



OHIO FARM BUREAU
F E D E R A T I O N

BUDGET PRIORITIES

Investment in agricultural research, outreach and conservation; the use of sunset review and performance audits to identify cost saving at the state level; and incentivizing state and local government to initiate reform and right sizing of operations will help balance the budget in the short term and ensure reasonable growth in future years.

Ohio Farm Bureau calls for passage of a state operating budget that aligns to our state and local government budget priorities.

INTRODUCTION

We support opportunities for agriculture to continue to grow as Ohio's number one industry. The Governor and his Cabinet should promote agriculture and agricultural jobs as an economic development tool for Ohio by including agricultural representation in the Ohio Department of Development or its successor entity. Greater emphasis should be placed on promoting the agricultural industry domestically and internationally. We will work with the administration to develop a positive business climate in Ohio that will be beneficial to agriculture.

We will continue to work for appropriate funding for the Ohio Department of Agriculture and maintain the importance of the department in its role in the health and safety of all Ohioans. The position of Director of the Ohio Department of Agriculture should be maintained as a Governor's cabinet level position and the agency should be operated as a stand-alone part of state government, focusing on issues pertaining to food production, food safety, environmental quality and natural resources conservation. ODA regulatory efforts for public health and safety should be a budgeted expense of ODA and funded by the general fund. All fees assessed for programs and services provided by the agency should be at a reasonable cost.



EDUCATION FUNDING AND REFORM

K-12 School Funding

The Ohio Farm Bureau shares a commitment to education reform, including education funding reform, but will be concerned by any plan that does not put forth emphasis on agricultural education, agbioscience integration, and agricultural literacy. Equal emphasis needs to be placed on instruction in reading, science, mathematics, citizenship, economics, agriculture education, technology, and fine arts.

We recommend an overhaul of the state foundation formula. With any overhaul, the proportion of revenue from property taxes should decrease with a corresponding increase in revenue from other sources. Real property tax laws should be changed to benefit schools on a more equitable basis, such as distributing increases and decreases in utility, industrial, and commercial tax revenues on a per pupil basis across the state.

We encourage the integration of agriculture and related industry in STEM curriculum, especially through OSU's Cooperative Extension programs like 4-H. We support retaining Industrial Arts and Family Consumer Science courses, and we encourage schools to utilize FFA programs as personal and leadership development programs. Funding for after school and summer programs needs to be expanded to include agricultural education.

Schools in Ohio should continue to retain their local identities, but we should consolidate administrative costs across district lines. Further efficiencies can be made by incentivizing the use of non-mandatory cost controls, such as health care pooling. Schools should be permitted to negotiate individual contracts, such as internet, to ensure competitive prices and products. Educational mandates should be fully funded through the life of the mandate.

As Ohio determines and prioritizes future education programs, the majority of the funds should go to in-classroom needs. We recommend the State of Ohio explore incentives for schools to develop long term financial plans and establish "rainy day" funds. We support continued funding for county education service centers from the state education budget. Education, including agricultural education, is a driving force behind the state's development as an agricultural and industrial leader across the nation.

Ohio Agricultural Research and Development Center

The Ohio Agricultural Research and Development Center (OARDC) is the intersection for superior, diverse, and unbiased research. Housed at the Ohio State University, OARDC is the largest university agbioscience research center in the nation. OARDC generates significant economic impact for the state through technology commercialization, new and improved crops, breeds, and products for Ohio producers, new technology, and enhanced environment and quality of life for all Ohioans.

- Agbioscience sector is Ohio's largest industry with an economic output of over \$90 billion and 1 million jobs.

- OARDC's SEEDS (competitive research grants) program generates \$5 for every dollar of state investment.

Every year, OARDC generates: \$156.3 million in Ohio economic output, 1,609 Ohio jobs, \$59.2 million in personal income, and \$5.5 million in tax revenues.

Ohio State University Extension

OSU Extension connects people in all stages of life – from young children to older adults. It delivers targeted, relevant, research-based information and programming to meet the needs of Ohio. Programs include 4-H, diabetes education, local foods initiative access, and business development.

- Each 1% increase in agricultural output achieved through OSU Extension programming brings \$149 million in income for Ohioans, and 2,712 jobs.
- Annually OSU Extension generates \$159 million in total Ohio economic output, 1,918 jobs, and \$64 million in personal income for Ohio residents, and \$4.8 million in annual tax revenues.
- 4-H reaches 11.7 percent of Ohio youth and 4-H participants have higher school grades and emotional engagement in school.

We strongly support the concept of OSU Extension and its purpose of delivering unbiased research and science-based information to farmers and communities and providing youth development opportunities. However, Extension must undergo a transformation to ensure its long-term sustainability and adherence to this purpose. As part of this transformation, OSU Extension should:

1. Define its purpose and increase its emphasis on agriculture, natural resources, nutrition and 4-H Youth Development;
2. Restructure to adopt a workable regional / multi-county concept, while retaining a programming presence in each county;
3. Develop a new funding model that is sustainable, equitable, and addresses challenges to local funding;
4. Increase collaboration with other agricultural and/or youth organizations with similar missions, which may include collaboration on office space, staffing, administrative functions, and/or programming.

LOCAL GOVERNMENT

As a cost savings measure, we support the evaluation of increased efficiencies in local government. Furthermore, we should incentivize local governments to eliminate inefficiencies, both with respect to multiple units of government and within the unit itself. Neither the state nor federal government should place mandates on local governments without providing funds for the life of the mandate. We support legislation to permit local governments to levy an admission tax on special events to pay for expenses of controlling and policing such events.

STATE GOVERNMENT

State agencies should incentivize managers and employees to save costs. Incentives should be created to encourage agencies to reduce their spending. Using performance audits, sunset review provisions and other available tools, the Legislature should review all services and programs and eliminate low-performing programs to balance the state budget.

Public Employee Benefits and Compensation

Public employee compensation should be commensurate with private company salaries and benefits. Comparisons should only be made when similar work is being done by individuals with similar experiences. The state should conduct a comprehensive review of pay scales, job descriptions, and qualifications.

The State of Ohio should continue to study health care pooling and encourage its adoption, where appropriate. State law should permit the use of health care pooling for all governmental entities. State agencies and instrumentalities should be required to utilize health care pooling if it realizes cost savings.

State Retirement Systems

Public employee retirement plans should be comparable to those in the private sector

1. Employer contributions to state/local government employee retirement systems should be in line with employer taxes in the private sector.
2. State employees should not be able to draw retirement benefits until reaching retirement age.

Government should consider a two-tier system where new employees have a retirement system based on defined contributions.

Performance Audits

Unbiased comprehensive performance audits should be conducted on state agencies by outside entities. More targeted program specific audits or compensation audits should also be utilized.

Checks and Balances

Specific criteria should be developed before creating dedicated or “rotary account” funds.

State government should reduce its reliance on fees and permits to fund programs and should recognize that fees are a form of taxation. Philosophically, OFBF supports giving the General Assembly and the Governor the primary oversight for funding priorities.

1. Essential state programs should be funded by state tax dollars.
2. Those programs not essential to state government should be studied and possibly referred for consolidation or elimination.
3. To ensure rigorous consideration of programs, Ohio should adopt a “zero-base” budget system for general revenue funds.

Long Term Budgeting

Ohio should adopt a long term, strategic approach to budgeting. The public and private sectors should both be engaged in the long term plan, which should be bipartisan in nature. The plan should include both financial aspects (such as economic projections) and social demographics. The planning process should not be binding on future policymakers and should be updated as needed. Programs that have long-term costs should not be initiated with one-time dollars.

Privatization of Programs and Assets

A study should be commissioned to identify potential efficiencies in privatizing state services such as: workers' compensation, the management of Ohio's prisons, highway right-of-way maintenance (mowing, litter pick-up, etc.), property management and janitorial services. We do not, however, support privatizing the Ohio Turnpike at this time. Recommendations should be implemented in a thoughtful manner without undue interruption to ongoing state business. State government should also prepare a central inventory of state properties and assets, and then utilize the central inventory to identify state owned property and assets that can be sold to or better managed by the private sector.

TAXES

State and Local Taxes

To stay within the state budget, we strongly encourage our state legislators to make every effort to find cost savings measures, including continuing Medicaid reform, before raising taxes. However, we oppose reductions in Medicaid reimbursement that will create financial hardship to rural hospitals and pharmacies.

The state should streamline tax collection, including personal income taxes. We encourage both state and national tax exemption on interest income from savings accounts and investments. We support exempting capital gains from Ohio taxable income as long as the real property is held for more than five years. We support eliminating the estate tax in Ohio. If not eliminated, the exemption level should be at least as high as the federal exemption (\$5 million).

We oppose any excessive and unfair taxes. While we are opposed to gross revenue taxes (Commercial Activity Tax), we also recognize that increases in income tax rates, increases in property tax rates, loss of CAUV, and/or loss of sales tax exemptions are equally unacceptable. We oppose any rate increases in the current Commercial Activity Tax (CAT), as well as any increases in the CAT administrative fee. We do recommend raising the administrative fee threshold to \$500,000. We support exempting all farms that are required to pay the Ohio Income Tax from the CAT and encourage a revision to the CAT to treat all grain handlers fairly and equitably. If the CAT generates revenue beyond the estimated total of \$1.594 billion per biennium, we support the current provision in law that places half of the excess funds into a rainy day fund and half applied to an overall rate reduction.

Because of its impact on rural hospitals and access to healthcare in rural areas, we oppose the taxation of hospitals and advocate repealing existing taxes.

Sales Tax

We support the continuation of the agricultural sales tax exemption and oppose taxes on food at the wholesale or retail levels. We support replacing property revenue with additional statewide sales tax, thus creating a reduction in property tax. We support the concept of an Internet sales tax; however current Ohio sales tax exemptions should apply.

Tax Abatements, Credits, Incentives

We encourage the State of Ohio to conduct a study to determine if tax abatements actually pay for themselves and are a valid way to encourage business growth. When tax abatements are granted for industry, there should be guidelines that require the new industry to meet certain standards. We encourage tax abatements for business locating on an abandoned site, rather than on prime farmland. If businesses given tax abatements leave before or immediately at the end of an abatement period, they should pay a tax recoupment. The government subdivision granting the tax abatement for industry should reimburse the affected school district and other affected local governmental units for lost property tax revenue. County commissioners should have the opportunity to review all requested property tax abatements.



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