 more people than under current eligibility standards.

GOP leaders said the new funding formula spends more than \$700 million more over the next two years on grades K-12 education, compared to the past two years, and \$30 million more on early childhood education. The new funding formula for universities is based more on the success of institutions in graduating students.

Democrats countered that the spending increase does not fully make up for school funding or local government cuts over the last four years. “We have come nowhere

near adequate or equitable funding for public education,” said House Minority

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Major changes wrought by the \$62 billion, two-year state budget approved yesterday:

What's in

- **INCOME-TAX CUT**

Cuts state rates by 8.5 percent this year and up to 10 percent by 2015. Gov. John Kasich initially proposed a 20 percent reduction.

- **SALES-TAX INCREASE**

Increases to 5.75 percent from 5.5 percent, instead of the governor's initial proposal to lower the rate to 5 percent but greatly expand what is subject to the tax.

- **SMALL-BUSINESS TAX CUT**

“Pass-through entities” get a 50 percent cut on up to \$250,000 net income; Kasich wanted it for up to \$750,000.

- **ABORTION**

Abortion providers must give pregnant women an ultrasound and written notice of any fetal heartbeat before the procedure, as well as share the statistical probability of carrying the fetus to full term. Also blocks Planned Parenthood from federal family planning money and prohibits abortion clinics from having transfer agreements — needed for a clinic license — with public hospitals.

- **HIGHER EDUCATION**

Funding increase of 4 percent; individual colleges' amounts for the first time linked to student graduation rates.

- **SCHOOL FUNDING**

Largest increase in more than 10 years by 2015 but, because of earlier cuts, still falls short of what schools were getting in 2009.

- **VOUCHERS**

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quality for the remainder of the year unless they earn \$20,000 or more.

- **LOCAL GOVERNMENT**

Increases funding by \$28.4 million over two years. But the total is \$202 million below the current two-year budget.

What's out

- **MEDICAID EXPANSION**

Adding 275,000 Ohioans as proposed by Kasich removed; separate legislation may be considered.

- **OIL/GAS SEVERANCE TAX**

Increase pitched by Kasich nixed.

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