LBO Budget Footnotes

A monthly newsletter of the Legislative Budget Office of LSC

Volume: Fiscal Year 2024 Issue: July 2024

Highlights

– Russ Keller, Chief Economist

June GRF tax receipts were $55 million below the estimate published by the Office of Budget and Management (OBM) at the beginning of FY 2024. Three of the four biggest state taxes had negative variances this year, so full-year GRF tax revenue of $27.94 billion was $485 million below estimate. This negative revenue variance was fully offset by below-estimate GRF expenditures, yielding a FY 2024 GRF ending cash balance of $2.14 billion (see table below).

Simplified GRF Cash Statement, as of June 30, 2024 ($ in millions)	
Beginning Cash Balance	**$8,990.66**
Plus Actual Revenues, Transfers In, and Receivables	$41,333.02
Less Actual Expenditures and Transfers Out	$48,182.05
Ending Cash Balance	**$2,141.62**
Year-end Encumbrances	$1,050.47
Unobligated Ending Cash Balance	**$1,091.16**
Budget Stabilization Fund (BSF) Balance	**$3,786.55**
Combined GRF and BSF Unobligated Ending Balance	**$4,877.71**

Tax receipts during the fiscal year generally followed a pattern matching the state economy. At the outset of the fiscal year, Ohio's seasonally adjusted unemployment rate was near its record low and steadily increased to 4.2% by May. Ohio's economy expanded in the first half of the fiscal year, but growth slowed in the latter half. Nevertheless, national data indicated that after-tax personal income grew faster than inflation throughout most of the year.

Through June 2024, GRF sources totaled $41.33 billion:

- Revenue from the personal income tax (PIT) was $457.8 million below estimate, primarily due to tax refunds claimed by pass-through entity owners;
- Sales and use tax receipts were $90.6 million below estimate, which was almost entirely attributed to weaker automobile sales;
- Earnings on investment exceeded estimate by $289.3 million, as interest rates remained elevated throughout the fiscal year.

Through June 2024, GRF uses totaled $48.18 billion:

- Program expenditures were $1.59 billion below estimate and nearly every program category was below estimate;
- The largest shortfall was for Medicaid, $1.17 billion, which reflects a decline in caseloads and lower spending per member;
- GRF transfers out were $1.11 billion above estimate, largely due to transfers related to the capital bill enacted in June 2022.

In this issue...

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Have a great summer!

Table 1: General Revenue Fund Sources
Actual vs. Estimate
Month of June 2024
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on July 1, 2024)

State Sources	Actual	Estimate*	Variance	Percent
Tax Revenue				
Auto Sales	$146,942	$186,000	-$39,058	-21.0%
Nonauto Sales and Use	$1,035,149	$1,049,200	-$14,051	-1.3%
Total Sales and Use	*$1,182,091*	*$1,235,200*	*-$53,109*	*-4.3%*
Personal Income	$916,930	$887,800	$29,130	3.3%
Commercial Activity Tax	$7,000	$11,200	-$4,200	-37.5%
Cigarette	$100,537	$117,000	-$16,463	-14.1%
Kilowatt-Hour Excise	$17,609	$16,200	$1,409	8.7%
Foreign Insurance	-$7,138	$1,800	-$8,938	-496.6%
Domestic Insurance	$332,937	$337,800	-$4,863	-1.4%
Financial Institution	$18,805	$28,500	-$9,695	-34.0%
Public Utility	$3,342	$3,500	-$158	-4.5%
Natural Gas Consumption	$11,350	$0	$11,350	---
Alcoholic Beverage	$4,967	$5,300	-$333	-6.3%
Liquor Gallonage	$4,972	$5,100	-$128	-2.5%
Petroleum Activity Tax	$3,574	$2,800	$774	27.7%
Corporate Franchise	$10	$0	$10	---
Business and Property	$155	$200	-$45	-22.5%
Estate	$2	$0	$2	---
Total Tax Revenue	**$2,597,143**	**$2,652,400**	**-$55,257**	**-2.1%**
Nontax Revenue				
Earnings on Investments	$111,033	$36,359	$74,675	205.4%
Licenses and Fees	$1,110	$729	$381	52.3%
Other Revenue	$964	$1,250	-$286	-22.9%
Total Nontax Revenue	**$113,107**	**$38,338**	**$74,769**	**195.0%**
Transfers In	**$68**	**$13,900**	**-$13,832**	**-99.5%**
Total State Sources	**$2,710,319**	**$2,704,638**	**$5,681**	**0.2%**
Federal Grants	**$660,765**	**$544,458**	**$116,307**	**21.4%**
Total GRF Sources	**$3,371,084**	**$3,249,096**	**$121,987**	**3.8%**

*Estimates of the Office of Budget and Management.
Detail may not sum to total due to rounding.

Table 2: General Revenue Fund Sources
Actual vs. Estimate ($ in thousands)
FY 2024 as of June 30, 2024
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on July 1, 2024)

State Sources	Actual	Estimate*	Variance	Percent	FY 2023**	Percent
Tax Revenue						
Auto Sales	$1,917,199	$2,003,100	-$85,901	-4.3%	$1,994,574	-3.9%
Nonauto Sales and Use	$11,783,307	$11,788,000	-$4,693	0.0%	$11,488,563	2.6%
Total Sales and Use	*$13,700,506*	*$13,791,100*	*-$90,594*	*-0.7%*	*$13,483,137*	*1.6%*
Personal Income	$9,519,315	$9,977,100	-$457,785	-4.6%	$10,797,208	-11.8%
Commercial Activity Tax	$2,366,046	$2,273,000	$93,046	4.1%	$2,151,863	10.0%
Cigarette	$750,411	$791,400	-$40,989	-5.2%	$827,422	-9.3%
Kilowatt-Hour Excise	$284,542	$280,900	$3,642	1.3%	$278,267	2.3%
Foreign Insurance	$402,128	$355,000	$47,128	13.3%	$362,814	10.8%
Domestic Insurance	$349,653	$354,000	-$4,347	-1.2%	$386,683	-9.6%
Financial Institution	$204,900	$236,100	-$31,200	-13.2%	$239,236	-14.4%
Public Utility	$170,308	$170,800	-$492	-0.3%	$182,859	-6.9%
Natural Gas Consumption	$65,851	$67,300	-$1,449	-2.2%	$67,803	-2.9%
Alcoholic Beverage	$60,678	$62,000	-$1,322	-2.1%	$64,518	-6.0%
Liquor Gallonage	$56,614	$59,100	-$2,486	-4.2%	$57,314	-1.2%
Petroleum Activity Tax	$13,193	$11,000	$2,193	19.9%	$15,883	-16.9%
Corporate Franchise	$213	$0	$213	---	$121	76.3%
Business and Property	$155	$400	-$245	-61.2%	$518	-70.0%
Estate	$3	$0	$3	---	$39	-92.0%
Total Tax Revenue	**$27,944,515**	**$28,429,200**	**-$484,685**	**-1.7%**	**$28,915,687**	**-3.4%**
Nontax Revenue						
Earnings on Investments	$454,325	$165,000	$289,325	175.3%	$304,566	49.2%
Licenses and Fees	$126,629	$100,000	$26,629	26.6%	$117,085	8.2%
Other Revenue	$146,519	$99,200	$47,319	47.7%	$225,774	-35.1%
Total Nontax Revenue	**$727,473**	**$364,200**	**$363,273**	**99.7%**	**$647,426**	**12.4%**
Transfers In	**$15,356**	**$13,900**	**$1,456**	**10.5%**	**$20,699**	**-25.8%**
Total State Sources	**$28,687,343**	**$28,807,300**	**-$119,957**	**-0.4%**	**$29,583,812**	**-3.0%**
Federal Grants	**$12,645,652**	**$13,453,826**	**-$808,174**	**-6.0%**	**$12,931,384**	**-2.2%**
Total GRF Sources	**$41,332,996**	**$42,261,126**	**-$928,131**	**-2.2%**	**$42,515,196**	**-2.8%**

*Estimates of the Office of Budget and Management.
**Cumulative totals through the same month in FY 2023.
Detail may not sum to total due to rounding.

Revenues[1]

– Phil Cummins, Senior Economist

Overview

June GRF total tax revenue was below OBM's estimate by $55.3 million (2.1%). Revenues were below estimate from the sales and use tax by $53.1 million, the cigarette and other tobacco products (OTP) tax by $16.5 million, and several other taxes by smaller amounts. Revenues exceeded the estimate from PIT by $29.1 million, and $11.3 million was received from the natural gas consumption tax when no revenues were expected. Nontax revenue was above estimate by $74.8 million due to strong earnings on investment, transfers in were $13.8 million below estimate, and federal grants were above estimate by $116.3 million. Total GRF sources for June were $122.0 million higher than estimate.

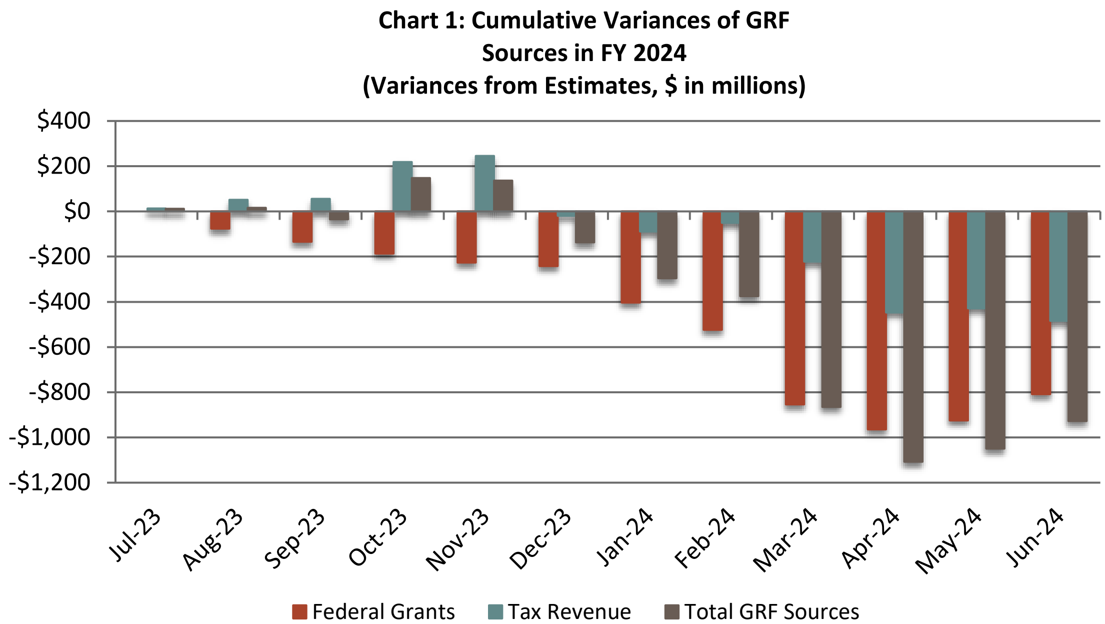
Total GRF revenue consists of tax revenue, the largest single revenue category, together with nontax revenue, transfers in from other state funds, and federal grants. The first three of those categories added together constitute state source revenue. Federal grants are mostly reimbursements for the federal share of Medicaid spending. Table 1 above shows GRF sources for the month of June compared to estimates, while Table 2 shows GRF sources for the full fiscal year compared to both estimates and FY 2023 revenue.

GRF tax receipts in the 12 months of FY 2024 amounted to $27.94 billion, $484.7 million (1.7%) below estimate. The most negative YTD variance was for the PIT, $457.8 million. Also below estimate for the fiscal year were the sales and use tax, by $90.6 million, chiefly because of a shortfall in the auto sales tax; the cigarette tax, by $41.0 million; and the financial institution tax (FIT), by $31.2 million. Large positive variances were recorded for the commercial activity tax (CAT), by $93.0 million, and the foreign insurance tax, by $47.1 million.

Nontax revenue for the fiscal year exceeded the estimate by $363.3 million, of which earnings on investment were in excess of the estimate by $289.3 million, "Other Revenue" exceeded estimate by $47.3 million, and licenses and fees exceeded estimate by $26.6 million. Transfers in were $1.5 million above the estimate for FY 2024. Federal grants were $808.2 million below estimate. For federal grants, large negative variances typically occur when Medicaid expenditures are also well below their estimate, which they were in FY 2024.

Chart 1 below shows cumulative FY 2024 variances of GRF sources in July through June.

[1] This report compares actual monthly and year-to-date GRF revenue sources to OBM's estimates. If actual receipts were higher than estimate, that GRF source is deemed to have a positive variance. Alternatively, a GRF source is deemed to have a negative variance if actual receipts were lower than estimate.



FY 2024 GRF tax revenue was lower than in FY 2023 by $971.2 million (3.4%). The decline was more than accounted for by the PIT, lower by $1.28 billion (11.8%). Other taxes with revenues lower than in the year-earlier period include the auto sales tax, by $77.4 million (3.9%); the cigarette tax, by $77.0 million (9.3%); the domestic insurance tax, by $37.0 million (9.6%); the FIT, by $34.3 million (14.4%); and the public utility excise tax, by $12.6 million (6.9%). On the positive side, taxes with YTD GRF receipts higher than a year earlier include the nonauto sales and use tax, by $294.7 million (2.6%); the CAT, by $214.2 million (10.0%); and the foreign insurance tax, by $39.3 million (10.8%). Year-to-year growth in CAT revenue to the GRF resulted from a provision in H.B. 33 of the 135th General Assembly, the main operating budget act, which increased the portion of CAT revenue allocated to the GRF.

Nontax revenue to the GRF in FY 2024 was higher than a year earlier by $80.1 million, reflecting a $149.8 million (49.2%) increase in earnings on investment, partly offset by a $79.2 million (35.1%) decline in the "Other Revenue" category. Total state-source revenue was lower than a year earlier by $896.5 million (3.0%). GRF revenue from federal grants was lower than in the year-earlier period by $285.7 million (2.2%).

Sales and Use Tax

June GRF receipts from the sales and use tax were $1.18 billion, $53.1 million (4.3%) below estimate. For all of FY 2024, revenue from the tax was $13.70 billion, $90.6 million (0.7%) below estimate. Revenue in FY 2024 was $217.4 million (1.6%) higher than in the year-earlier period. The sales and use tax is the state's largest tax revenue source.

For analysis and forecasting, revenue from the sales and use tax is separated into two parts: auto and nonauto. Auto sales and use tax collections generally are from the sale of motor vehicles, but auto taxes arising from leases are paid at the lease signing and are mostly recorded under the nonauto tax instead of the auto tax. In FY 2024, a positive YTD variance from the nonauto portion increased early in the year but then narrowed and turned negative, while a negative YTD variance from the auto component generally trended more negative. As a result, the combined variance for the two components of the tax shifted from positive to negative.

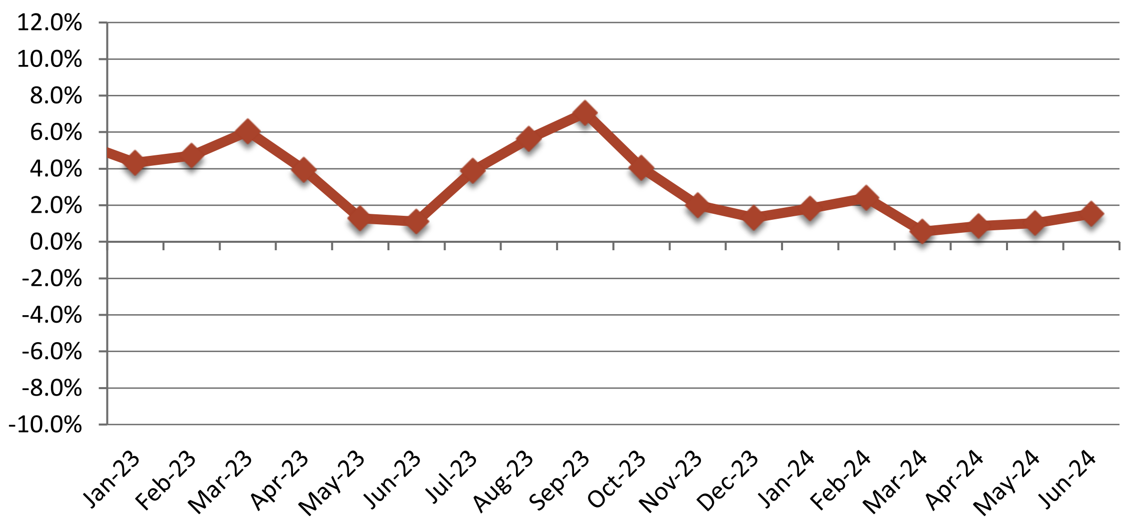
The tax base[2] for this tax is mostly goods but includes some services. It excludes some household basics like food consumed off the premises where sold, rent, mortgage payments, and utilities. Inflation tends to increase tax revenue, unless consumers reduce the volume of their purchases enough to offset price increases. National gross domestic product data show growth in the dollar value of consumer spending through May, seasonally adjusted, with growth mostly in the service sector. Consumer price increases are not as rapid as two years ago, but the improvement has ended at least temporarily. In May the personal consumption expenditures price index was 2.6% higher than a year earlier, up slightly from 2.5% year-over-year increases in January and February.

Nonauto Sales and Use Tax

June GRF receipts of $1.04 billion were $14.1 million (1.3%) below the OBM estimate but $12.7 million (1.2%) above revenue in June 2023. FY 2024 revenues were $11.78 billion, $4.7 million (less than 0.05%) below estimate and $294.7 million (2.6%) higher than receipts a year earlier.

Chart 2, below, shows year-over-year growth in nonauto sales and use tax collections since January 2023. The data are shown using a three-month moving average[3] to smooth out some of the variability that would appear if year-over-year growth were shown for each individual month. Growth slowed from a peak early in this fiscal year.

Chart 2: Nonauto Sales and Use Tax Receipts Trend
Actual vs. Prior Year
(Three-month Moving Average)



[2] The term "tax base" here refers to whatever is subject to the tax.

[3] A three-month moving average means, for example, that the most recent data point shown is the percentage growth from revenue received during April 2023 through June 2023 to revenue received during April 2024 through June 2024.

Auto Sales and Use Tax

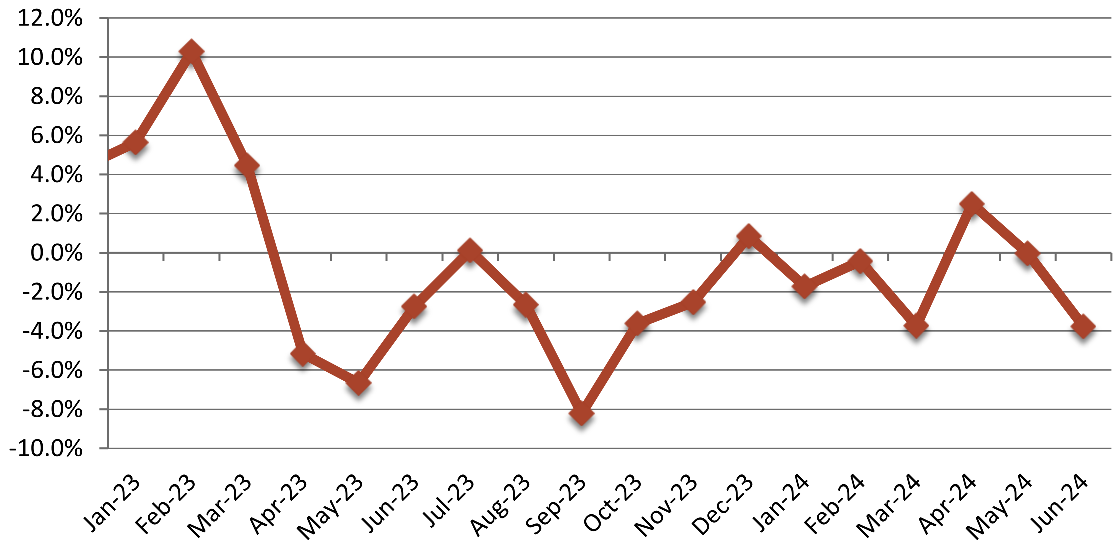
June receipts from the auto component of the sales and use tax were $146.9 million, $39.1 million (21.0%) below estimate, and $40.3 million (21.5%) below receipts in June 2023. FY 2024 revenue of $1.92 billion was below the estimate by $85.9 million (4.3%) and below year-earlier revenues by $77.4 million (3.9%).

June sales were likely reduced by a cyberattack on a major provider of online data services to many industry participants. Motor vehicle dealers rely on this service provider for various functions related to sales and titling. Some and perhaps many of the transactions delayed in June may be completed in July or later.

National data on unit sales of new light vehicles (automobiles and light trucks) show a year-over-year increase in July 2023 through June 2024 of around 7%, though most of this growth occurred in calendar year (CY) 2023. Light vehicle sales in June were 3.4% lower than a year earlier, likely reflecting the cyberattack and weakest since the computer chip shortage in 2022. Dealer inventories of domestic autos nationwide are not so tight as two years ago but remain lean.

Chart 3, below, shows the year-over-year change in the three-month moving average of auto sales and use tax collections since January 2023. Auto sales and use tax receipts in the latest period shown were about 4% lower than a year ago, about in line with the year-to-year performance of this tax earlier in the fiscal year.

Chart 3: Auto Sales and Use Tax Receipts Trend
Actual vs. Prior Year
(Three-month Moving Average)



Data provided by the Ohio Bureau of Motor Vehicles, shown in the table below, similarly show a decrease in total spending on cars and light trucks in Ohio during FY 2024. Vehicle unit purchases were slightly below the year-earlier sales pace, as new vehicle purchases rose while used vehicles purchases declined. Average prices were down from a year earlier, particularly for used vehicles. Total spending on new and used vehicles was 2.8% lower in FY 2024 than a year earlier, mostly driven by lower prices (on average) paid for used vehicles.

FY 2024 New and Used Cars and Light Trucks Titled			
Type	Titles	Spending ($ in millions)	Average Purchase Price
New Vehicles	343,044	$16,681	$48,626
Used Vehicles	1,485,128	$20,746	$13,969
Total	1,828,172	$37,427	$20,472
Growth from FY 2023			
New Vehicles	0.9%	0.5%	-0.4%
Used Vehicles	-0.5%	-5.4%	-4.9%
Total	-0.2%	-2.8%	-2.6%

Personal Income Tax

June GRF revenue from the PIT of $916.9 million was $29.1 million (3.3%) above estimate. Revenue received in all of FY 2024 totaled $9.52 billion, $457.8 million (4.6%) below estimate and $1.28 billion (11.8%) lower than a year earlier. Weakness appears to reflect in substantial part the tax cuts in tax year (TY) 2023 made by H.B. 33 and withholding rate cuts beginning last November. The Department of Taxation cut the top withholding rate further starting this month, perhaps at least partly in response to the top marginal rate in statutory law falling from 3.75% to 3.50% in TY 2024. Also, Ohio income growth slowed early this year. Personal income in the first quarter was 4.4% higher than a year earlier, down from a 4.8% increase for all of CY 2023.

Gross PIT tax collections include withholding payments, quarterly estimated payments,[4] payments accompanying the filing of annual returns, trust payments, and miscellaneous payments. Refunds are subtracted from these gross collections, and a portion of revenue is transferred to the Local Government Fund (LGF). What remains is GRF PIT revenue. The primary driver of PIT revenue is withholding payments, about 78% of gross PIT collections in FY 2024.

H.B. 33 reduced both tax rates and the number of tax brackets for TY 2023 and TY 2024. Withholding rates, set administratively, were unchanged for the lowest wage brackets but were reduced by various percentages up to about 25% in higher brackets. The latest withholding rate reduction, effective July 1, will reduce amounts withheld in FY 2025.

The table below provides details on revenue from PIT components in FY 2024 relative to estimates for the fiscal year and to revenues received in the year-earlier period. FY 2024 gross collections were $419.9 million (3.2%) above anticipated revenue, but $442.0 million (3.1%) below year-earlier revenues. Shifts among payment categories, with some up substantially and

[4] Taxpayers who expect to be underwithheld by more than $500 make quarterly estimated payments. Quarterly estimated payments are generally due in April, June, and September of an individual's tax year and January of the following year.

others lower, were attributed by OBM to changes in tax forms associated with enactment of electing pass-through entity law (S.B. 246 of the 134th General Assembly). Refunds were far in excess of estimate and of year-earlier levels. As a result, GRF PIT revenue was well below both the estimate, by $457.8 million (4.6%), and year-earlier revenue, by $1.28 billion (11.8%).

FY 2024 Personal Income Tax Revenue Variance and Annual Change by Component				
Category	Variance from Estimate		Change from FY 2023	
	Amount ($ in millions)	Percent (%)	Amount ($ in millions)	Percent (%)
Withholding	-$99.2	-0.9%	-$464.9	-4.2%
Quarterly Estimated Payments	$341.7	34.5%	$216.8	19.4%
Trust Payments	$4.2	6.3%	-$12.4	-15.1%
Annual Return Payments	$190.2	14.2%	-$166.1	-9.8%
Miscellaneous Payments	-$17.0	-17.2%	-$15.3	-15.8%
Gross Collections	**$419.9**	**3.2%**	**-$442.0**	**-3.1%**
Less Refunds	$885.1	33.1%	$836.2	30.7%
Less LGF Distribution	-$7.4	-1.4%	-$0.3	-0.1%
GRF PIT Revenue	**-$457.8**	**-4.6%**	**-$1,277.9**	**-11.8%**

Commercial Activity Tax

June GRF CAT receipts were $7.0 million, $4.2 million (37.5%) below estimate. For FY 2024 GRF revenues were $2.37 billion, $93.0 million (4.1%) above estimate. CAT payments are due in February, May, August, and November based on gross receipts in the previous calendar quarter.

YTD GRF revenue from the CAT grew by $214.2 million (10.0%) compared with FY 2023. Allocation of CAT revenue was changed by H.B. 33 to direct virtually all revenue after the first 0.65% to the GRF.[5] The 0.65% credited from CAT revenues goes to Fund 2280, used by the Department of Taxation to enforce state tax law. Prior to FY 2024 the GRF received 85% of total

[5] R.C. 5751.02 as amended by H.B. 33 directs CAT revenue after the credit to Fund 2280 to any required payments to the Commercial Activity Tax Motor Fuel Receipts Fund (Fund 7019) and any amounts needed to make required payments to the School District Tangible Property Tax Replacement Fund (Fund 7047) and the Local Government Tangible Property Tax Replacement Fund (Fund 7081). The remainder is to be credited to the GRF. Fund 7019 received $337 of CAT revenue in FY 2024. Balances in Fund 7047 and Fund 7081 are far in excess of required payments.

CAT revenue net of the Fund 2280 portion. FY 2024 CAT revenue on an all-funds basis net of refunds, $2.38 billion, was $166.7 million (6.5%) below comparable CAT revenue in FY 2023.

For tax periods beginning in TY 2024, another H.B. 33 provision reduces the CAT tax base. Businesses with taxable gross receipts of $3 million or less per year no longer owe the CAT. Payments due in May were based on gross receipts in January through March less this exclusion amount. The change likely accounts for the FY 2024 decline in CAT revenues on an all-funds basis. This exclusion amount increases to $6 million in TY 2025 and thereafter. All CAT taxpayers now pay quarterly; the category of annual CAT taxpayer is eliminated.

Cigarette and Other Tobacco Products Tax

June revenue from the cigarette and OTP tax totaling $100.5 million was below estimate by $16.5 million (14.1%). FY2024 revenue from the tax was $750.4 million, $41.0 million (5.2%) below estimate. The fiscal year total included $636.5 million from cigarette sales and $113.9 million from OTP.

FY 2024 revenue fell by $77.0 million (9.3%) compared to revenue in FY 2023. OTP sales decreased by $1.6 million (1.4%) while receipts from cigarette sales decreased $75.4 million (10.6%). The smaller percentage decrease in OTP revenue may be due in part to rising OTP prices. The tax is an ad valorem tax, generally 17% of the wholesale price paid by wholesalers for the product; thus, revenue from that portion of the tax base tends to be boosted by price increases.

Taxation of cigarettes, on the other hand, is based on unit sales. Revenue from cigarette sales generally declines from year to year, a pattern that has persisted for many years, with occasional months when revenues are higher than a year earlier. Notably, during the COVID-19 pandemic, receipts were up from a year earlier for several months, after which the downtrend resumed.

Utility-Related Taxes

Utility-related taxes include the public utility tax, the natural gas distribution or MCF tax, and the kilowatt-hour tax. Receipts from these taxes are credited to the GRF. However, half the share of GRF total tax revenue transferred to the Public Library Fund (PLF) is debited against the kilowatt-hour tax for accounting purposes (the other half is debited against the nonauto sales and use tax). Changes in consumption and prices are generally the main determinants of revenue from utility-related taxes. Consumers' usage is often weather-dependent.

The public utility tax is imposed on the gross intrastate receipts of some utilities. Companies subject to the tax pay 4.75% of gross receipts, except for pipeline companies which pay 6.75%.[6] Revenues from this tax totaled $170.3 million in FY 2024, $0.5 million (0.3%) less than the estimate and $12.6 million (6.9%) below FY 2023 revenue. Taxes paid by natural gas companies' account for most tax receipts from the public utility tax. Receipts from pipelines have grown in recent years. Other classes of utilities that pay this tax include waterworks and water transportation. Companies that pay the public utility tax do not pay the CAT. A provision of

[6] Exemptions include receipts from sales to the federal government or to other public utilities for resale and receipts billed on behalf of other entities by natural gas companies.

H.B. 110 of the 135th General Assembly exempted heating companies from the public utility tax, subjecting them instead to the CAT.

The natural gas consumption tax, also known as the natural gas distribution or MCF tax, is levied based on the quantity of natural gas distributed to end users in Ohio. The tax is charged at rates ranging from 2¢ to 15.93¢ per MCF (thousand cubic feet), depending on the amount distributed to each end user.[7] Receipts from this tax were $65.9 million in FY 2024, $1.4 million (2.2%) below the estimate and $2.0 million (2.9%) below receipts in FY 2023.

The kilowatt-hour tax is levied on electric distribution companies with end users in Ohio. The tax rate depends on the volume of electricity used by the customer. In FY 2024, the GRF received $284.5 million from the kilowatt-hour tax. This amount was $3.6 million (1.3%) above estimate and $6.3 million (2.3%) higher than FY 2023 receipts. Currently, half the share of GRF total tax revenue transferred to the PLF is debited against the kilowatt-hour tax for accounting purposes (the other half is debited against the nonauto sales and use tax). The positive GRF revenue variance was likely due in part to lower than estimated GRF total tax receipts which decreased the estimated allocation to the PLF. However, total kilowatt-hour tax receipts (all-fund collections) of $531.7 million were $0.7 million (0.1%) below FY 2023 total receipts, due to slightly lower electricity consumption this fiscal year.

Foreign and Domestic Insurance Taxes

Insurance taxes are levied on premiums collected by insurance companies. The large majority of the revenue is deposited in the GRF, while a small portion is dedicated to the state Fire Marshal Fund (Fund 5460). Combined revenue from the insurance taxes was $794.3 million in FY 2024, of which $751.8 million was deposited in the GRF and $42.6 million was deposited in Fund 5460.

The GRF yield from the two insurance taxes was above estimate in FY 2024. The domestic insurance tax (paid by insurance companies headquartered in Ohio) raised $349.7 million for the GRF in FY 2024, while the foreign insurance tax (paid by insurance companies headquartered outside of the state) raised $402.1 million. Revenues from the domestic tax were $4.3 million (1.2%) below estimate, and $37.0 million (9.6%) below the FY 2023 amount. The depressed revenue from the domestic tax can be attributed to lower premiums received by Medicaid managed care organizations in FY 2024. On the other hand, the foreign insurance tax was $47.1 million (13.3%) above the estimate and $39.3 million (10.8%) higher than FY 2023 receipts. The increase in receipts from the foreign insurance tax was largely due to an increase in premiums received by property and casualty and life and health insurers. Net revenue from this tax this fiscal year was reduced by an increase of $8.3 million in tax refunds relative to FY 2023.

Financial Institutions and Corporate Franchise Taxes

FIT is levied on the "total Ohio equity capital" of financial institutions. Annual FIT tax returns are due in October, but estimated payments are made in January, March, and May. The reconciliation between estimated payments and final tax liability generally results in net refunds between July and December. GRF receipts from the FIT totaled $204.9 million in FY 2024,

[7] Exemptions include natural gas distributed to the federal government and natural gas both produced and consumed by an end user that does not flow through a natural gas company's pipelines.

$31.2 million (13.2%) below estimate and $34.3 million (14.4%) lower than the FY 2023 receipts. The FIT's depressed performance in FY 2024 was largely due to increased tax refunds relative to tax refunds claimed in FY 2023.

GRF receipts from the corporate franchise tax were not anticipated because H.B. 510 of the 129th General Assembly eliminated the tax at the end of 2013, but adjustments to tax filings in previous years continue to affect this tax source. These adjustments provided net revenue of just $0.2 million in FY 2024.

Alcoholic Beverage and Liquor Gallonage Taxes

Combined revenue for the two taxes totaled $117.3 million in FY 2024, an amount $3.8 million (3.1%) below estimate and $4.5 million (3.7%) below combined revenue in FY 2023. The longer-term trend in alcoholic beverage sales, over the last ten years, has been a shift from beer, wine, and mixed beverages toward spirituous liquor, as consumer preferences changed. The share of combined revenue for all alcoholic beverages coming from the liquor tax rose from 43% in FY 2014 to 50% in FY 2020 and remained near that level since then; the liquor tax share was 48% in FY 2024. A higher share for liquor taxes primarily occurred at the expense of tax revenue from beer and malt beverage sales, which fell from 45% to 32% of all alcoholic beverages over the ten-year period.

The alcoholic beverage tax applies to sales of beer, malt beverages, wine, and mixed alcoholic beverages. All beverages brewed or fermented from malt products and containing at least 0.5% alcohol by volume are included in the tax base. The tax is levied on a per-container rate depending on the type of beverage sold and tax rates vary greatly. Nearly all revenue is deposited in the GRF, except for a small portion designated for the Ohio Grape Industries Fund. For FY 2024, GRF revenue from the alcoholic beverage tax was $60.7 million, $1.3 million (2.1%) below estimate, and $3.8 million (6.0%) below that of the prior year. The bases for the alcoholic beverage tax are split into beer/malt beverages and wine/mixed beverages. In FY 2024, revenue from the malt beverages category was $38.1 million, a decrease of $3.7 million (8.9%) from FY 2023 collections; revenue from the wine and mixed beverages category was $22.6 million, a decrease of $0.1 million (0.5%) from FY 2023.

The liquor gallonage tax is levied at the rate of $3.38 per gallon of spirituous liquor. This is the equivalent of $0.67 per standard 750 milliliter bottle. Revenue is deposited in the GRF. Revenue from the liquor gallonage tax was $56.6 million during FY 2024, $2.5 million (4.2%) below estimated revenue and $0.7 million (1.2%) below receipts in FY 2023.

Nontax Revenue

FY 2024 GRF nontax revenue totaling $727.5 million was $363.3 million (99.7%) above estimate and $80.1 million (12.4%) higher than in FY 2023. The year-over-year increase in revenue was primarily due to earnings on investment, which were $289.3 million (175.3%) above estimate and $149.8 million (49.2%) above a year earlier. Short-term interest rates rose throughout FY 2023 and remained elevated in FY 2024. The Federal Reserve viewed inflation as unacceptably high, and raised its target interest rate to constrain economic activity in an effort to return inflation to its 2% objective.

Receipts in the "Other Revenue" category totaling $146.5 million were $47.3 million (47.7%) above the estimate, but $79.2 million (35.1%) lower than a year earlier. OBM reported that the JobsOhio deferred payment from liquor profits in August was $39.3 million (60.4%)

above estimate.[8] License and fee revenue of $126.6 million was $26.6 million (26.6%) above estimate and $9.5 million (8.2%) higher than a year earlier.

[8] JobsOhio makes an annual payment to the state GRF if net liquor profits exceed an annual threshold. These “deferred payments” are calculated each year by taking 75% of the liquor profits that were accrued beyond the base growth rate of 3% of liquor profits from the prior fiscal year. For more information, please see the Issue Update “Five Counties Surpass $100.0 Million in Spirituous Liquor Sales in FY 2024” in this issue of Budget Footnotes.

Table 3: General Revenue Fund Uses
Actual vs. Estimate
Month of June 2024
($ in thousands)
(Actual based on OAKS reports run July 1, 2024)

Program Category	Actual	Estimate*	Variance	Percent
Primary and Secondary Education	$435,591	$462,946	-$27,355	-5.9%
Higher Education	$198,105	$192,835	$5,270	2.7%
Other Education	$3,907	$4,220	-$313	-7.4%
Total Education	**$637,603**	**$660,001**	**-$22,398**	**-3.4%**
Medicaid	$992,418	$906,681	$85,737	9.5%
Health and Human Services	$124,089	$137,557	-$13,469	-9.8%
Total Health and Human Services	**$1,116,507**	**$1,044,239**	**$72,268**	**6.9%**
Justice and Public Protection	$214,757	$213,099	$1,658	0.8%
General Government	$41,893	$47,007	-$5,114	-10.9%
Total Government Operations	**$256,650**	**$260,106**	**-$3,456**	**-1.3%**
Property Tax Reimbursements	$57,774	$20,145	$37,629	186.8%
Debt Service	$63,202	$63,240	-$39	-0.1%
Total Other Expenditures	**$120,976**	**$83,386**	**$37,590**	**45.1%**
Total Program Expenditures	**$2,131,736**	**$2,047,732**	**$84,004**	**4.1%**
Transfers Out	**$769,478**	**$860,487**	**-$91,010**	**-10.6%**
Total GRF Uses	**$2,901,213**	**$2,908,219**	**-$7,006**	**-0.2%**

*August 2023 estimates of the Office of Budget and Management.
Detail may not sum to total due to rounding.

Table 4: General Revenue Fund Uses
Actual vs. Estimate
FY 2024 as of June 30, 2024
($ in thousands)
(Actual based on OAKS reports run July 1, 2024)

Program Category	Actual	Estimate*	Variance	Percent	FY 2023**	Percent
Primary and Secondary Education	$9,479,353	$9,528,487	-$49,134	-0.5%	$8,449,907	12.2%
Higher Education	$2,575,925	$2,610,203	-$34,277	-1.3%	$2,447,551	5.2%
Other Education	$102,019	$106,823	-$4,803	-4.5%	$88,681	15.0%
Total Education	**$12,157,298**	**$12,245,512**	**-$88,215**	**-0.7%**	**$10,986,139**	**10.7%**
Medicaid	$19,329,476	$20,495,547	-$1,166,072	-5.7%	$18,483,730	4.6%
Health and Human Services	$1,784,718	$1,968,648	-$183,930	-9.3%	$1,625,331	9.8%
Total Health and Human Services	**$21,114,193**	**$22,464,195**	**-$1,350,001**	**-6.0%**	**$20,109,061**	**5.0%**
Justice and Public Protection	$2,963,656	$3,017,942	-$54,287	-1.8%	$2,758,904	7.4%
General Government	$1,204,043	$1,306,960	-$102,916	-7.9%	$559,569	115.2%
Total Government Operations	**$4,167,699**	**$4,324,902**	**-$157,203**	**-3.6%**	**$3,318,474**	**25.6%**
Property Tax Reimbursements	$1,873,728	$1,856,916	$16,812	0.9%	$1,821,090	2.9%
Debt Service	$1,304,828	$1,313,787	-$8,960	-0.7%	$1,546,978	-15.7%
Total Other Expenditures	**$3,178,556**	**$3,170,703**	**$7,853**	**0.2%**	**$3,368,068**	**-5.6%**
Total Program Expenditures	**$40,617,746**	**$42,205,313**	**-$1,587,567**	**-3.8%**	**$37,781,741**	**7.5%**
Transfers Out	**$7,564,307**	**$6,457,785**	**$1,106,522**	**17.1%**	**$2,289,930**	**230.3%**
Total GRF Uses	**$48,182,054**	**$48,663,098**	**-$481,044**	**-1.0%**	**$40,071,671**	**20.2%**

*August 2023 estimates of the Office of Budget and Management.
**Cumulative totals through the same month in FY 2023.
Detail may not sum to total due to rounding.

Table 5: Medicaid Expenditures by Department
Actual vs. Estimate
($ in thousands)
(Actuals based on OAKS report run on July 1, 2024)

	Month of June 2024				Year to Date through June 2024			
Department	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Medicaid								
GRF	$922,137	$836,611	$85,526	10.2%	$18,352,955	$19,494,585	-$1,141,630	-5.9%
Non-GRF	$2,411,667	$2,049,415	$362,252	17.7%	$15,881,573	$16,259,353	-$377,780	-2.3%
All Funds	$3,333,804	$2,886,026	$447,778	15.5%	$34,234,528	$35,753,937	-$1,519,410	-4.2%
Developmental Disabilities								
GRF	$62,314	$61,656	$658	1.1%	$863,134	$863,153	-$19	0.0%
Non-GRF	$291,378	$286,543	$4,835	1.7%	$3,419,175	$3,524,854	-$105,678	-3.0%
All Funds	$353,692	$348,199	$5,493	1.6%	$4,282,309	$4,388,007	-$105,698	-2.4%
Job and Family Services								
GRF	$7,543	$7,461	$82	1.1%	$103,421	$126,065	-$22,644	-18.0%
Non-GRF	$11,405	$13,472	-$2,068	-15.3%	$167,779	$192,029	-$24,251	-12.6%
All Funds	$18,948	$20,933	-$1,986	-9.5%	$271,200	$318,094	-$46,895	-14.7%
Health, Mental Health and Addiction, Aging, Pharmacy Board, Education and Workforce, and Higher Education								
GRF	$424	$953	-$529	-55.5%	$9,966	$11,745	-$1,779	-15.1%
Non-GRF	$10,088	$11,447	-$1,359	-11.9%	$80,390	$120,988	-$40,598	-33.6%
All Funds	$10,512	$12,401	-$1,889	-15.2%	$90,356	$132,733	-$42,377	-31.9%
All Departments:								
GRF	**$992,418**	**$906,681**	**$85,737**	**9.5%**	**$19,329,476**	**$20,495,547**	**-$1,166,072**	**-5.7%**
Non-GRF	**$2,724,537**	**$2,360,877**	**$363,660**	**15.4%**	**$19,548,917**	**$20,097,224**	**-$548,307**	**-2.7%**
All Funds	**$3,716,956**	**$3,267,559**	**$449,397**	**13.8%**	**$38,878,392**	**$40,592,771**	**-$1,714,379**	**-4.2%**

*September 2023 estimates from the Department of Medicaid.
Detail may not sum to total due to rounding.

Table 6: Actual vs. Estimate
($ in thousands)
(Actuals based on OAKS report run on July 1, 2024)

	Month of June 2024				Year to Date through June 2024			
Payment Category	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Managed Care	**$2,711,865**	**$2,201,804**	**$510,061**	**23.2%**	**$26,088,294**	**$27,290,188**	**-$1,201,894**	**-4.4%**
CFC†	$553,364	$611,742	-$58,378	-9.5%	$6,803,033	$7,708,699	-$905,666	-11.7%
Group VIII	$484,788	$524,138	-$39,350	-7.5%	$6,106,346	$6,710,781	-$604,435	-9.0%
ABD†	$175,032	$188,968	-$13,936	-7.4%	$2,285,607	$2,399,888	-$114,280	-4.8%
ABD Kids	$62,556	$64,954	-$2,398	-3.7%	$726,936	$802,363	-$75,427	-9.4%
My Care	$288,463	$305,197	-$16,734	-5.5%	$3,241,572	$3,300,916	-$59,343	-1.8%
OhioRise	$46,857	$56,236	-$9,379	-16.7%	$485,888	$522,671	-$36,784	-7.0%
SPBM	$428,603	$450,568	-$21,965	-4.9%	$5,698,775	$5,755,870	-$57,095	-1.0%
Pay for Performance	$672,202	$0	$672,202	---	$740,137	$89,000	$651,137	731.6%
Fee-For-Service	**$797,819**	**$834,052**	**-$36,233**	**-4.3%**	**$9,972,031**	**$10,287,143**	**-$315,112**	**-3.1%**
ODM Services	$450,039	$491,997	-$41,958	-8.5%	$5,064,452	$5,250,172	-$185,720	-3.5%
DDD Services	$347,780	$342,055	$5,725	1.7%	$4,158,039	$4,258,971	-$100,932	-2.4%
Hospital - HCAP	$0	$0	$0	---	$749,540	$778,000	-$28,460	-3.7%
Premium Assistance	**$129,221**	**$142,513**	**-$13,291**	**-9.3%**	**$1,660,507**	**$1,754,667**	**-$94,160**	**-5.4%**
Medicare Buy-In	$76,018	$85,132	-$9,114	-10.7%	$987,313	$1,059,156	-$71,843	-6.8%
Medicare Part D	$53,204	$57,381	-$4,177	-7.3%	$673,194	$695,511	-$22,317	-3.2%
Administration	**$78,050**	**$89,190**	**-$11,140**	**-12.5%**	**$1,157,560**	**$1,260,773**	**-$103,213**	**-8.2%**
Total	**$3,716,956**	**$3,267,559**	**$449,397**	**13.8%**	**$38,878,392**	**$40,592,771**	**-$1,714,379**	**-4.2%**

*September 2023 estimates from the Department of Medicaid.
†CFC - Covered Families and Children; ABD - Aged, Blind, and Disabled.
Detail may not sum to total due to rounding.

Expenditures[9]

– *Michael Kerr, Budget Analyst*

– *Brandon Minster, Economist*

Overview

FY 2024 GRF program expenditures totaled $40.62 billion. These expenditures were $1.59 billion (3.8%) below OBM's estimates. GRF uses also include transfers out, which totaled $7.56 billion and were $1.11 billion (17.1%) over estimate for the year, due to transfers supporting capital projects that were authorized in H.B. 687 of the 134th General Assembly and not included in the estimates. Total GRF uses for the year were $48.18 billion, which was $481.0 million (1.0%) below estimate. The preceding Tables 3 and 4 show GRF uses compared to estimates for the month of June and the entire fiscal year, respectively.

For June program expenditures, positive monthly variances in GRF Medicaid ($85.7 million, 9.5%), Property Tax Reimbursements ($37.6 million, 186.8%), Higher Education ($5.3 million, 2.7%), and Justice and Public Protection ($1.7 million, 0.8%) were partially offset by negative monthly variances in Primary and Secondary Education ($27.4 million, 5.9%), Health and Human Services ($13.5 million, 9.8%), and General Government ($5.1 million, 10.9%). The remaining categories had monthly variances of less than $0.4 million. Total program expenditures were $84.0 million (4.1%) over estimate for the month of June.

For FY 2024 program expenditures, all categories, except for Property Tax Reimbursements, were under estimate, most significantly GRF Medicaid ($1.17 billion, 5.7%), Health and Human Services ($183.9 million, 9.3%), General Government ($102.9 million, 7.9%), and Justice and Public Protection ($54.3 million, 1.8%). The larger GRF variances, in addition to Medicaid's non-GRF variance, are discussed below.

State agencies encumbered $1.05 billion in GRF appropriations for expenditure in FY 2025. The "**Encumbrances**" section of this report provides additional information on FY 2024 year-end encumbrances.

Medicaid

Medicaid is a joint federal-state program. It is mainly funded by the GRF but is also supported by several non-GRF funds. As noted above, GRF Medicaid expenditures were above their monthly estimate in June by $85.7 million (9.5%) but below their yearly estimate by $1.17 billion (5.7%). Non-GRF Medicaid expenditures were above their monthly estimate by $363.7 million (15.4%) but below their yearly estimate by $548.3 million (2.7%). Including both the GRF and non-GRF, all funds Medicaid expenditures were $449.4 million (13.8%) above estimate in June but $1.71 billion (4.2%) below their FY 2024 estimate.

Table 5 shows GRF and non-GRF Medicaid expenditures for the Ohio Department of Medicaid (ODM), the Ohio Department of Developmental Disabilities (DODD), and seven other

[9] This report compares actual monthly and YTD expenditures from the GRF to OBM's estimates. If a program category's actual expenditures were higher than estimate, that program category is deemed to have a positive variance. The program category is deemed to have a negative variance when its actual expenditures were lower than estimate.

"sister" agencies that also take part in administering Ohio Medicaid. ODM and DODD account for about 99% of the total Medicaid budget. Therefore, they generally also account for the majority of the variances in Medicaid expenditures. ODM had an all funds positive variance in June of $447.8 million (15.5%), but a FY 2024 all funds negative variance of $1.52 billion (4.2%). DODD had a June all funds positive variance of $5.5 million (1.6%) yet ended the month with yearly expenditures being $105.7 million (2.4%) below estimate. These data reflect increased spending in the final month of the fiscal year after spending below budget in most previous months. The other seven "sister" agencies – Job and Family Services (ODJFS), Health (ODH), Aging, Mental Health and Addiction Services (OhioMHAS), State Board of Pharmacy, Education and Workforce (DEW), and Higher Education – account for the remaining 1% of the total Medicaid budget. Unlike ODM and DODD, the seven "sister" agencies incur only administrative spending.

Table 6 shows all funds Medicaid expenditures by payment category. Expenditures were below their fiscal year estimates for all four major payment categories. In percentage terms, the Administration variance of $103.2 million (8.2%) was the largest. This variance has declined since February as deferred spending was undertaken. In terms of absolute dollars, the largest variance was in Managed Care, which was $1.20 billion (4.4%) below the yearly estimate. The Managed Care variance throughout this fiscal year has been largely due to a lower-than-projected caseload, especially in the Covered Families and Children (CFC) population, and lower per-member-per-month (PMPM) spending. The timing of pay-for-performance spending differed from the estimates made at the beginning of the fiscal year, producing large statistical variances. The caseload shortfall and the PMPM account for most of the FY 2024 negative variance. The other categories with negative variances were Fee-for-Service (FFS) at $315.1 million (3.1%) and Premium Assistance at $94.2 million (5.4%).

Due to federal requirements for states to provide continuous coverage throughout the COVID-19 public health emergency (PHE) in exchange for receiving a higher reimbursement on Medicaid expenditures, caseloads increased more than 28% from February 2020 to April 2023. The total caseload increase during the PHE was nearly 800,000. Since resuming eligibility redeterminations in April 2023, ODM's net caseload had declined by May 2024 by over 460,000.

General Government

This program category includes all GRF spending for general government programs, except for debt service. The Department of Development (DEV) makes up 71.8% of the estimated expenditures from this category in FY 2024. Four other agencies make up another 14.9% of estimated expenditures: the Ohio Department of Transportation (ODOT, 4.5%), the Ohio Department of Natural Resources (ODNR, 3.9%), the Department of Agriculture (AGR, 3.6%), and the Department of Taxation (TAX, 2.9%). Twenty-one other agencies make up the remaining 13.3% of estimated spending.

This category was under estimate by $5.1 million (10.9%) in June, increasing its negative FY 2024 variance to $102.9 million (7.9%). Most agencies in the category were under their yearly estimates. The single largest variance was related to support of Intel's megaproject development in central Ohio. Appropriation line item (ALI) 195456, Local Roads, in DEV's budget, was under its yearly estimate by $33.6 million. The estimates had the entire $46.2 million appropriation for this ALI being expended in equal installments in October and April. However, only $10.6 million and $2.0 million was actually expended from this ALI in October and May, respectively.

ALI 195503, Local Development Projects, also in DEV's budget, was under its estimate for the fiscal year by $16.1 million. This ALI is earmarked to support 28 specific community projects for the FY 2024-FY 2025 biennium. ALI 775471, State Road Improvements, in ODOT's budget, was under its yearly estimate as well by $22.9 million. These variances are related to the timing of the projects and have been encumbered for expenditure in FY 2025.

Another ALI in DEV's budget with a significant negative yearly variance is ALI 195415, Business Development Services. This line item supports operating costs of the Strategic Investment Division and DEV's regional economic development offices. ALI 195415 has been under estimate for most months of this fiscal year, culminating in a negative FY 2024 variance of $4.1 million.

Justice and Public Protection

This program category includes all GRF spending for justice and public protection programs, except for debt service. The Ohio Department of Rehabilitation and Correction (DRC) accounts for 69.8% of the estimated expenditures for this category for FY 2024. Eleven other agencies make up the remaining 30.2% of estimated spending.

The negative FY 2024 variance in this category decreased by $1.7 million in June to $54.3 million (1.8%). The largest variances for the fiscal year were in the Ohio Department of Public Safety (ODPS), DRC, and the Department of Youth Services (DYS). All other agencies in this category, except for the Court of Claims (CLA), also had negative FY 2024 variances.

ODPS was under its yearly estimate by $14.7 million. This negative variance decreased by $1.9 million in June. The FY 2024 variance for ODPS was driven by ALI 768425, Justice Program Services, which was below its yearly estimate by $6.8 million. This ALI pays the costs of administering the operations of the Office of Criminal Justice Services, including grants administration, law enforcement services, training programs, and policy and research. Most other ALIs in the ODPS budget were also under their annual estimate, including ALI 761403, Recovery Ohio Law Enforcement, which was $4.9 million under estimate for FY 2024. Item 761403 is used to support the operating expenses of the State of Ohio Law Enforcement Virtual Exchange (SOLVE), which is a statewide data-sharing platform for Ohio's drug task forces and law enforcement agencies.

DRC ended the year with a negative variance of $14.4 million, due mainly to negative variances of $7.2 million in ALI 503321, Parole and Community Operations, and $3.8 million in ALI 506321, Institution Education Services. ALI 503321 is used to pay for the operating expenses of the Department's Division of Parole and Community Services, which provides offender release and community supervision services, community sanctions assistance, and victim services. ALI 506321 is used primarily to pay for the costs of operating a school system in a correctional facility, including the provision of basic, vocational, and post-secondary education services.

DYS was under its FY 2024 estimate by $11.5 million, due mainly to a negative FY 2024 variance of $10.5 million in ALI 470401, RECLAIM Ohio. Item 470401 funds the DYS RECLAIM Ohio program, which pays for services and activities associated with institutional operations, juvenile court subsidies, community programs, and central office operations.

Health and Human Services

This program category includes all GRF spending for non-Medicaid health and human services programs, except for debt service. ODJFS accounts for 53.4% of the estimated expenditures for this category for FY 2024, followed by the OhioMHAS at 29.5% and ODH at 8.1%. Eight other agencies make up the remaining 9.0% of estimated spending.

This category's negative FY 2024 variance increased by $13.5 million in June to $183.9 million (9.3%). All agencies in this category, except for Opportunities for Ohioans with Disabilities (OOD) and the Commission on Service and Volunteerism (CSV), were under estimate for the fiscal year. The four agencies with the largest negative yearly variances were ODJFS ($112.5 million), OhioMHAS ($49.0 million), ODH ($9.7 million), and the Ohio Department of Veterans Services (DVS; $4.1 million).The category's June variance was mainly due to a negative variance of $14.2 million in OhioMHAS, partially offset by a positive variance of $2.3 million in ODJFS.

All ALIs in OhioMHAS's budget were at or below their FY 2024 estimates, including:

- ALI 336421, Continuum of Care Services, which was under the FY 2024 estimate by $15.3 million. This ALI is used to distribute funds to local boards of alcohol, drug addiction, and mental health to meet locally determined needs, including allowing for boards to contract with local providers to offer behavioral health services in their area.
- ALI 336422, Criminal Justice Services, which was under the FY 2024 estimate by $13.0 million. This ALI is primarily used for forensic psychiatric evaluations and substance use disorder treatment for people involved in the court system.
- ALI 336504, Community Innovations, which was under the FY 2024 estimate by $9.1 million. This ALI is used to make targeted investments in programs operated by other state agencies, governmental entities, or private nonprofits to achieve a net reduction in GRF expenditures or improve outcomes for Ohio citizens.

All but three of the 24 ALIs in ODH's budget were at or under estimate for FY 2024. The largest negative yearly variance was $6.1 million in ALI 440485, Health Program Support. This ALI is used to fund several earmarks related to health and education.

Significant variances for ALIs in the ODJFS budget include:

- ALI 600450, Program Operations, which had a positive monthly variance of $6.0 million in June, decreasing its negative FY 2024 variance to $50.1 million. This ALI is used to support administrative functions, operating expenses, and various ODJFS information technology projects.
- ALI 600523, Family and Children Services, which had a negative monthly variance of $10.0 million in June, increasing its negative FY 2024 variance to $35.6 million. This discontinued ALI funded the State Child Protection Allocation, which is distributed to each county public children services agency (PCSA) to partially reimburse their incurred costs. Beginning in FY 2024, H.B. 33 moved funding for these activities from ODJFS to a corresponding item in the Department of Children and Youth, ALI 830506, Family and Children Services.

Primary and Secondary Education

This program category contains all GRF spending by the DEW, except for property tax reimbursements and Medicaid spending. This category was under its monthly estimate in June by $27.4 million, increasing its negative yearly variance to $49.1 million (0.5%). Most line items had negative variances for the fiscal year, including ALI 200502, Pupil Transportation, which had a FY 2024 negative variance of $27.2 million. This line item supports public school operating costs for transporting students to and from school.

ALI 200550, Foundation Funding – All Students, had a positive FY 2024 variance of $8.5 million. ALI 200550 is the main source of state aid for public schools, including those operated by traditional school districts, joint vocational school districts (JVSDs), and community and STEM (science, technology, engineering, and mathematics) schools, as well as for the state's scholarship programs for students attending chartered nonpublic schools. For FY 2024, estimated spending in this ALI comprises 83.8% of total estimated spending in the category.

ALIs with significant negative FY 2024 variances were:

- ALI 200437, Student Assessment, with a negative FY 2024 variance of $4.6 million. This item is used for contracts to administer the state's student assessment system.
- ALI 200448, Educator Preparation, with a negative FY 2024 variance of $3.6 million. This item supports a variety of initiatives related to teacher preparation and school improvement, including Ohio's State System of Support for districts and schools implementing school improvement processes.
- ALI 200540, Special Education Enhancements, with a negative FY 2024 variance of $3.1 million. This ALI is used primarily for preschool special education services and school-age special education services provided by county boards of developmental disabilities and institutions.

Property Tax Reimbursements

This category of GRF expenditures reimburses school districts and other local governments for their property tax losses due to property tax rollbacks and the homestead exemption. Reimbursements are made twice a year as counties request them. Since payments are made at the request of the counties, this category often has variances at the beginning of a cycle that are offset as the cycle draws to a close. In June, this category had a positive variance of $37.6 million (186.8%), increasing its positive FY 2024 variance to $16.8 million (0.9%). In recent years, residential property taxes across Ohio have increased faster than the historical trend. The associated GRF reimbursements move in tandem with this growth rate.

Transfers Out

GRF transfers out totaled $769.5 million in the month of June, which was 10.6% less than OBM's estimate. The June transfer activity decreased the positive variance for GRF transfers out in FY 2024 to $1.11 billion (17.1%). The vast majority of the June transfers were completed by the OBM Director pursuant to H.B. 687 of the 134th General Assembly, which authorized GRF transfers out to support capital projects during the FY 2023-FY 2024 capital biennium. Other GRF transfers out in June include $2.5 million transferred to the IT Development Fund (Fund 5LJ0) for the office of InnovateOhio, pursuant to H.B. 33. In addition, $0.2 million was transferred from the GRF to the Ohio Lottery Commission's Annuity Prizes Fund (Fund 8710) to support payments for lottery deferred prizes.

GRF transfers out to support capital projects in FY 2024 totaled $1.96 billion. OBM's estimates planned for $850.0 million to be transferred out in June for capital appropriations in FY 2024. So, GRF transfers in FY 2024 for this purpose were $1.11 billion above original estimates. The following table summarizes the GRF transfers made in FY 2024 to support capital appropriations.

FY 2024 GRF Transfers Out to Support Capital Appropriations	
Fund	**Total Transfer**
School Building Program Assistance Fund (Fund 7032)	$500,000,000
Adult Correctional Building Fund (Fund 7027)	$375,000,000
Parks and Recreation Improvement Fund (Fund 7035)	$217,266,487
Higher Education Improvement Fund (Fund 7034)	$200,000,000
Administrative Building Fund (Fund 7026)	$200,000,000
Mental Health Facilities Improvement Fund (Fund 7033)	$150,000,000
Cultural and Sports Facilities Building Fund (Fund 7030)	$79,964,476
Clean Ohio Conservation Fund (Fund 7056)	$75,000,000
Taxable Third Frontier Research and Development Fund (Fund 7014)	$60,000,000
Parks and Natural Resources Fund (Fund 7031)	$42,000,000
Higher Education Improvement Taxable Fund (Fund 7024)	$24,000,000
Administrative Building Taxable Bond Fund (Fund 7016)	$20,300,000
Clean Ohio Agricultural Easement Fund (Fund 7057)	$12,500,000
Coal Research and Development Fund (Fund 7046)	$5,733,513
Clean Ohio Trail Fund (Fund 7061)	$1,000,000
Total	**$1,962,764,476**

Encumbrances

As of June 30, 2024, state agencies encumbered a total of $1.05 billion in GRF appropriations for expenditure in FY 2025. An agency generally has five months to spend prior-year encumbrances for operating expenses, after which time they lapse. An agency may encumber appropriations for purposes other than operating expenses beyond the five-month period if approval is obtained from the OBM Director. Encumbrances for some grant and aid payments are encumbered for several months or sometimes years.

The table below summarizes the encumbrances by the fiscal year of the original appropriation. As seen from the table, the majority of the encumbrances were originally appropriated in FY 2024. However, small encumbrances remain from as early as FY 2016.

FY 2024 Year-End Encumbrances by Fiscal Year for Which Appropriations Were Originally Made		
Fiscal Year	**Amount ($ in thousands)**	**Percentage of Total**
2016-2020	$8,468	0.8%
2021	$8,952	0.9%
2022	$70,815	6.7%
2023	$230,448	21.9%
2024	$731,783	69.7%
Total	**$1,050,466**	100.0%

The encumbrance amounts vary from agency to agency. As shown in the next table, 14.4% of the total was encumbered by one agency, the DEV, which had an encumbrance of $151.4 million at the end of the fiscal year. DEW is second with an encumbrance of $144.5 million (13.8%); ODJFS is third with an encumbrance of $138.3 million (13.2%); and ODOT is fourth with an encumbrance of $132.0 million (12.6%). The next three agencies with the largest encumbrances are ODM at $124.6 million (11.9%), DRC at $82.4 million (7.8%), and the Ohio Department of Higher Education (ODHE) at $76.7 million (7.3%). Thirty-eight other agencies encumbered the remaining $200.5 million (19.1%).

FY 2024 Year-End Encumbrances by Agency		
Agency	**Amount ($ in thousands)**	**Percentage of Total**
Development	$151,445	14.4%
Education and Workforce	$144,549	13.8%
Job and Family Services	$138,332	13.2%
Transportation	$132,000	12.6%

FY 2024 Year-End Encumbrances by Agency		
Agency	**Amount ($ in thousands)**	**Percentage of Total**
Medicaid	$124,596	11.9%
Rehabilitation and Correction	$82,409	7.8%
Higher Education	$76,671	7.3%
Other	$200,464	19.1%
Total	**$1,050,466**	**100.0%**

Department of Development

DEV encumbered $151.4 million for expenditure in FY 2025. Of that amount, $60.7 million was in ALI 195503, Local Development Projects. ALI 195503 is earmarked for various development programs; for the FY 2024-FY 2025 biennium, this line item supports 28 specific community projects. ALI 195456, Local Roads, had the second largest encumbrance at $33.6 million. This ALI is used to fund local road improvements for economic development purposes, including Intel's megaproject development in central Ohio. The next largest encumbrance was in ALI 195556, TechCred Program, with an encumbrance of $24.9 million. ALI 195556 is used to offer financial assistance for students and workers to enroll in short-term training courses or programs in specific industries, or to pursue in-demand jobs.

Ohio Department of Education and Workforce

DEW encumbered $144.5 million for expenditure in FY 2025. Three ALIs with significant encumbrances were: (1) 200550, Foundation Funding – All Students, at $65.9 million, (2) 200408, Early Childhood Education, at $31.7 million, and (3) 200437, Student Assessment, at $20.9 million. These three ALIs account for $118.5 million (82.0%) of DEW's total encumbrances. The remaining $26.0 million was encumbered in various other ALIs.

Funds encumbered in ALI 200550 will be used mainly to meet year-end school foundation payment adjustments. Foundation payments are allocated to districts based on a variety of data. Some of these data are not finalized until the following fiscal year. Funds are generally encumbered each year in order to make adjusted payments based on these updated data. Funds encumbered in ALI 200408 will be used to pay providers for early childhood education services to children from lower income families. Funds encumbered in ALI 200437 will be used to pay contractors for costs related to the state's standardized tests.

Ohio Department of Job and Family Services

ODJFS encumbered $138.3 million for expenditure in FY 2025. Encumbrances in four ALIs account for $107.6 million (77.8%) of the total. These ALIs are: (1) 600523, Family and Children Services, at $44.7 million, (2) 600450, Program Operations, at $41.0 million, (3) 600521, Family Assistance – Local, at $11.2 million, and (4) 655522, Medicaid Program Support – Local, at $10.7 million.

Funds encumbered in ALI 600523 will be used mainly for assistance to county public children services agencies. Funds encumbered in ALI 600450 will be used for a variety of administrative costs. Funds encumbered in ALI 600521 will be used to fund the state share of county administration expenditures for food assistance and disability assistance programs. Funds encumbered in ALI 655522 will mainly be used to provide the remaining state share of Medicaid subsidies for local administrative services of county departments of job and family services.

Ohio Department of Transportation

ODOT encumbered $132.0 million for expenditure in FY 2025. The largest encumbrance was $70.8 million for ALI 775471, State Road Improvements. This ALI provides supplemental funding for road improvement projects. In addition, ALI 775470, Public Transportation – State, which is used primarily for competitive grants for public transit systems across the state, had an encumbrance of $41.6 million. The third largest encumbrance was $11.7 million in ALI 777471, Airport Improvements – State, to provide grants to public airports in Ohio for pavement maintenance and obstruction removal.

Ohio Department of Medicaid

ODM encumbered a total of $124.6 million for expenditure in FY 2025, including $67.6 million in ALI 651526, Medicare Part D; $32.3 million in ALI 651525, Medicaid Health Care Services; and $24.7 million in ALI 651425, Medicaid Program Support – State. ALI 651526 is used for payments to the federal government related to prescription drugs for individuals eligible for both Medicare and Medicaid. ALI 651525 is the primary GRF funding source for Ohio Medicaid. Funds encumbered in this ALI will be used for subsidy payments to Medicaid providers. Funds encumbered in ALI 651425 will be used to pay ODM's outstanding operating expenses for administering the Medicaid program in Ohio.

Department of Rehabilitation and Correction

DRC encumbered $82.4 million for expenditure in FY 2025, of which $49.9 million (60.6%) occurred in ALI 501321, Institutional Operations, and another $26.9 million (32.6%) in ALI 505321, Institution Medical Services. Funds encumbered in ALI 501321 will be used to support the operation of the Department's correctional institutions, including payroll and other costs associated with security, unit management, facility administration and maintenance, and support services. Funds encumbered in ALI 505321 will be used to pay various outstanding bills for providing medical services to inmates.

Ohio Department of Higher Education

ODHE encumbered $76.7 million for expenditure in FY 2025. The majority of the total was encumbered in ALIs 235438, Choose Ohio First Scholarship ($65.7 million), and 235599, National Guard Scholarship Program ($4.8 million), to pay the state's obligations to scholarship recipients.

Issue Updates

FY 2024 Operating and Capital Expenditures Total $99.7 Billion

Melaney Carter, Director

In FY 2024, the state of Ohio incurred a total of $99.70 billion in operating and capital expenditures. As seen from the following table, $92.84 billion (93.1%) of the total expenditures were authorized in the main operating budget. The transportation and capital budgets accounted for $5.03 billion (5.0%) and $1.46 billion (1.5%), respectively. The remaining $373.9 million (0.4%) was authorized in the Bureau of Workers' Compensation and Industrial Commission budgets.

FY 2024 Operating and Capital Expenditures by Budget		
Budget	**Amount**	**% of Total**
Main Operating	$92,842,936,362	93.1%
Transportation	$5,028,322,913	5.0%
Capital	$1,457,682,826	1.5%
Workers' Compensation	$373,871,533	0.4%
Total	**$99,702,813,633**	**100.0%**

The next table shows FY 2024 expenditures by the account category used in the state's accounting system. As seen from the table, Subsidies and Shared Revenue is the largest spending area. In FY 2024, 86.7% ($35.20 billion) of total GRF expenditures were distributed as subsidies. These include payments to Medicaid service providers, schools, colleges and universities, local governments, and various other entities. Across all funds, this category's expenditures totaled $68.97 billion (69.2%).

The vast majority of the expenditures incurred under the Capital Item category – $4.47 billion (4.5%) across all funds – supported the construction and maintenance of roads and bridges in the state as well as the construction and renovation of public K-12 schools and colleges and universities. Capital Item expenditures are mainly funded by bond proceeds, although in FY 2024, OBM transferred $1.96 billion from the GRF to capital funds to support capital expenditures. FY 2024 debt service payments totaled $337.9 million (0.8%) for the GRF and $1.64 billion (1.6%) across all funds.

For FY 2024, state payroll costs (including both salaries and fringe benefits) amounted to $5.86 billion (5.9%) across all funds, of which $2.68 billion was supported by the GRF. In addition to Payroll, spending that is commonly referred to as the state government's operating expenses also includes expenditures incurred under the Purchased Personal Services, Supplies and Maintenance, and Equipment categories. For FY 2024, the state government's operating expenses totaled $10.56 billion across all funds, of which $4.01 billion came from the GRF. In percentage terms, these amounts represent 10.6% and 9.9% of the respective totals.

FY 2024 Operating and Capital Expenditures by Account Category				
Account Category	GRF Only	% of Total	All Funds	% of Total
500 – Payroll	$2,676,865,794	6.6%	$5,860,959,227	5.9%
510 – Purchased Personal Services	$579,496,746	1.4%	$2,114,869,252	2.1%
520 – Supplies and Maintenance	$718,366,870	1.8%	$2,360,994,918	2.4%
530 – Equipment	$36,076,830	0.1%	$227,167,669	0.2%
550 – Subsidies Shared Revenue	$35,196,298,209	86.7%	$68,972,708,194	69.2%
560 – Goods and Services for Resale	$0	0.0%	$141,877,376	0.1%
570 – Capital Items	$71,316,226	0.2%	$4,465,970,535	4.5%
590 – Judgments, Settlements and Bonds	$14,729,061	0.0%	$33,728,920	0.0%
591 – Debt Service	$337,895,928	0.8%	$1,643,378,989	1.6%
595 – Transfers and Non-Expense	$986,700,638	2.4%	$13,881,158,555	13.9%
Total	**$40,617,746,301**	**100.0%**	**$99,702,813,633**	**100.0%**

Department of Development Awards $10.0 Million to County and Independent Fairs

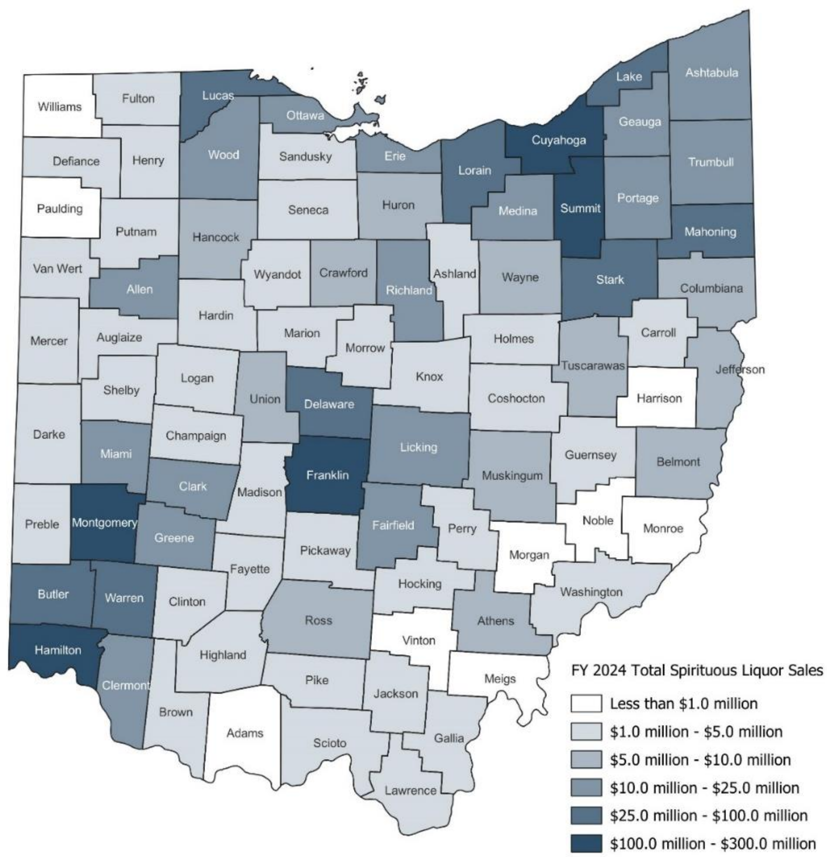
– Jared Cape, Budget Analyst

DEV awarded grants totaling $10.0 million under the County and Independent Fairs Grant Program. Overall, 92 of Ohio's 94 county and independent fairs each received a $106,832 grant to support capital projects. Putnam County Agricultural Society and Perry County Agricultural Society each requested a lower amount, receiving $101,000 and $70,498, respectively. Improvements supported by this grant program include upgrades to grounds, electrical and sanitation systems, machinery and equipment, and the American's with Disabilities Act (ADA) accommodations. The County and Independent Fairs Grant Program was established in H.B. 33, which required grants to be evenly distributed among all applicants. These grants are funded by a one-time $10.0 million appropriation under Fund 5CV3 1956H4, County and Independent Fairs Grant.

Five Counties Surpass $100.0 Million in Spirituous Liquor Sales in FY 2024

– Tom Wert, Senior Budget Analyst

Spirituous liquor sales in Ohio's five largest counties surpassed $100 million in FY 2024. Liquor sales in Cuyahoga ($284.5 million), Franklin ($272.1 million), Hamilton ($142.3 million), Summit ($110.1 million), and Montgomery ($101.8 million) counties, totaling $910.7 million, were more than half (52.5%) of the $1.7 billion statewide total. Retail sales provided the lion's share in these five counties, totaling more than $666.9 million while wholesale sales accounted for the remaining $243.9 million. In contrast to the high volume of liquor sales in the large counties discussed above, nine small counties saw total liquor sales of under $1.0 million for FY 2024. These include Williams ($962,000), Harrison ($826,000), Morgan ($721,000), Meigs ($602,000), Noble ($551,000), Adams ($533,000), Monroe ($456,000), Paulding ($417,000), and Vinton ($379,000). Total liquor sales by county are shown in the map below.



Profits from the sale of spirituous liquor are generally retained by JobsOhio and used to promote economic development projects across the state. However, if net liquor profits exceed an annual threshold, JobsOhio makes a payment to the state GRF. Using FY 2013 profits as a baseline, these "deferred payments" are calculated each year by taking 75% of the liquor profits that were accrued beyond the base growth rate of 3% of liquor profits from the prior fiscal year. Deferred payments began in FY 2014, rising from $14.0 million in that fiscal year to a peak of $125.8 million in FY 2021. For FY 2023 the deferred payment amount totaled $104.3 million.

Six Ohio Organizations Receive $5.8 Million in Federal Healthy Start Program Grants

– Jacquelyn Schroeder, Senior Budget Analyst

On April 29, 2024, the U.S. Department of Health and Human Services (HHS) announced that six Ohio community-based organizations were awarded approximately $5.8 million in Healthy Start Program Grants. The goal of these grants is to improve maternal and infant health by providing support to families before, during, and after pregnancy in high needs communities (e.g., communities experiencing infant mortality rates at least 1.5 times the national average or high rates of preterm birth, low birth weight, and maternal illness). These funds also work to reduce racial and ethnic disparities in infant and maternal health outcomes and provide culturally responsive support. Program services include care coordination; prenatal and post-partum clinical care; mental health and substance abuse screening; assistance in achieving health and wellness goals; education on various topics, including pregnancy, infant care, parenting, fatherhood, and nutrition; access to immunizations; intimate partner violence screening; and access to other services including transportation and housing. The Ohio organizations that received grant awards are listed in the table below.

Healthy Start Grants to Ohio Organizations	
Grantee	**Award**
Cleveland Department of Public Health	$1,008,333
City of Columbus	$1,008,333
Nationwide Children's Hospital Research Institute	$880,277
Five Rivers Health Centers (Dayton)	$1,008,333
Lorain County	$890,667
Lucas County	$1,008,333
Total	**$5,804,276**

The Healthy Start Program was first funded in 1991 and supported 15 projects. In this latest round of funding, a total of approximately $105.4 million was awarded to over 100 community-based organizations in 35 states, the District of Columbia, and Puerto Rico. According to HHS, the Healthy Start Program served approximately 85,000 participants in 2022. Of these participants, nearly 47,000 were women. Of these women, 75% were part of racially or ethnically underrepresented groups.

$2.0 Million Allocated to Expand the Treatment Foster Home Pilot Program to 34 Counties

– Ryan Sherrock, Economist

On May 17, 2024, the Ohio Department of Children and Youth (DCY) announced that $2.0 million would be used to expand the Treatment Foster Home Pilot Program to 34 counties in Ohio. The program is currently only offered through the Northwest Treatment Foster Care (TFC) Partnership – a collaboration of four public children services agencies (PCSAs) in Sandusky, Seneca, Ottawa, and Wyandot counties. The goal of the pilot program is to offer other county PCSAs the opportunity to establish similar partnerships with financial support from DCY and technical assistance from the Northwest TFC Partnership. The funds will support one pilot partnership in five regions of the state, with up to three counties in each region. Funding provided will cover the following: salary and benefit costs, training specifically designed for treatment level caregivers, and additional supports including treatment parent retention support, non-reimbursable foster parent training stipends, supplemental marketing costs to support marketing needs for the pilot program, and parent cafes. The pilot program recruits foster families who are willing to provide placements to foster children with significant behavioral health challenges. As part of these efforts, foster families have access to casework and crisis counseling services 24 hours a day, seven days a week and are provided with specialized training.

Critical Access Rate Approved for Assisted Living Providers

– Nelson V. Lindgren, Economist

On May 24, 2024, the Ohio Department of Aging (ODA) announced that a new critical access rate for qualified assisted living providers had been approved by the U.S. Centers for Medicare and Medicaid Services. In order to qualify at least half of a provider's residential facility residents must be enrolled in Medicaid and the provider must also respond to ODA's annual June survey. The survey covers statistics about residential facilities such as the average daily census of the facility, average daily number of residents, and average daily percentage of residents enrolled onto Medicaid.[10] The new rate will be $145 per waiver recipient per day. This is a $15 per waiver recipient per day increase over the base assisted living rate, which amounts to an 11.5% higher payment for qualified facilities. ODA and the Ohio Department of Medicaid both administer the Assisted Living Waiver. They are currently working to update existing administrative rules to implement this new rate. The new rate will be in effect on July 1, 2024.

The Assisted Living Waiver Program is a Medicaid Program that began operations on July 1, 2006. Assisted Living is geared to those individuals who need extra help or supervision in their day-to-day lives but who do not require the 24-hour care provided in a nursing facility. To be eligible for the program, a person must be age 21 or older, need hands-on assistance with certain daily activities, be able to pay room and board, and meet the financial criteria for Medicaid eligibility. Examples of Assisted Living services include personal care, meals, and transportation. Additionally, the program also provides community transition services, such as

[10] The enrollment requirement is based on the preceding fiscal year, while survey responses must be provided for the current fiscal year.

basic household items and moving expenses, to help consumers move from an institutional setting into an assisted living facility. As of May 2024, the program had an ending caseload of almost 3,500 participants.

Missing Children Clearinghouse Report Shows Increase in Number of Children Reported Missing in 2023

– Robert Meeker, Senior Budget Analyst

On May 24, 2024, the Attorney General's Office released the Ohio Missing Children Clearinghouse Report for 2023. According to the report, 17,405 children were reported missing in 2023, compared to 15,555 in 2022. The 2023 total represents an increase of 11.9%, or 1,850 children, from 2022. Of those reported missing in 2023, 97.9%, or 17,033 children, were recovered safely by year's end. As shown in the table below, the majority of the children reported missing in 2023 fall between the ages of 13 and 17 (90.2%, or 15,692 children).

The Ohio Missing Children's Clearinghouse was established in 1993 and is operated by the Bureau of Criminal Investigation's Missing Persons Unit. The Clearinghouse acts as a central repository for statistics received on missing persons in Ohio whose cases have been entered into the National Crime Information Center (NCIC) database by law enforcement agencies. These agencies have the option of noting the circumstances of the disappearance, if known. About half of all missing person reports filed with NCIC contain this information. Some of these circumstances include runaway, abduction by noncustodial parent, and abduction by stranger.

Ohio's Amber Alert system, launched in 2003, serves as a tool to help locate missing persons. According to the report, Ohio law enforcement issued 13 Amber Alerts involving 17 children through the Ohio Amber Alert Plan in 2023. Of those 17 children, 16 were recovered safely while one was still missing at the time of the report's publication. Additionally, ten Endangered Missing Children Alerts were issued involving 12 children, all of whom were recovered safely. The complete report can be found on the Attorney General's website under Publications and then by selecting Reports: ohioattorneygeneral.gov.

Ohio Missing Children's Clearinghouse Statistics, CY 2019-CY 2023					
Category	**2019**	**2020**	**2021**	**2022**	**2023**
Total Missing Children Reported	**18,638**	**16,332**	**14,027**	**15,555**	**17,405**
Females	9,606	8,396	7,521	8,224	9,571
Males	9,032	7,935	6,504	7,331	7,829
Sex Unknown or Unreported	---	1	2	---	5
Age 0 to 5	132	158	166	178	172
Age 6 to 12	1,214	1,038	1,008	1,387	1,541
Age 13 to 17	17,292	15,136	12,853	13,990	15,692

Ohio Missing Children's Clearinghouse Statistics, CY 2019-CY 2023					
Category	**2019**	**2020**	**2021**	**2022**	**2023**
Recovered	18,246 (97.9%)	15,881 (97.2%)	13,606 (97.0%)	14,940 (96.0%)	17,033 (97.9%)
Amber Alerts Issued	3	7	14	8	13

National Endowment for the Arts Awards $2.7 Million to Ohio Artists

– Shaina Morris, Budget Analyst

On May 15, 2024, the Ohio Arts Council (OAC) announced federal grant awards totaling over $2.7 million to Ohio artists and organizations. The grant funding is awarded directly from the National Endowment for the Arts (NEA) from its spring round of grant funding. Ohio arts organizations and artists will receive 35 grants, including $1.3 million awarded directly to OAC. The OAC dollars are intended to be reinvested into the state's arts and culture sector to support both individuals and organizations that pursue the arts.

The majority of the Ohio awards were distributed through NEA's Arts Projects Program, its principal grant program for organizations. These competitive awards recognize an artist's body of work in a variety of disciplines including dance, design, folk and traditional arts, literary arts, music, museums, media arts, opera, and theatre. Other NEA award categories include Our Town, which supports activities that integrate arts, culture, and design into local efforts that strengthen communities over the long term, and NEA's State and Regional Partnership grant, which was awarded to OAC directly. The table below lists the number of NEA awards granted to Ohio artists by award category.

FY 2024 Ohio NEA Grant Awards			
Discipline	**Number of Recipients**	**Average Award**	**Total Awarded**
Grants for Arts Projects	31	$36,445	$1,129,800
Our Town	3	$83,333	$250,000
OAC Partnerships (State and Regional)	1	---	$1,330,500
Total	**35**	**$77,437**	**$2,710,300**

ODHE Awards 21 Institutions $509,000 in Grants Related to the Science of Reading in Educator Preparation Programs

– Jason Glover, Senior Budget Analyst

In April 2024, ODHE awarded a total of approximately $509,000 to 21 public and private universities and colleges (institutions) for grants that assist them with (1) aligning their educator preparation programs with the science of reading (curriculum alignment grants) and (2) placing student teachers with teachers aligned with the science of reading in their classrooms (student teacher placement grants). Under curriculum alignment grants, institutions were awarded competitive grants of up to $20,000 in each of FY 2024 and FY 2025 ($40,000 total in the FY 2024-FY 2025 biennium) to assist their educator preparation programs with aligning their curricula with the science of reading. ODHE selected award recipients based on the institution's plan for revising reading course curriculum to align with updated standards. Under student teacher placement grants, institutions were awarded up to $10,000 in each of FY 2024 and FY 2025 ($20,000 total in the FY 2024-FY 2025 biennium) to place student teachers with cooperating teachers who received instruction in evidenced-based strategies aligned to the science of reading, use high quality instructional materials aligned to the science of reading, and implement a structured literacy approach in their classrooms. H.B. 33 supports the curriculum and student teacher placement grants with earmarks from GRF ALI 235585, Educator Preparation Programs.

The table below summarizes the recipients and awards for each grant. Awards for curriculum alignment grants range from the $40,000 maximum biennial amount for three institutions to $6,000 for ten institutions. Awards for student teacher placement grants range from the $20,000 maximum biennial amount for four institutions to $10,000 for three institutions.

GRF ALI 235585 Educator Preparation Program Awards, FY 2024-FY 2025 Biennium			
Institution	Curriculum Alignment Grants	Student Teacher Placement Grants	Total
Bowling Green State University	$40,000	$20,000	$60,000
Lourdes University	$40,000	$20,000	$60,000
University of Cincinnati	$40,000	$10,000	$50,000
University of Dayton	$32,800	$10,000	$42,800
John Carroll University	$20,000	$20,000	$40,000
Wright State University	$20,000	$19,500	$39,500
Youngstown State University	$35,681	$0	$35,681
Bluffton University	$18,000	$10,000	$28,000
Miami University	$6,000	$19,000	$25,000

GRF ALI 235585 Educator Preparation Program Awards, FY 2024-FY 2025 Biennium			
Institution	**Curriculum Alignment Grants**	**Student Teacher Placement Grants**	**Total**
Capital University	$6,000	$15,000	$21,000
Central State University	$20,000	$0	$20,000
Marietta College	$0	$20,000	$20,000
Ohio Northern University	$19,085	$0	$19,085
Baldwin Wallace	$6,000	$0	$6,000
Franklin University	$6,000	$0	$6,000
Hiram College	$6,000	$0	$6,000
Kent State University	$6,000	$0	$6,000
Malone University	$6,000	$0	$6,000
Ohio University	$6,000	$0	$6,000
Ursuline College	$6,000	$0	$6,000
Wilmington College	$6,000	$0	$6,000
Total	**$345,566**	**$163,500**	**$509,066**

Source: Ohio Department of Higher Education

DEW Pays $16 Million to Public Schools for Industry-Recognized Credentials and the Innovative Workforce Incentive Program

– Ryan Brown, Budget Analyst

In June 2024, DEW paid $16.0 million to public schools to reimburse them for industry-recognized credentials and for the Innovative Workforce Incentive Program (IWIP). Industry-recognized credential reimbursements provide funding to school districts and other public schools for the testing fees for a student to obtain an industry-recognized credential or equivalent certification. The program requires districts and schools to pay upfront for the cost of the credential and claim reimbursement for testing fees from the state. IWIP pays school districts and other public schools $1,250 for each qualifying credential earned by a student that the school paid for during the prior school year. Credentials that qualify for the program focus on segments of the economy that have been identified as high-growth, in-demand fields such as advanced manufacturing, information technology, engineering, and construction.

For each of FY 2024 and FY 2025, H.B. 33 appropriates $16.0 million to GRF line item 200478, Industry-Recognized Credentials High School Students, to make the payments, with annual earmarks of $5.5 million for industry-recognized credential reimbursements and $10.5 million for IWIP payments. The earmarks for a given fiscal year are used to reimburse schools for credentials earned in the prior fiscal year. Due to the volume of credentials earned during the 2022-2023 school year, DEW prorated the industry-recognized credential reimbursements in FY 2024 to 72% of the full amount and IWIP payments to 44% of the full amount to avoid exceeding the earmarked amounts. In FY 2024, DEW reimbursed for 114,211 industry-recognized credentials and made incentive payments for 19,175 IWIP-eligible credentials. Within IWIP, certain construction, nursing, pre-apprenticeship, and process improvement credentials were most popular, with each having been earned by over 1,000 students. Within the broader industry-recognized credential reimbursement program, credentials with the highest volume concerned cardiopulmonary resuscitation (CPR), first aid, occupational safety and health, business and hospitality, and process improvement.

Joint vocational school districts received the largest share of the payments, at $7.1 million (67.9%) of IWIP funds and $3.2 million (57.6%) of the industry-recognized credential reimbursements, as shown in the table below. Most of the remaining payments went to traditional school districts, which received $2.8 million (26.6%) of IWIP funds and $2.0 million (36.5%) of industry-recognized credential reimbursements.

Earned Credentials and FY 2024 State Payments ($ in millions) by Program and School Type

	IWIP		Industry-Recognized Credentials	
School Type	Credentials	Payment	Credentials	Payment
Joint Vocational School Districts	13,001	$7.1 million	62,191	$3.2 million
Traditional School Districts	5,132	$2.8 million	44,485	$2.0 million
Community and STEM Schools	1,042	$0.6 million	7,522	$0.3 million
Schools for the Blind and Deaf	0	$0	13	< $0.1 million
Total	**19,175**	**$10.5 million**	**114,211**	**$5.5 million**

Tracking the Economy

– Ruhaiza Ridzwan, Senior Economist

Overview

The U.S. economy expanded at a 1.4% annual rate in the first quarter, following an increase at a 3.4% annual pace in the fourth quarter of 2023. Employment increased by 206,000 in June, with a majority of the gains in healthcare and government. Unemployment increased from 4.0% in May to 4.1% in June. Industrial production rose sharply in May following a contraction in April. Inflation as measured by the consumer price index for all urban consumers (CPI-U) has been decelerating with the inflation rate in May falling to 3.3% relative to a year ago.

In Ohio, employment increased by 21,200 in May, after increasing slightly in April. The state's unemployment rate rose to 4.2%, the highest level since December 2021. Ohio's economic growth shrank in the first quarter of 2024, but the state personal income grew.

The National Economy

In June, nonfarm payroll employment nationwide rose by 206,000, according to initial estimates from the Bureau of Labor Statistics. Job growth during the first half of 2024 averaged 222,000. U.S. and Ohio employment growth are shown in Chart 4. The national unemployment rate increased slightly from 4.0% in May to 4.1% in June, and increased by 0.5 percentage points from 3.6% in June 2023. The U.S. unemployment rate was between 3.4% and 4.0% since December 2021. U.S. and Ohio unemployment rates are presented in Chart 5.

The number of nationwide job openings increased slightly in May to 8.1 million, and decreased by 1.2 million from May of last year. Hiring also increased slightly in May, but decreased for the year and is now below the hiring rate in the years immediately preceding the pandemic. In May, layoffs and discharges changed little. The number of employees voluntarily quitting their jobs also changed little in May.

Inflation-adjusted gross domestic product (U.S. real GDP) growth for the first quarter of 2024 rose at a 1.4% annual rate, a decrease from a 3.4% rate in the fourth quarter of 2023. Growth in the first quarter was led by increases in consumer spending, residential fixed investment, nonresidential fixed investment, and state and local government spending.

The U.S. total industrial production index increased 0.7% in May, which was spurred by manufacturing output that increased 0.6% in May. Mining output rose 0.1% for the month while utilities output was up 1.7% in May. On the year, industrial production was up 0.1%.

Nominal personal income rose 0.5% in May, following a 0.3% increase in April. The rise in personal income was driven by increases in employee compensation. Wage and salary income was up 5.1% from one year ago. Income is growing faster than inflation, as the price index for consumer spending was unchanged in May, and it was 2.6% higher than a year earlier. Similarly, the price index for consumer spending, excluding food and energy increased by 0.1% for the month, and higher by 2.6% over the year.

Inflation cooled in May in large part because of energy. The seasonally adjusted CPI-U was unchanged in May, after a 0.3% increase in April. The core CPI (excluding food and energy) increased 0.2% in May. The energy index decreased 2.0% and the index for food increased 0.1%.

Chart 6 below shows CPI changes from a year earlier. Inflation by this measure peaked in June 2022.

The Ohio Economy

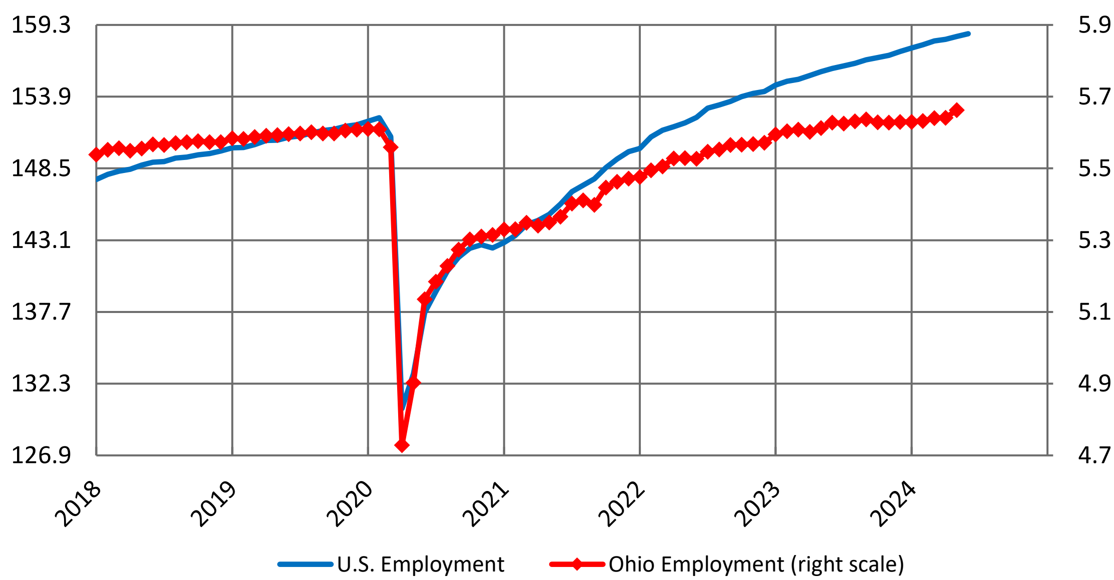
In May, the state's unemployment rate edged up to 4.2% from 4.0% in April, the highest level since December 2021. The state's unemployment rate was 3.3% in May 2023. The number of Ohioans counted as unemployed in May increased by 13,000, which is 49,000 more than in May of last year. Total nonfarm payroll employment in the state, seasonally adjusted, rose 21,200 in May (0.4%) from the revised total in April, the largest monthly increase since January 2023. Employment in both the private-service providing sector and goods-producing industries increased, but jobs in government decreased. On the year, total nonfarm payroll employment rose by 49,500 (0.9%). The private-service providing sector gained 48,800 jobs while employment in goods-producing industries expanded by 2,600. Jobs in government dropped by 1,900.

Ohio's real GDP shrank 0.3% at a seasonally adjusted annual rate in the first quarter of 2024, a contrast from the fourth quarter of 2023 when the state economy expanded at a 2.8% annual rate. Ohio's first quarter growth was lower than the 1.4% growth rate among the 50 states and the District of Columbia, and it ranked 42nd among U.S. states. Manufacturing and construction were the leading drags on the state economy.

Ohio's personal income grew 6.0% at an annual rate in the first quarter of 2024, an increase from the 3.2% growth in the fourth quarter of 2023, but lower than nationwide growth in personal income of 7.0%. The acceleration in Ohio's growth was largely attributable to increases in transfer receipts (e.g., social security), property income, and earnings.

Existing home unit sales were 3.2% higher in May than in May 2023 and the average sale price was $305,041, or 9.1% greater than a year ago, according to the Ohio Realtors. Through the first five months of 2024, the number of existing homes sold rose by 3.0% above the level in 2023, and the average sale price was $280,414, or 8.4% greater.

Chart 4: U.S. and Ohio Nonfarm Payroll Employment (in millions, not seasonally adjusted)



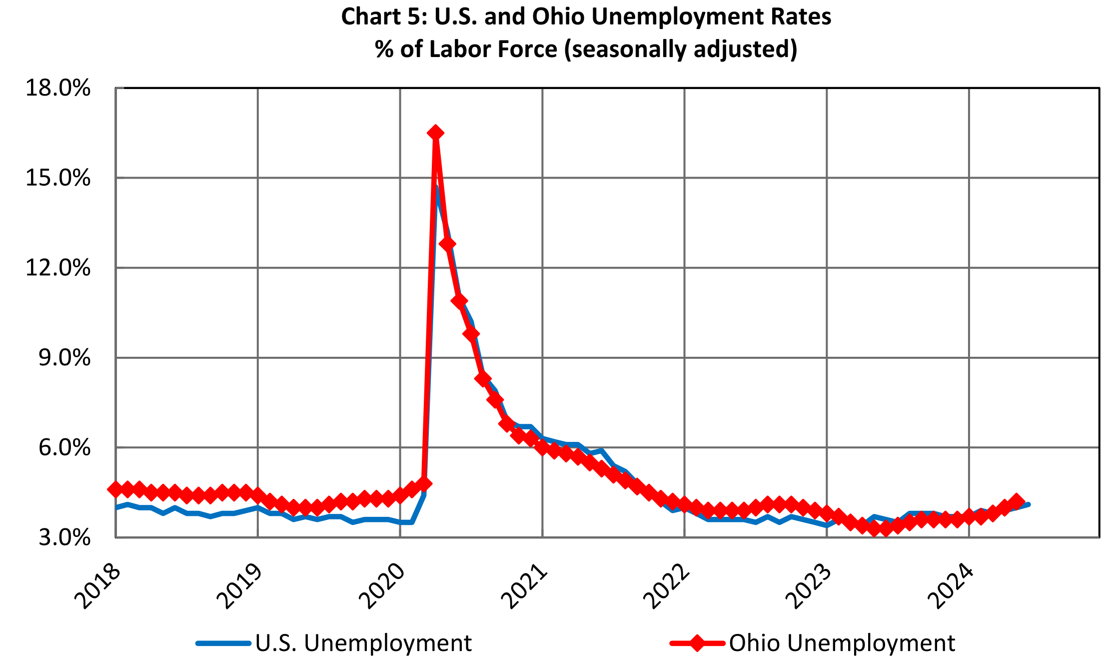


Chart 5: U.S. and Ohio Unemployment Rates
% of Labor Force (seasonally adjusted)
18.0%
15.0%
12.0%
9.0%
6.0%
3.0%
2018
2019
2020
2021
2022
2023
2024
U.S. Unemployment
Ohio Unemployment

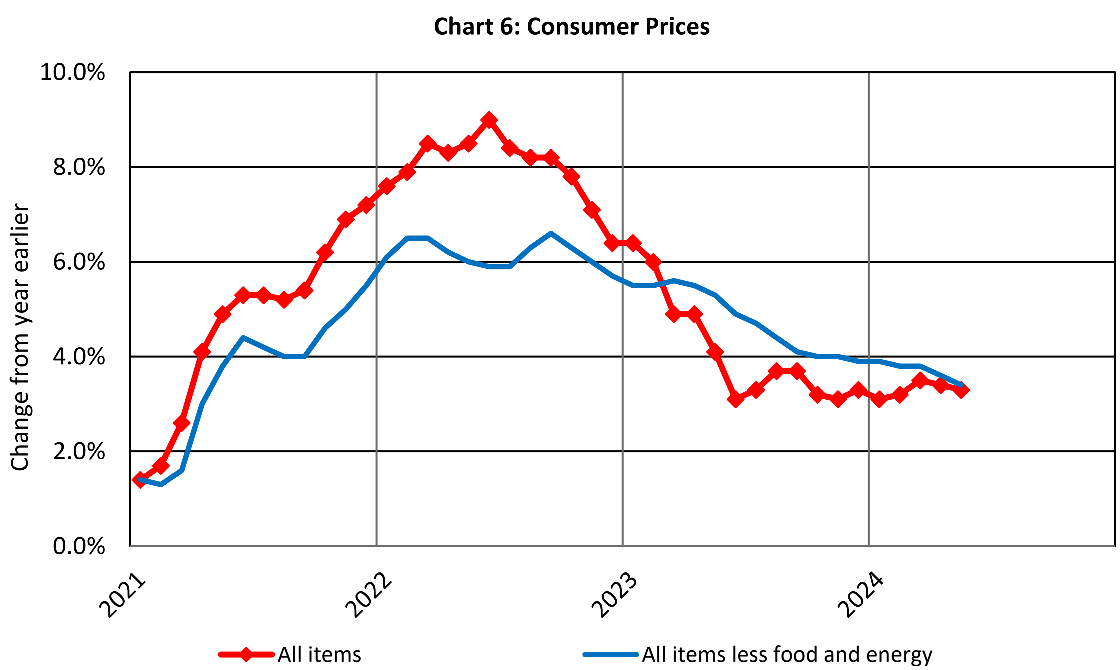


Chart 6: Consumer Prices
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
Change from year earlier
2021
2022
2023
2024
All items
All items less food and energy