

# OHIO'S STATE BUDGET PROCESS: 101

*NOTE: the legislature approves the budget for the Ohio Department of Transportation in a separate bill, known simply as the transportation budget. This document deals with the main operating budget.*



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## OVERVIEW

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- The state's two-year operating budget is the most significant piece of legislation the Ohio General Assembly undertakes. It, quite literally, funds all our state's operations!
- Everything from our education system, to benefit programs like Medicaid, to our prison system is funded in the budget. Changes to our tax code often are made in the budget, too.
- Each operating budget runs from July 1 through June 30 of the following year.

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## STEP 1: GOVERNOR'S PROPOSED BUDGET

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- The first step in the state operating budget process is the Governor introducing their proposed budget.
  - Typically, this happens in February of odd-numbered years (though new Governors are given a little more time).
- At this stage, a document known as the "blue book," which details the Governor's proposal, becomes available to the public. The Governor typically highlights budget priorities the same day in a press conference.
- Once the Governor has officially proposed the budget, staff at the nonpartisan Legislative Service Commission (LSC) start drafting it as a bill.

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## STEP 2: THE OHIO HOUSE

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- This bill created by LSC is then introduced in the Ohio House—budgets always originate in the House before heading to the Senate. At this time, LSC also produces documents known as "redbooks," which detail each individual state agency's proposed budget.
- Once the budget bill is introduced, it is referred to the Ohio House Finance Committee, which conducts multiple hearings. At these hearings, the Office of Budget Management (OBM) and LSC present to lawmakers their fiscal projections for the next two years. Large agencies like the Ohio Department of Medicaid (ODM) and the Ohio Department of Rehabilitation and Correction (ODRC) also typically present to the full committee.
- Following these hearings, the various sections of the budget are split amongst several smaller, standing House committees by subject area so that each aspect of the budget can be debated and considered.
  - For example, the House committee dealing with K-12 education will hear testimony from the Ohio Department of Education and Workforce (DEW), as well as stakeholders in K-12 education.
- While these hearings are occurring, the Finance Committee drafts a variety of changes to the Governor's budget. Once those changes are finalized, the full committee meets to accept them as part of a substitute bill, which effectively replaces the original bill. At this point, hearings continue to dissect the changes made in the substitute bill.
- One more round of changes is made in what is called the omnibus amendment, which represents the final changes the Finance Committee makes to the bill before sending it to the House floor. The full House then votes to approve their version of the budget, sending it to the Senate.  
**This typically happens by the end of April.**



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## STEP 3: THE OHIO SENATE

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- Once the bill clears the House, the same process repeats in the Senate through Finance and other standing committees.
- Once the full Senate approves the bill, it returns to the House for a concurrence vote. That is, the House decides whether or not to concur with changes the Senate made to the bill.
- While not impossible, it is incredibly unlikely that the House will vote to accept Senate changes. Most often, the House rejects concurrence with Senate amendments, thus triggering a conference committee.

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## STEP 4: CONFERENCE COMMITTEE

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- Conference committees are formed when one chamber rejects changes the other chamber made to a bill. Each chamber names two majority party members and one minority party member to represent it on a conference committee.
- Conference committee negotiations happen almost exclusively behind closed doors. During these negotiations, members make decisions on which version of the budget—the Governor's, the House's, or the Senate's—will be adopted for each individual provision.
- For example, members might accept the House version of the bill for certain provisions regarding the Medicaid program but choose the Senate version for some provisions affecting ODRC.
- Once conference committee has hammered out a compromise, it meets in a public hearing to adopt the final compromise version of the budget bill. This typically happens in late June.
- At this point, the House and Senate vote on whether to approve the conference committee's report and send the bill to the Governor, who has until 11:59pm on June 30 to sign the bill.

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## STEP 5: THE GOVERNOR'S DESK

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- Upon receiving the bill, the Governor can “line-item veto” individual provisions. Those decisions are communicated to the legislature via an official message explaining the reasoning behind the decision(s). The legislature can override these vetoes with a three-fifths majority of both chambers.
- Once the Governor makes a decision on line-item vetoes and signs the bill, it officially becomes law.

*This document is intended to provide a brief overview the operating budget and how the budget process works. Stay tuned for updates from us on how you can get involved in budget advocacy and make your voice heard!*