

# PART II

## An Ohio Budget History

The industrial Midwest has witnessed great economic upheaval and demographic changes during the past half century. Ohio government has responded to the fiscal crises resulting from these challenges through a series of tax hikes and executive cutbacks, and tax reductions when the economy inevitably rebounded.

Part II of *Follow the Money* details the history of state budgeting in Ohio from its origins in the early part of the 20th century. Modern budgeting can perhaps be traced to only 1971, when the state, under the leadership of Governor John Gilligan, enacted its first individual and business income taxes. Section 1 provides an overview on how the Gilligan, Rhodes, Celeste, Voinovich, Taft, and Strickland administrations responded to the various fiscal challenges that arose during their respective terms of office. Section 2 examines the Kasich Administration in greater detail, including the transformative new policy actions it put forward in Medicaid, health and human services, and education. An Afterword ponders Ohio's budgetary future.

Chapter 9 focuses on the early history of state budgeting and the enactment of Ohio's first

individual and business income taxes in 1971, a defining date in the advent of modern budgeting.

Chapter 10 describes the ups and downs of the Ohio economy in the last quarter of the 20th century and the state's response to meeting these challenges.

Chapter 11 discusses the impact of legislative term limits and the Great Recession during the first decade of the 21st century. A series of individual income tax reductions enacted during this period complicated an already difficult fiscal picture.

Chapters 12, 13, and 14 focus on major initiatives of the Kasich Administration in Medicaid, health and human services, and education, respectively. These policy areas account for more than 70 percent of state-source spending and four out of every five state dollars expended when federal funds are considered.

The Afterword examines the economic and demographic trends that will impact future Ohio budgets.