LBO Budget Footnotes

A monthly newsletter of the Legislative Budget Office of LSC

Volume: Fiscal Year 2025 **Issue: April 2025**

Highlights

– Russ Keller, Chief Economist

GRF tax revenue in March was $98.1 million above the Office of Budget and Management (OBM) estimate. The monthly surplus was driven by the personal income tax (PIT), which outperformed its monthly estimate by $82.6 million and ended March $355.8 million above its year-to-date (YTD) estimate.

On April 2, the U.S. announced new tariffs on imports from dozens of countries, but Canada and Mexico were largely exempted. On April 9, a 90-day pause was authorized on certain tariffs to most countries.

Preliminary estimates from the U.S. Bureau of Labor Statistics (BLS) indicate that 1,600 more Ohio workers held jobs in February on a seasonally adjusted basis, reversing a five-month streak of declining employment. Separately, the BLS said year-over-year inflation as measured by the consumer price index for all urban consumers ticked down by 0.2 percentage points to 2.8% in February, reversing a four-month run of increases.

Through March 2025, GRF sources totaled $32.25 billion:

- Revenue from the sales and use tax was $554.4 million above estimate;
- GRF transfers in were $434.5 million below estimate;
- The commercial activity tax (CAT) was $65.5 million above estimate.

Through March 2025, GRF uses totaled $34.45 billion:

- Program expenditures were $657.4 million below estimate;
- Medicaid spending was $460.4 million below estimate, largely due to a decline in caseloads.

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Table 1: General Revenue Fund Sources
Actual vs. Estimate
Month of March 2025
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on April 1, 2025)

State Sources	Actual	Estimate*	Variance	Percent
Tax Revenue				
Auto Sales	$151,324	$144,200	$7,124	4.9%
Nonauto Sales and Use	$827,284	$844,600	-$17,316	-2.1%
Total Sales and Use	*$978,608*	*$988,800*	*-$10,192*	*-1.0%*
Personal Income	$610,071	$527,500	$82,571	15.7%
Commercial Activity Tax	$24,932	$9,500	$15,432	162.4%
Cigarette	$50,258	$54,500	-$4,242	-7.8%
Kilowatt-Hour Excise	$30,764	$27,200	$3,564	13.1%
Foreign Insurance	$60,618	$67,000	-$6,382	-9.5%
Domestic Insurance	$39,222	$36,700	$2,522	6.9%
Financial Institution	$51,691	$39,000	$12,691	32.5%
Public Utility	$5,624	$3,300	$2,324	70.4%
Natural Gas Consumption	$283	$0	$283	---
Alcoholic Beverage	$5,249	$4,900	$349	7.1%
Liquor Gallonage	$3,823	$4,300	-$477	-11.1%
Petroleum Activity Tax	$3,056	$3,400	-$344	-10.1%
Corporate Franchise	$4	$0	$4	---
Business and Property	$13	$0	$13	---
Estate	$0	$0	$0	---
Total Tax Revenue	**$1,864,217**	**$1,766,100**	**$98,117**	**5.6%**
Nontax Revenue				
Earnings on Investments	$0	$0	$0	---
Licenses and Fees	$50,657	$72,815	-$22,157	-30.4%
Other Revenue	$1,028	$1,678	-$650	-38.7%
Total Nontax Revenue	**$51,685**	**$74,492**	**-$22,807**	**-30.6%**
Transfers In	**$20,156**	**$0**	**$20,156**	**---**
Total State Sources	**$1,936,057**	**$1,840,592**	**$95,465**	**5.2%**
Federal Grants	**$1,214,391**	**$1,239,760**	**-$25,369**	**-2.0%**
Total GRF Sources	**$3,150,448**	**$3,080,352**	**$70,096**	**2.3%**

Detail may not sum to total due to rounding.

Table 2: General Revenue Fund Sources
Actual vs. Estimate ($ in thousands)
FY 2025 as of March 31, 2025
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on April 1, 2025)

State Sources	Actual	Estimate*	Variance	Percent	FY 2024**	Percent
Tax Revenue						
Auto Sales	$1,413,715	$1,395,700	$18,014	1.3%	$1,401,272	0.9%
Nonauto Sales and Use	$8,780,658	$8,244,300	$536,358	6.5%	$8,713,665	0.8%
Total Sales and Use	*$10,194,373*	*$9,640,000*	*$554,373*	*5.8%*	*$10,114,937*	*0.8%*
Personal Income	$7,196,397	$6,840,600	$355,797	5.2%	$6,729,790	6.9%
Commercial Activity Tax	$1,836,389	$1,770,900	$65,489	3.7%	$1,902,895	-3.5%
Cigarette	$502,851	$492,200	$10,652	2.2%	$523,071	-3.9%
Kilowatt-Hour Excise	$241,004	$233,500	$7,505	3.2%	$217,069	11.0%
Foreign Insurance	$409,090	$381,900	$27,190	7.1%	$368,262	11.1%
Domestic Insurance	$65,962	$75,700	-$9,738	-12.9%	$75,859	-13.0%
Financial Institution	$117,725	$130,200	-$12,475	-9.6%	$120,186	-2.0%
Public Utility	$119,532	$122,600	-$3,069	-2.5%	$122,300	-2.3%
Natural Gas Consumption	$30,502	$35,400	-$4,899	-13.8%	$36,087	-15.5%
Alcoholic Beverage	$46,648	$45,700	$947	2.1%	$44,976	3.7%
Liquor Gallonage	$40,992	$42,900	-$1,908	-4.4%	$42,514	-3.6%
Petroleum Activity Tax	$8,262	$8,200	$62	0.8%	$9,618	-14.1%
Corporate Franchise	$123	$0	$123	---	$180	-31.6%
Business and Property	$13	$0	$13	---	$0	---
Estate	$3	$0	$3	---	$0	5370.5%
Total Tax Revenue	**$20,809,867**	**$19,819,802**	**$990,066**	**5.0%**	**$20,307,744**	**2.5%**
Nontax Revenue						
Earnings on Investments	$220,845	$162,500	$58,345	35.9%	$230,936	-4.4%
Licenses and Fees	$92,568	$101,992	-$9,425	-9.2%	$86,547	7.0%
Other Revenue	$127,687	$129,870	-$2,183	-1.7%	$143,778	-11.2%
Total Nontax Revenue	**$441,100**	**$394,362**	**$46,737**	**11.9%**	**$461,261**	**-4.4%**
Transfers In	**$149,842**	**$584,300**	**-$434,458**	**-74.4%**	**$10,950**	**1268.5%**
Total State Sources	**$21,400,809**	**$20,798,464**	**$602,345**	**2.9%**	**$20,779,955**	**3.0%**
Federal Grants	**$10,848,162**	**$11,153,280**	**-$305,118**	**-2.7%**	**$9,750,063**	**11.3%**
Total GRF SOURCES	**$32,248,970**	**$31,951,744**	**$297,227**	**0.9%**	**$30,530,018**	**5.6%**

*Estimates of the Office of Budget and Management.

**Cumulative totals through the same month in FY 2024.

Detail may not sum to total due to rounding.

Revenues[1]

– Ruhaiza Ridzwan, Senior Economist

Overview

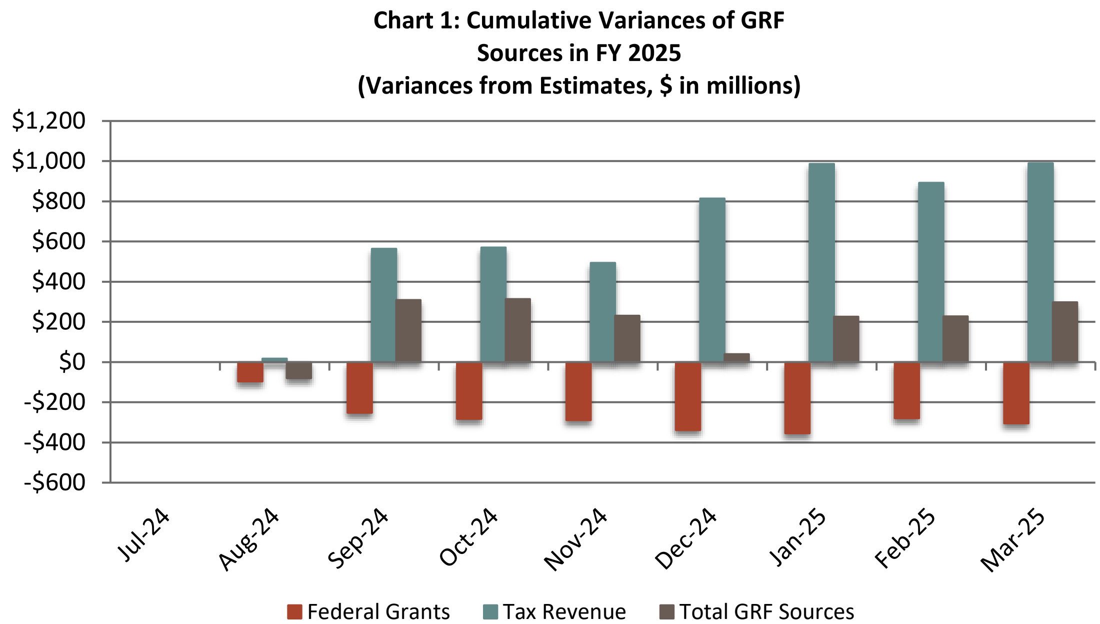
March GRF tax receipts were $98.1 million (5.6%) above OBM's estimate. Tax receipts contributing to the positive variance in March were the PIT ($82.6 million, 15.7%); the CAT ($15.4 million, 162.4%); and the financial institution tax (FIT) with a $12.7 million (32.5%) surplus. Other smaller tax sources were also above their projected receipts in March. Positive variances in March were partially offset by negative variances in the sales and use tax of $10.2 million (1.0%), the foreign insurance tax of $6.4 million (9.5%), the cigarette tax of $4.2 million (7.8%), as well as negative variances in other smaller tax sources. Nontax revenue was $22.8 million (30.6%) below estimate. Federal grants were $25.4 million (2.0%) below estimate. Total GRF sources for March were $70.1 million (2.3%) above 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 shows GRF sources for the month of March compared to estimates, while Table 2 shows GRF sources for the fiscal YTD compared to both estimates and FY 2024 revenue. The variance analysis continues to reflect the FY 2025 revenues estimates released by OBM in September 2024.

Through the end of March 2025, GRF tax receipts were $20.81 billion, $990.1 million (5.0%) above estimate. All four of the largest tax sources had positive variances: the sales and use tax with $554.4 million (5.8%); the PIT with $355.8 million (5.2%); the CAT, $65.5 million (3.7%); and the cigarette tax with $10.7 million (2.2%). Other tax sources contributing to the YTD positive variances were the foreign insurance tax with $27.2 million (7.1%); the kilowatt-hour tax with $7.5 million (3.2%); and other smaller tax sources. Those positive variances were partially offset by negative variances totaling $22.4 million from the FIT, the natural gas consumption tax, the public utility excise tax, and the liquor gallonage tax. Transfers in were $434.5 million (74.4%) lower than estimate, and federal grants were $305.1 million (2.7%) below estimate. As discussed in the previous edition, the negative variance for transfers in is primarily related to the expanded sales tax holiday occurring last summer. The total YTD GRF sources of $32.25 billion were above estimate by $297.2 million (0.9%).

Chart 1 below shows cumulative FY 2025 variances of GRF sources through March.

[1] This report compares actual monthly and YTD 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 2025 YTD GRF tax revenue was higher than in the first nine months of FY 2024 by $502.1 million (2.5%). The increase resulted from higher PIT collections, by $466.6 million (6.9%), higher sales and use tax receipts, by $79.4 million (0.8%), higher foreign insurance tax receipts, by $40.8 million (11.1%), and higher kilowatt-hour excise tax receipts, by $23.9 million (11.0%), along with increases in other smaller taxes. These increases were partially offset by declines in CAT receipts, by $66.5 million (3.5%), cigarette and other tobacco products (OTP), by $20.2 million (3.9%),[2] and by other negative variances in smaller tax sources.

Total GRF sources were higher in the first nine months than a year earlier by $1.72 billion (5.6%). YTD GRF revenue from federal grants was $1.1 billion (11.3%) higher than in the year-earlier period. Transfers in YTD were up $138.9 million as compared to FY 2024.

Sales and Use Tax

GRF receipts from the sales and use tax were $978.6 million in March, $10.2 million (1.0%) below the estimate. For the first nine months of FY 2025, revenue from the tax was $10.19 billion, $554.4 million (5.8%) above estimate. 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.

The tax base 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

[2] The "Cigarette" category in Tables 1 and 2 includes OTP.

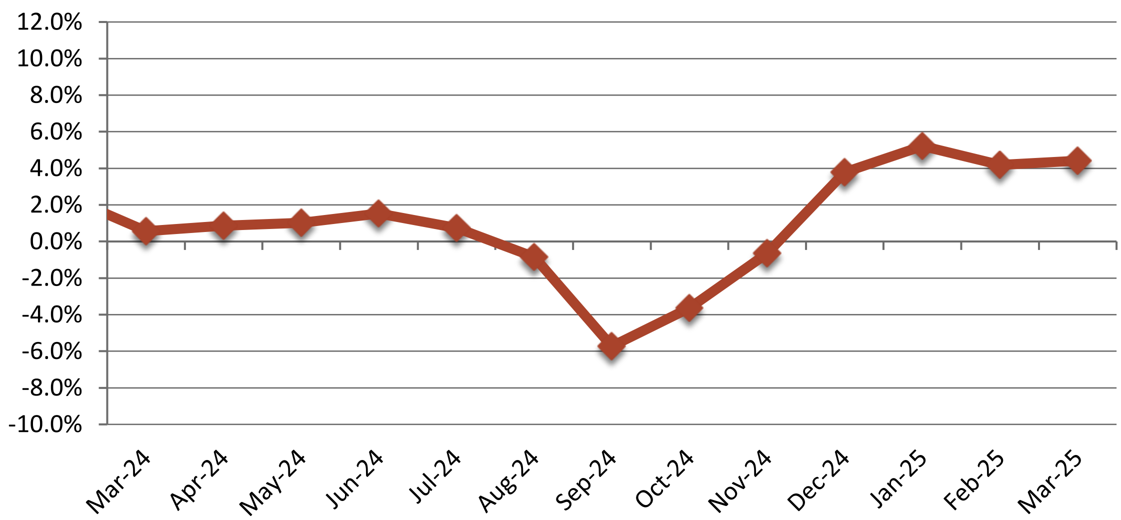
utilities. Inflation tends to increase tax revenue, unless consumers reduce the volume of their purchases enough to offset price increases.

Nonauto Sales and Use Tax

GRF receipts from the nonauto sales and use tax in March were $827.3 million, $17.3 million (2.1%) below the OBM estimate and $1.5 million (0.2%) below revenue in March 2024. YTD revenues were $8.78 billion, $536.4 million (6.5%) above estimate and $67.0 million (0.8%) higher than receipts a year earlier. As discussed in previous editions, YTD revenues were affected by this fiscal year's expanded sales tax holiday in July and August. The negative impact of the sales tax holiday on tax collections was considerably smaller than OBM anticipated.

Chart 2, below, shows year-over-year growth in nonauto sales and use tax collections since March 2024. 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. Declines indicated by the smoothed line in August through November, compared with a year earlier, reflect the effects of the July-August sales tax holiday and the associated lag in receipt of those tax collections from vendors, as well as three-month averaging. Growth picked up the pace late last year and continued accelerating into the current calendar year based on strong holiday season spending.

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



Auto Sales and Use Tax

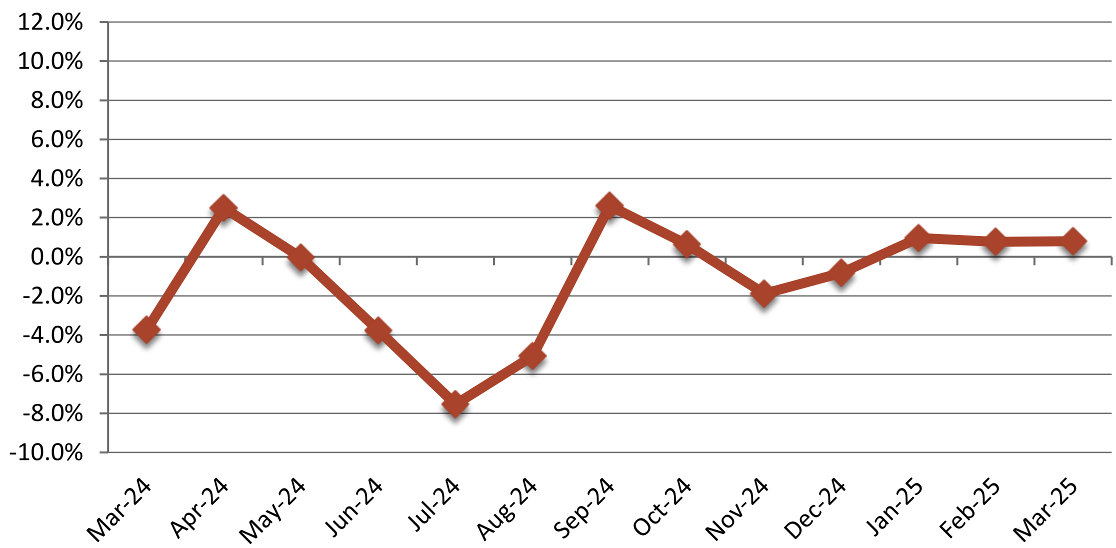
March receipts from the auto component of the sales and use tax were $151.3 million, about $7.1 million (4.9%) above estimate and $4.3 million (3.0%) above receipts in March 2024.

[3] A three-month moving average means, for example, that the most recent data point shown is the percentage change from revenue received during January 2024 through March 2024 to revenue received during January 2025 through March 2025.

Tax receipts in the first nine months of FY 2025 totaling $1.41 billion were about $18.0 million (1.3%) above estimate and were above year-earlier revenues by $12.4 million (0.9%). Most auto sales tax collections reflect purchases made in the same month revenue is received, as local authorities remit them on a weekly basis. National statistics show that new light vehicle sales were robust in March, as they grew 10.7% as compared to the same month one year ago. Media reports have quoted automobile dealerships about higher customer interest in vehicle purchases. Prospective car buyers reportedly tried to complete purchases before the imposition of new auto tariffs scheduled for April.

Chart 3, below, shows the year-over-year change in the three-month moving average of auto sales and use tax collections since March 2024. Auto sales and use tax receipts are volatile from month to month, and subject to pronounced seasonal swings. A decline in the dollar value of sales for nearly two years appears to be mainly due to lower used vehicle prices, though price declines appear to have ended in 2024.

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



Personal Income Tax

March GRF revenue from the PIT of $610.1 million was $82.6 million (15.7%) above estimate and $219.3 million (56.1%) higher than March 2024. GRF revenue received in the first nine months of this fiscal year totaled $7.20 billion, $355.8 million (5.2%) above estimate and $466.6 million (6.9%) higher than a year earlier. Gross PIT collections include withholding payments, pass-through entity (PTE) annual returns and estimated payments, IT-1040 estimated payments,[4]

[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.

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 LGF. What remains is GRF PIT revenue.

The table below provides details on revenue from PIT components in July through March compared to OBM estimates and year-earlier revenues. Gross collections were $87.1 million (0.9%) above anticipated revenue, but $77.1 million (0.8%) below year-earlier revenues. The strength of GRF revenues compared with both the estimate and year-earlier revenues mostly reflects smaller refunds than both those expected and those issued last year. YTD refunds were $284.3 million (12.4%) lower than estimate and $545.8 million (21.3%) lower than in the year-earlier period. The income tax cuts in H.B. 33 and subsequent withholding rate reductions continue nevertheless to curtail revenues. Withholding, the largest category, was $50.3 million (0.6%) higher than a year earlier. PTE Annual Returns and PTE Estimated Payments were down by $95.9 million and $117.7 million, respectively. IT-1040 Estimated Payments, however, were $44.4 million higher.

FY 2025 Personal Income Tax Revenue Variance and Annual Change by Component				
Category	YTD Variance from Estimate		YTD Change from FY 2024	
	Amount ($ in millions)	Percent (%)	Amount ($ in millions)	Percent (%)
Withholding	$199.3	2.5%	$50.3	0.6%
PTE Annual Returns	-$32.2	-16.6%	-$95.9	-37.2%
PTE Estimated Payments	-$152.8	-21.9%	-$117.7	-17.7%
IT-1040 Estimated Payments	$48.7	13.6%	$44.4	12.2%
Annual Return Payments	$21.2	10.1%	$20.9	10.0%
Trust Payments	$4.8	16.6%	$6.5	24.3%
Miscellaneous Payments	-$1.9	-2.8%	$14.4	28.7%
Gross Collections	$87.1	0.9%	-$77.1	-0.8%
Less Refunds	-$284.3	-12.4%	-$545.8	-21.3%
Less LGF Distribution	$15.6	4.1%	$2.1	0.5%
GRF PIT Revenue	$355.8	5.2%	$466.6	6.9%

Commercial Activity Tax

March GRF CAT receipts were $24.9 million, $9.5 million (162.4%) above estimate. GRF CAT revenue from the tax in the first nine months of FY 2025 was $1.84 billion, $65.5 million (3.7%) above estimate. CAT payments are due in February, May, August, and November, based on gross receipts in the previous calendar quarter. Payments in other months generally are lower. H.B. 33 eliminated annual CAT payments from smaller businesses.

YTD GRF revenue from the CAT was $66.5 million (3.5%) lower than a year earlier. Allocation of CAT revenue was changed by H.B. 33 to direct virtually all revenue after the first 0.65% to the GRF. The 0.65% credited from CAT revenues goes to Fund 2280, used by the Department to enforce state tax law. Prior to FY 2024, the GRF received 85% of total CAT revenue net of the Fund 2280 portion.

All-funds CAT revenue net of refunds was $1.85 billion in the first nine months of FY 2025, $67.0 million (3.5%) below net revenue in the corresponding months of FY 2024. The YTD decline due to an H.B. 33 provision that reduces the CAT tax base. Businesses with taxable gross receipts of $3 million or less in calendar year (CY) 2024 no longer owe the CAT. The policy tandem of repealing the minimum annual tax and the $3 million exclusion reduced the number of CAT taxpayers from nearly 165,000 to roughly 35,000. This CAT exclusion subsequently increased to $6 million per year in CY 2025 and thereafter; quarterly tax payments due in May 2025 will be the first to reflect this law change.

Cigarette and Other Tobacco Products Tax

March revenue from the cigarette and OTP tax of $50.3 million was below estimate by $4.2 million (7.8%). Revenue from the tax in the first nine months of FY 2025 was $502.9 million, $10.7 million (2.2%) above estimate. The fiscal YTD total included $414.8 million from cigarette sales and $88.0 million from OTP.

FY 2025 YTD revenue was $20.2 million (3.9%) lower than in the comparable months of FY 2024. Receipts from cigarette sales decreased $23.7 million (5.4%) while OTP sales increased by $3.5 million (4.1%).

OTP revenue was boosted by rising OTP prices. The tax is an ad valorem tax, generally 17% of the cost paid by wholesalers for the product. Revenue tends to increase as prices rise. Taxes on cigarettes, on the other hand, are 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 rise temporarily. More recently, tobacco manufacturers have commented on substitution in their quarterly financial statements. Specifically, they observed preferences of some consumers shifting away from cigarettes in favor of smokeless tobacco (e.g., vapor products).

Nontax Revenue

YTD GRF nontax revenue totaling $441.1 million was $46.7 million (11.9%) above estimate, but $20.2 million (4.4%) below such revenue in the first nine months of FY 2024. The year-over-year decrease in revenue were due to lower earnings on investments, down $10.1 million (4.4%) from a year earlier, and by, “other revenue” which was $16.1 million (11.2%) lower than a year earlier. Earnings on investments are largely dependent on market interest rates.

GRF transfers in of $149.8 million during the first nine months of FY 2025 were $434.5 million lower than the estimate, but $138.9 million higher than in the first nine months of FY 2024. As discussed in January’s edition, almost all of the transfer in was made in December to reimburse the GRF for sales tax receipts estimated to be forgone by the expanded sales tax holiday.

Table 3: General Revenue Fund Uses
Actual vs. Estimate
Month of March 2025
($ in thousands)
(Actual based on OAKS reports run April 7, 2025)

Program Category	Actual	Estimate*	Variance	Percent
Primary and Secondary Education	$782,661	$791,154	-$8,493	-1.1%
Higher Education	$219,734	$230,636	-$10,902	-4.7%
Other Education	$10,571	$5,381	$5,190	96.5%
Total Education	**$1,012,966**	**$1,027,171**	**-$14,205**	**-1.4%**
Medicaid	$2,044,908	$2,085,169	-$40,261	-1.9%
Health and Human Services	$164,583	$194,617	-$30,034	-15.4%
Total Health and Human Services	**$2,209,491**	**$2,279,786**	**-$70,295**	**-3.1%**
Justice and Public Protection	$312,815	$279,110	$33,704	12.1%
General Government	$62,992	$59,732	$3,260	5.5%
Total Government Operations	**$375,806**	**$338,842**	**$36,964**	**10.9%**
Property Tax Reimbursements	$101,556	$92,468	$9,088	9.8%
Debt Service	$122,776	$95,993	$26,783	27.9%
Total Other Expenditures	**$224,331**	**$188,461**	**$35,870**	**19.0%**
Total Program Expenditures	**$3,822,595**	**$3,834,261**	**-$11,666**	**-0.3%**
Transfers Out	**$18**	**$0**	**$18**	**---**
Total GRF Uses	**$3,822,612**	**$3,834,261**	**-$11,649**	**-0.3%**

*September 2024 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 2025 as of March 31, 2025
($ in thousands)
(Actual based on OAKS reports run April 7, 2025)

Program Category	Actual	Estimate*	Variance	Percent	FY 2024**	Percent
Primary and Secondary Education	$7,979,179	$7,932,032	$47,147	0.6%	$7,684,877	3.8%
Higher Education	$2,054,008	$2,060,692	-$6,684	-0.3%	$1,962,800	4.6%
Other Education	$91,337	$86,726	$4,611	5.3%	$88,792	2.9%
Total Education	**$10,124,525**	**$10,079,450**	**$45,074**	**0.4%**	**$9,736,470**	**4.0%**
Medicaid	$16,931,032	$17,391,397	-$460,366	-2.6%	$14,894,476	13.7%
Health and Human Services	$1,543,765	$1,752,261	-$208,496	-11.9%	$1,404,175	9.9%
Total Health and Human Services	**$18,474,797**	**$19,143,659**	**-$668,862**	**-3.5%**	**$16,298,651**	**13.4%**
Justice and Public Protection	$2,398,071	$2,463,228	-$65,157	-2.6%	$2,248,514	6.7%
General Government	$523,428	$568,256	-$44,828	-7.9%	$1,047,113	-50.0%
Total Government Operations	**$2,921,499**	**$3,031,484**	**-$109,985**	**-3.6%**	**$3,295,627**	**-11.4%**
Property Tax Reimbursements	$1,065,921	$1,032,669	$33,252	3.2%	$1,006,545	5.9%
Debt Service	$1,125,093	$1,081,964	$43,129	4.0%	$1,126,458	-0.1%
Total Other Expenditures	**$2,191,014**	**$2,114,633**	**$76,381**	**3.6%**	**$2,133,003**	**2.7%**
Total Program Expenditures	**$33,711,834**	**$34,369,226**	**-$657,392**	**-1.9%**	**$31,463,751**	**7.1%**
Transfers Out	**$733,714**	**$730,093**	**$3,621**	**0.5%**	**$6,584,606**	**-88.9%**
Total GRF Uses	**$34,445,548**	**$35,099,319**	**-$653,771**	**-1.9%**	**$38,048,356**	**-9.5%**

*September 2024 estimates of the Office of Budget and Management.
**Cumulative totals through the same month in FY 2024.
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 April 7, 2025)

	Month of March 2025				Year to Date through March 2025			
Department	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Medicaid								
GRF	$1,942,237	$1,989,777	-$47,540	-2.4%	$16,051,060	$16,520,461	-$469,401	-2.8%
Non-GRF	$941,916	$1,447,001	-$505,085	-34.9%	$11,178,474	$11,883,726	-$705,252	-5.9%
All Funds	$2,884,153	$3,436,779	-$552,626	-16.1%	$27,229,534	$28,404,186	-$1,174,653	-4.1%
Developmental Disabilities								
GRF	$91,538	$87,378	$4,161	4.8%	$779,978	$777,226	$2,752	0.4%
Non-GRF	$441,075	$427,948	$13,127	3.1%	$3,107,371	$3,118,046	-$10,674	-0.3%
All Funds	$532,614	$515,326	$17,288	3.4%	$3,887,350	$3,895,272	-$7,922	-0.2%
Job and Family Services								
GRF	$9,940	$6,899	$3,041	44.1%	$92,188	$84,770	$7,418	8.8%
Non-GRF	$13,976	$13,209	$767	5.8%	$141,193	$139,116	$2,076	1.5%
All Funds	$23,916	$20,108	$3,808	18.9%	$233,381	$223,887	$9,494	4.2%
Other								
GRF	$1,193	$1,116	$77	6.9%	$7,806	$8,940	-$1,135	-12.7%
Non-GRF	$42,552	$19,737	$22,814	115.6%	$137,234	$142,933	-$5,699	-4.0%
All Funds	$43,745	$20,853	$22,892	109.8%	$145,040	$151,874	-$6,834	-4.5%
All Departments								
GRF	**$2,044,908**	**$2,085,169**	**-$40,261**	**-1.9%**	**$16,931,032**	**$17,391,397**	**-$460,366**	**-2.6%**
Non-GRF	**$1,439,520**	**$1,907,896**	**-$468,377**	**-24.5%**	**$14,564,273**	**$15,283,821**	**-$719,549**	**-4.7%**
All Funds	**$3,484,427**	**$3,993,065**	**-$508,638**	**-12.7%**	**$31,495,304**	**$32,675,219**	**-$1,179,915**	**-3.6%**

*August 2024 estimates from the Department of Medicaid.
Detail may not sum to total due to rounding.

Table 6: All Funds Medicaid Expenditures by Payment Category
Actual vs. Estimate
($ in thousands)
(Actuals based on OAKS report run on April 7, 2025)

	Month of March 2025				Year to Date through March 2025			
Payment Category	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Managed Care	**$2,107,514**	**$2,624,730**	**-$517,217**	**-19.7%**	**$19,793,610**	**$20,912,330**	**-$1,118,719**	**-5.3%**
CFC†	$491,847	$759,676	-$267,829	-35.3%	$5,399,875	$6,113,040	-$713,166	-11.7%
Group VIII	$436,256	$622,350	-$186,094	-29.9%	$4,444,853	$4,598,193	-$153,341	-3.3%
ABD†	$177,898	$250,991	-$73,093	-29.1%	$1,660,144	$1,802,020	-$141,875	-7.9%
ABD Kids	$62,889	$75,021	-$12,132	-16.2%	$530,498	$594,489	-$63,991	-10.8%
My Care	$314,365	$297,666	$16,699	5.6%	$2,916,247	$2,713,726	$202,521	7.5%
OhioRise	$76,895	$66,500	$10,396	15.6%	$677,460	$573,221	$104,239	18.2%
SPBM	$547,363	$552,527	-$5,163	-0.9%	$4,164,534	$4,290,641	-$126,106	-2.9%
Pay for Performance	$0	$0	$0	-	$0	$227,000	-$227,000	-100.0%
Fee-For-Service	**$1,089,731**	**$1,121,815**	**-$32,084**	**-2.9%**	**$9,582,935**	**$9,553,583**	**$29,352**	**0.3%**
ODM Services	$565,990	$614,494	-$48,504	-7.9%	$4,914,570	$4,808,986	$105,584	2.2%
DDD Services	$523,742	$507,321	$16,420	3.2%	$3,851,457	$3,798,597	$52,861	1.4%
Hospital - HCAP	$0	$0	$0	-	$816,907	$946,000	-$129,093	-13.6%
Premium Assistance	**$137,105**	**$143,297**	**-$6,192**	**-4.3%**	**$1,183,242**	**$1,232,048**	**-$48,806**	**-4.0%**
Medicare Buy-In	$81,137	$83,878	-$2,741	-3.3%	$703,965	$725,080	-$21,114	-2.9%
Medicare Part D	$55,968	$59,420	-$3,452	-5.8%	$479,276	$506,968	-$27,692	-5.5%
Administration	**$150,077**	**$103,223**	**$46,855**	**45.4%**	**$935,518**	**$977,259**	**-$41,741**	**-4.3%**
Total	**$3,484,427**	**$3,993,065**	**-$508,638**	**-12.7%**	**$31,495,304**	**$32,675,219**	**-$1,179,915**	**-3.6%**

*August 2024 estimates from the Department of Medicaid.
†CFC - Covered Families and Children; ABD - Aged, Blind, and Disabled; SPBM - Single Pharmacy Benefit Manager; HCAP - Hospital Care Assurance Program.
Detail may not sum to total due to rounding.

Expenditures[5]

– *Michael Kerr, Budget Analyst*

– *Ivy Chen, Division Chief*

– *Brandon T. Minster, Senior Economist*

Overview

GRF program expenditures totaled $33.71 billion in the first nine months of FY 2025. These expenditures were $657.4 million (1.9%) below OBM's estimate for the YTD. GRF uses also include transfers out, which totaled $733.7 million and were $3.6 million (0.5%) above estimate for the YTD. Total GRF uses for these nine months were $34.45 billion, which was $653.8 million (1.9%) below estimate. The preceding tables 3 and 4 show GRF uses compared to estimates for the month of March and YTD, respectively.

For March program expenditures, negative monthly variances in GRF Medicaid ($40.3 million, 1.9%), Health and Human Services ($30.0 million, 15.4%), and Higher Education ($10.9 million, 4.7%) were partially offset by positive monthly variances in Justice and Public Protection ($33.7 million, 12.1%), Debt Service ($26.8 million, 27.9%), and Property Tax Reimbursements ($9.1 million, 9.8%). The remaining categories had monthly variances of less than $8.5 million. Total program expenditures were $11.7 million (0.3%) below estimate for the month of March.

For the YTD, most program categories were under their OBM estimate, most significantly GRF Medicaid ($460.4 million, 2.6%), Health and Human Services ($208.5 million, 11.9%) and Justice and Public Protection ($65.2 million, 2.6%). A significant positive YTD variance for GRF uses occurred in Primary and Secondary Education ($47.1 million, 0.6%). The larger GRF variances singled out above, in addition to Medicaid's non-GRF variance, are discussed below.

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 below their monthly estimate in March by $40.3 million (1.9%) and below their yearly estimate by $460.4 million (2.6%). Non-GRF Medicaid expenditures were below their monthly estimate by $468.4 million (24.5%) and below their yearly estimate by $719.5 million (4.7%). Including both the GRF and non-GRF, all funds Medicaid expenditures were $508.6 million (12.7%) below estimate in March and $1.18 billion (3.6%) below their FY 2025 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 eight other

[5] 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 negative variance in March of $552.6 million (16.1%), and a FY 2025 all-funds negative variance of $1.17 billion (4.1%). DODD had a March all-funds positive variance of $17.3 million (3.4%) but ended the month with yearly expenditures being $7.9 million (0.2%) below estimate. The other eight "sister" agencies – Job and Family Services (ODJFS), Ohio Department of Health (ODH), Aging (ODA), Mental Health and Addiction Services (OhioMHAS), State Board of Pharmacy, Education and Workforce (DEW), Higher Education (ODHE), and Children and Youth (DCY) – account for the remaining 1% of the total Medicaid budget. Unlike ODM and DODD, the eight "sister" agencies incur only administrative spending.

Table 6 shows all-funds Medicaid expenditures by payment category. Expenditures were below their fiscal year estimates for three of the four major payment categories. In both percentage terms and in terms of absolute dollars, the Managed Care variance of $1.12 billion was the largest (5.3%). Nearly half of that (46%) occurred in March, where spending in the CFC and Group VIII subcategories of Managed Care were respectively 35.3% and 29.9% below estimate. Additionally, ODM has yet to make Pay-for-Performance payments in FY 2025, which accounts for $227.0 million of the YTD underspend. The next largest payment category variance in percentage terms was the Administration variance, which was $41.7 million (4.3%) below the yearly estimate. This continues the trend from the previous fiscal year of underspending on administration. The Premium Assistance negative variance was $48.8 million (4.0%). The Fee-for-Service (FFS) category had a negative monthly variance which reduced the positive YTD variance in March to $29.4 million (0.3%).

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 March 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 every month, by March 2025 reaching more than 574,000 (16.0%). March caseload figures were down over 5,500.

Health and Human Services

This program category includes all GRF spending for non-Medicaid health and human services agencies, except for their debt service obligations. DCY accounted for a majority of the actual expenditures for this category in the first nine months of FY 2025 (35.3%), followed by OhioMHAS at 29.7%. Ten other agencies made up the remaining 35% of YTD spending.

The negative YTD variance for this category increased by $30.0 million in March to reach $208.5 million (11.9%). The largest contributor towards this negative monthly and YTD variance was DCY. The DCY was under estimate for the YTD by $106.9 million, which accounted for 51.3% of the program category's negative YTD variance. Two ALIs contributed significant variances to DCY's monthly expenditures: ALI 830506, Family and Children Services, with a negative variance of $29.2 million, and ALI 830400, Child Care State/Maintenance of Effort (MOE), with a positive variance of $11.4 million. ALI 830407, Early Childhood Education, accounted for the largest share of DCY's YTD variance at $67.4 million.

ALI 830506 is used to support family and children services, including: the state share for foster parent stipends, federal Chaffee education training vouchers, the state operating allocation, the state child protection allocation, and an allocation to implement the Feisal Case Review recommendations. ALI 830400 is used to meet the matching and MOE grant requirements of the federal Child Care and Development Fund, which supports publicly funded child care. A portion may also be used as MOE for the Temporary Assistance for Needy Families (TANF) Block Grant. ALI 830407 funds early childhood education programs at school districts, educational service centers, community schools, chartered nonpublic schools, and certain licensed child care centers.

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) accounted for 70.4% of actual expenditures for this category in the first nine months of FY 2025. Eleven other agencies made up the remaining 29.6% of spending.

The negative YTD variance in this category was $65.2 million (2.6%). This was primarily due to the DRC and the Ohio Public Defender Commission (PUB), which had negative YTD variances of $31.0 million and $21.9 million, respectively; DRC's variance decreased by $24.5 million in March, while PUB's rose by $1.7 million. The category as a whole was $33.7 million (12.1%) above estimate for the month.

PUB's monthly variance was due mainly to lower than anticipated spending in ALI 019501, County Reimbursement. ALI 019501 is used primarily to reimburse counties for their costs in providing legal counsel to indigent persons in criminal and juvenile matters. DRC's monthly variance was mainly due to positive variances of $20.9 million in ALI 501501, Community Residential Programs - Community Based Correctional Facilities, and $7.5 million in ALI 501405, Halfway House.

ALI 501501 provides subsidies for the operation of 17 community-based correctional facilities (CBCFs), which divert nonviolent felony offenders from state correctional institutions and offer services such as education, job training, and substance abuse treatment. ALI 501405 primarily funds community residential programs operated by halfway house organizations to provide supervision and treatment services for offenders released from state prisons, referred by courts of common pleas, or sanctioned because of a violation of conditions of supervision.

Debt Service

The debt service program category funds general obligation bond debt service payments incurred by several state agencies for various capital improvement projects at the state and local levels. It also includes lease rental payments made pursuant to leases and agreements relating to bonds, notes, or other obligations of the state.

The March expenditures in this category were above its monthly estimate by $26.8 million (27.9%), increasing the category's positive YTD variance to $43.1 million (4.0%). This large variance for the month is primarily due to ALI 725903, Natural Resources General Obligation Bond Debt Service, which had a positive March variance of $22.2 million. This line item pays debt service on bonds issued to finance capital improvements through the Parks and Natural Resources Fund (Fund 7031) related to state and local parks, land and water management, and other projects that enhance the use and enjoyment of Ohio's natural resources. Originally, $5.7 million in debt payments for ALI 725903 was projected to occur in March, but $28.0 million was instead disbursed.

This increase in ALI 725903 resulted from the early redemption of State of Ohio Natural Resources General Obligation Bonds, Series W on April 1, 2025. OBM estimates this early redemption will save the state $5.3 million in interest costs through April 1, 2033.

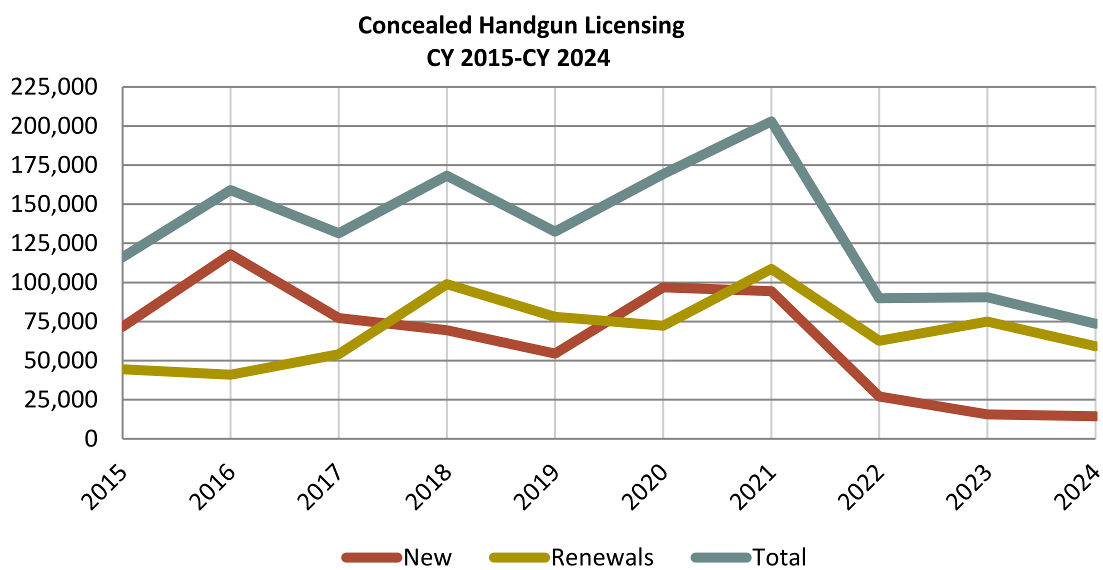
Issue Updates

Attorney General Releases 2024 Concealed Handgun Licensing Report

– Jessica Murphy, Senior Budget Analyst

On March 3, 2025, the Ohio Attorney General's Office released its 2024 Statistics of Concealed Handgun License report. The annual report details statewide and county statistics on licenses issued (new and renewals), suspended, revoked, and denied. Notably, the total number of concealed handgun licenses issued statewide fell to 73,552 in 2024, down from 90,582 the previous year. This continues a downward trend from the record high of 202,920 in 2021, following a change in law allowing qualifying adults to carry concealed handguns without license.[6] The full report (PDF) is available on the Attorney General's website under Publications: ohioattorneygeneral.gov.

The following chart demonstrates the changes in licensing activity over the past ten years. As previously noted, the total number of concealed handgun licenses issued statewide peaked in 2021. That increase was largely attributed to the extension of license renewal deadlines in 2020 in response to the COVID-19 pandemic and other delays. However, in 2024, only 14,440 new licenses were issued, and 59,112 licenses were renewed. It is uncertain whether license activity will continue to trend downward or stabilize in future years. While licensing for carrying concealed handguns is no longer required, some individuals may continue to voluntarily seek out a new or renewed license for reasons such as ease of interstate travel or other ancillary benefits.



[6] S.B. 215 of the 134th General Assembly, effective June 13, 2022. See LSC's various analysis documents for further detail, which are available on the General Assembly's website by searching for the bill: legislature.ohio.gov.

Under current law, the base cost of a concealed carry license is $67, and the renewal is $50. Additional fees (i.e., background check fees, emergency processing fees, etc.) are set and collected locally by county sheriffs. Applicants residing in Ohio for less than five years must undergo a background check and pay an additional fee. The sheriff retains a portion of the fee, which is then credited to the Sheriff's Concealed Handgun License Issuance Fund. The cost of the background check is remitted to the state and is credited to the Ohio Attorney General's General Reimbursement Fund (Fund 1060), which is used in part to fund the cost of background checks performed by the Bureau of Criminal Investigation (BCI), as well as any checks requested from the Federal Bureau of Investigation.

OhioMHAS Awards $400,000 to PreventionFirst! for On-Campus Behavioral Health Initiative

– Jacquelyn Schroeder, Senior Budget Analyst

On March 6, 2025, OhioMHAS awarded a $400,000 grant to PreventionFirst! for the Ohio Campus and Community Partnerships Initiative. The goal of the Initiative is to develop on-campus behavioral health projects, increase awareness and accessibility of mental health and wellness programs, and implement policies to address student behavioral health needs. The Initiative also seeks to strengthen connections between campus communities and community-based agencies to ensure a more coordinated approach to student behavioral health across the continuum of care, including prevention, early intervention, treatment, and recovery activities.

Under the Initiative, PreventionFirst! will build capacity for colleges and university campuses by providing professional development and training opportunities to campus professionals. PreventionFirst! will accomplish this by establishing a learning community of up to 12 Ohio higher education institutions (to be identified by PreventionFirst!) that will work together to develop, implement, and evaluate plans that enhance overall long-term student wellness that are specific to their campus community's needs. Campus communities will, among other activities, (1) engage with community partners to increase awareness and accessibility of behavioral health services, suicide prevention, prevention and treatment services, and gambling resources, (2) develop student-involved teams to implement initiatives to serve students such as peer education programs or mental health fairs, and (3) require staff to attend four community meetings to provide an opportunity for skill building. The grant award provides one year of funding for these activities. Future funding will depend upon the receipt of federal funds.

Department of Development Awards $5.2 Million for Local Water Infrastructure and Economic Development

– Gavin Enseleit, LSC Fellow

On March 19, 2025, the Ohio Department of Development (DEV) announced nearly $5.2 million in Community Development Block Grant (CDBG) awards for six water infrastructure improvement projects and two economic development projects to create and expand small businesses. The table below shows the communities which were awarded grants, summarizes how they will use the funding, and identifies the number of people benefitting from the improvements.

CDBG Awards for Water Infrastructure and Economic Development (March 2025)		
Recipient	**Purpose**	**Amount**
Village of Carroll (Fairfield County)	Rehabilitate village water system (445 people)	$750,000
Village of Fayette (Fulton County)	Partially fund the replacement of old water distribution system (1,270 people)	$750,000
Monroe County	Assist in constructing a wastewater collection and treatment system for Sardis (376 people)	$750,000
Trumbull County	Assist in constructing a wastewater collection system in Leavittsburg (932 people)	$750,000
Union County	Construct a wastewater collection system in Magnetic Springs (350 people)	$750,000
Washington County	Upgrade a water tower and install new distribution lines (26 people)	$750,000
Mercer County	Loan to 346 Property Investments LLC to create a truck washing business (14 new jobs)	$350,000
	Loan to JB Service and Parts to expand operations (12 new jobs)	$300,000
	Total	$5,150,000

The awards were made under two grants that are part of the CDBG program. The Residential Public Infrastructure Grant Program has an award limit of $750,000 and is designated for programs that assist with drinking water and sewage system improvements. The Economic Development Program has an award limit of $500,000. Recipient communities use the funding to make loans to eligible businesses or nonprofits for land, building, machinery, and site work that spurs economic development. Funding for the awards under this announcement come from Ohio's share of CDBG funding for nonentitlement communities (smaller communities that do not receive direct CDBG allocations from the U.S. Department of Housing and Urban Development) appropriated under Fund 3K80 ALI 195613, Community Development Block Grant.

DEW Awards $3 Million to ESCs to Support College Credit Plus Teacher Credentialing

– Patrick Campbell, Budget Analyst

In February 2025, DEW, in consultation with the ODHE, awarded $3 million in grants to four educational service centers (ESCs) serving schools in all or parts of 16 counties. The ESCs will use these funds to help credential high school teachers to teach college courses in their high school's College Credit Plus (CCP) program. To teach CCP courses, high school teachers must be approved as an adjunct instructor by the college or university that grants the college credit. In general, a qualified teacher will have either a master's degree in the discipline of their CCP courses or a master's degree in any discipline plus 18 graduate semester hours in the discipline of their CCP courses.

The four awardees, Midwest Regional ESC, Hamilton County ESC, Gallia-Vinton ESC, and ESC of Central Ohio, will use these funds to cover instructional costs, including tuition, textbooks, and other materials at an in-state college or university. Funds can be used to support teachers at both public and nonpublic schools. The ESCs can opt to either pay for a teacher's tuition and receive reimbursement from the state, or have the teacher pay for their courses and apply for reimbursement from the state. DEW allocated the grants to applicants based on need, merit of proposal, and ability to collaborate and develop strategies that will decrease gaps in qualified CCP instructors. ESCs that serve high schools identified as economically disadvantaged and have a limited amount of CCP credentialed teachers were given priority through the application process. In FY 2024, five different ESCs received $3 million in grants for the same purpose. These grants are earmarked from GRF ALI 200448, Educator Preparation.

College Credit Plus Teacher Credentialing Grant Awardees, FY 2025		
ESC Name	**Counties Served**	**Grant Amount**
Hamilton County	Butler, Clermont, Hamilton, Warren	$989,758
Gallia-Vinton	Gallia, Jackson, Vinton	$806,217
ESC of Central Ohio	Delaware, Franklin, Licking, Madison, Marion, Morrow, Ross, Union	$714,556
Midwest Regional	Hardin, Logan, Shelby	$489,470
	Total	**$3,000,000**

Ohio State Highway Patrol Completes $5.7 Million Aviation Technology Expansion Project

– Maggie West, Senior Budget Analyst

On February 21, 2025, the Ohio State Highway Patrol (OSHP) announced the completion of its $5.7 million aviation technology expansion project. Part of the expansion includes the availability of enhanced aviation downlink technology for use by local law enforcement statewide, which allows for an encrypted signal to be transmitted from an aircraft to one of nine statewide receivers. The downlink provides aerial video footage in real time to local law enforcement on the ground during active criminal investigations and emergencies. Access to the system is available to any law enforcement agency upon receipt of the appropriate credentials using an internet capable device (desktop, laptop, tablet, or phone).

Funding for the project came from a mix of state and federal funding, including the Ohio Violent Crime Reduction Grant Program ($3,894,496), the American Rescue Plan Act (ARPA) Law Enforcement Violence Reduction – Community Violence Intervention First Responder Program ($1,337,481), and OSHP operating funds ($459,883). OSHP's Aviation Section responds to more than 1,000 requests for support each year from local law enforcement involving violent crime initiatives, criminal suspect searches, missing person searches, storm damage assessments, and vehicle pursuit mitigation. The expanded technology will assist local law enforcement agencies, particularly those in more rural areas that do not have aviation capabilities.

The first phase of the aviation technology expansion project began in 2019, with the installation of a receiver near Akron to test the effectiveness of the system. A second receiver was installed in the Columbus area in 2020 and once it was determined that the system was effective, the decision was made to expand statewide. The project was finalized, and the required equipment was ordered in 2024. Two of the Aviation Section's helicopters have since been installed with the necessary equipment and the system is now fully functional. Going forward, all new Aviation Section aircraft will be equipped with this technology.

ODH Receives CDC Funding to Improve Oral Health

– Jacob Graffius, Budget Analyst

On March 12, 2025, ODH received a $1.14 million three-year federal grant from the Centers for Disease Control (CDC) to improve Ohio's oral health and address oral health disparities. ODH will use the funding to: (1) increase access to evidence-based preventive dental services, such as dental sealants, (2) provide technical assistance for community water fluoridation activities, (3) improve oral health and chronic disease surveillance using secondary data sources to describe oral health trends, and (4) increase awareness of infection prevention and control guidelines in private practice and nontraditional settings such as mobile units and school sealant programs. The funds are to be used to target populations experiencing persistent health disparities such as certain racial and ethnic groups, individuals with low-incomes, and individuals with disabilities. Specific activities include the following: collecting and analyzing data on a number of topics; providing funds or leveraging funds for mini-grants to provide fluoridation equipment; developing an oral health surveillance system; and developing partnerships with community oral health organizations who can assist with reaching targeted populations.

In total, the CDC awarded about $17.1 million in these grants. Ohio is one of 15 states that received funding. ODH will receive about $380,800 annually over a period of three years for the grant. According to the CDC, about 57% of U.S. youth between the ages of 12 and 19 have had cavities and 17% need treatment on at least one decayed tooth. Untreated cavities among non-Hispanic Blacks and Mexican American youth are about 30% higher than non-Hispanic White youth. Additionally, 60% of adults with diabetes have some form of periodontal disease. Treating periodontal disease in these individuals can help improve blood sugar levels.

ODHE Announces Recipients of $8.0 Million in Regional Workforce Training Grants

– Jason Glover, Senior Budget Analyst

In March 2025, the ODHE awarded $8.0 million in capital funds to 36 institutions under the Regionally Aligned Priorities in Delivering Skills (RAPIDS) Program. RAPIDS grants provide funding for capital equipment and facilities used to train students and current workers for specific regional workforce needs. As seen in the table below, ODHE awarded each of JobsOhio's seven RAPIDS investment regions amounts ranging from a total of $2.0 million to nine institutions in the Northeast region to a total of $806,000 to three institutions in the East region. Individual institution awards ranged from approximately $385,000 for Kent State University to approximately $115,000 for Rhodes State College. Most of the projects address advanced and additive manufacturing while others focus on or also involve the healthcare, cybersecurity, or industrial trades fields. Each region's grant recipients and total award amounts are listed below.

RAPIDS Grants, FY 2025-FY 2026		
Region	**University or Community College**	**Award**
Northeast	Akron, Cleveland State, Cuyahoga, Kent State, Lakeland, Lorain County, NEOMED, Stark State, Youngstown State	$1,988,245
Southeast	Hocking, Ohio, Rio Grande, Shawnee State, Southern State	$1,189,000
Northwest	Bowling Green State, Northwest State, Owens, Rhodes State, Terra State, Toledo	$1,077,676
Central	Central Ohio Technical, Columbus State, Marion Technical, North Central State, Ohio State	$989,079
Southwest	Cincinnati, Cincinnati State, Miami	$975,000
West	Central State, Clark State, Edison State, Sinclair, Wright State	$975,000
East	Belmont, Washington State, Zane State	$806,000
	Total	**$8,000,000**

ODOT Releases Strategic Transportation and Development Analysis

– Terry Steele, Senior Budget Analyst

On February 14, the Ohio Department of Transportation (ODOT) published the results of its Strategic Transportation and Development Analysis required by H.B. 23 of the 135th General Assembly, the transportation budget for the FY 2024-FY 2025 biennium.[7] The study examined the state's demographics, economic development, and passenger and freight travel trends and their effects on the state's highway transportation system over the next ten, 20, and 30 years. The focus was on a "study network" of interstates, U.S., and state routes covering about 4,200 route miles, or nearly 25% of highways managed by ODOT and the Ohio Turnpike and Infrastructure Commission. Of particular concern was how development pressures are affecting

[7] Section 203.47 of H.B 23 required ODOT to collaborate with DEV and the Governor's Office of Workforce Transformation on the study. JobsOhio's regional economic development affiliates and regional planning organizations were also involved.

travel patterns and creating current and future "congestion risk hotspots" that could constrain growth across the state's seven economic development regions. Overall, 72 such highway segments were identified. Construction or project development studies are currently underway at 51 of these 72 segments. The study also looked at the highway corridors that provide direct, high-capacity passenger and freight connections between the state's industry clusters and development sites across Ohio. Segments along six of these corridors were selected for further examination because congestion, traffic safety problems, and limited access in these areas are hindering the movement of people and goods across the state.

Through March 2025, ODOT has spent approximately $7.1 million on the study using Coronavirus State Fiscal Recovery Funds appropriated under Fund 5CV3 line item 776672, Strategic Transportation and Development Analysis. An executive summary of the Strategic Transportation and Development Analysis (PDF), including findings and recommendations, can be found on ODOT's website: transportation.ohio.gov.

Tracking the Economy

– Craig Kerr, Senior Economist

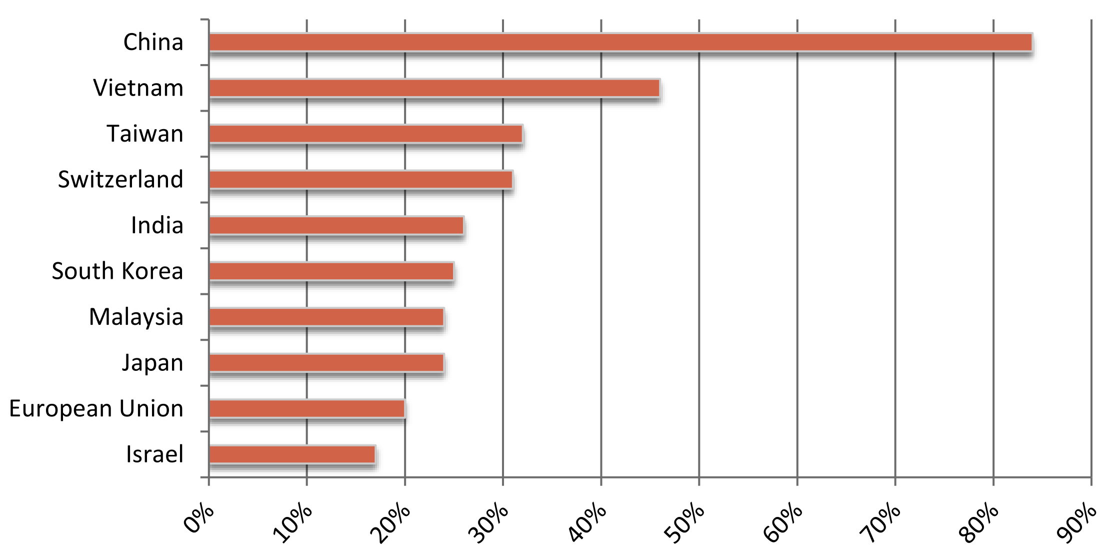
Overview

On April 2, 2025 a baseline tariff of 10% was levied on most imports coming into the United States along with additional country-specific tariffs based on trade imbalances. The nation continued to import near record levels of goods and services in anticipation of the trade restrictions. The Federal Reserve maintained its targeted interest rate but slowed the rate at which it retires the government debt on its balance sheet, thereby allowing more money to circulate in the economy. Ohio's economy expanded at an inflation adjusted rate of 2.5% in 2024, led by growth in retail trade, manufacturing, health and social services, and construction.

The National Economy

Following the imposition of new tariffs on steel, aluminum, and imports from China, Mexico, and Canada, a baseline 10% tariff was announced for all imports. Additional country-specific "reciprocal" tariffs that are proportional to the trade imbalance with the country of origin were also announced on April 2, 2025. Exemptions for the reciprocal tariffs are in place for goods that already have their own tariffs, pharmaceuticals, semiconductors, lumber, bullion, and energy and minerals that are unavailable domestically. Chart 4 displays the reciprocal tariff rates on the nation's largest trading partners. These reciprocal tariffs may be added to additional tariffs, such as the separate 20% tariff levied on China, which brings the total tariff against Chinese imported goods to 104% as of April 8, 2025.

Chart 4. Reciprocal Tariffs on Major Trading Partners



The previous exclusion of Chinese imports under $800 is on track to expire on May 2, 2025, after which a $75 per item (increasing to $150 in June) or 90% total value tariff will be in place. Countries that import oil from Venezuela will have an additional 25% tariff levied on their imports and a separate 25% tariff was imposed on automobiles and automobile parts. The tariff on automobiles will not apply to the portion of each that was produced in the U.S., and that on parts is delayed until May. Chart 4 displays the aggregate tariff rates on the nation's largest trading partners with tariffs above the 10% baseline.

The value of goods and services imported into the nation ahead of the new tariffs remained close to January's record $401.2 billion worth, totaling $401.1 billion in February according to preliminary estimates released by the Bureau of Economic Analysis (BEA). Exports also increased 2.9% to $278.5 billion, with nonmonetary gold leading the increase in goods leaving the nation. The elevated demand for the precious metal was reflected in gold reaching record prices as central banks continue to annually acquire over 1,000 tons of gold in the face of economic uncertainty and inflation. Chart 5 displays the monthly average spot price of gold over the last five years.

Chart 5. Monthly Price of Gold ($ per troy ounce)

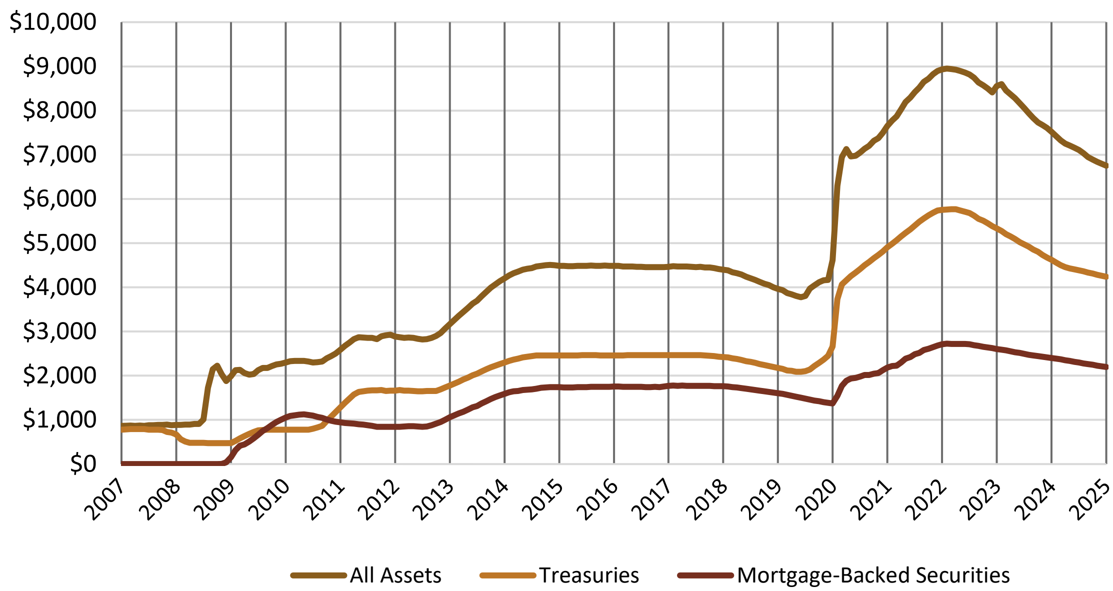
Source: World Gold Council

Year-over-year inflation as measured by the consumer price index for all urban consumers (CPI-U) ticked down by 0.2 percentage points to 2.8% in February, reversing a four-month run of increases. Core inflation (excluding volatile food and energy prices) also declined, from 3.3% to 3.1%. On a seasonally adjusted month-over-month basis, elevated shelter costs (0.3%) once again accounted for the largest portion of the index's rise while the increase in the price of eggs (10.4%) outpaced that of all other food items. This was partially offset by a decline in the cost of travel, including airline fares (4.0%) and gasoline (1.0%). The cost of used cars and trucks continued its six-month climb (0.9%) while that of new vehicles declined slightly (0.1%).

Citing a rate of inflation that remains higher than desired, Federal Reserve Chairman Jerome Powell announced that the central bank would stay its current course by keeping its targeted interest rate range stable at 4.25% to 4.5%. However, he also announced a change in policy that could put downward pressure on long term interest rates, which tend to correlate with business loan rates and mortgages. Beginning in April, the bank will slow the rate at which it allows its U.S. Treasury holdings to decline from $25 billion a month to $5 billion a month.

This means that the central bank will be purchasing $20 billion more in treasuries than it otherwise would have every month. With an increase in demand for treasuries, sellers can offer lower interest rates for the debt. The bank will maintain the rate at which it retires its agency debt (e.g., direct obligations of Fannie Mae and Freddie Mac) and mortgage-backed security (MBS) holdings at $35 billion a month.

Chart 6. Assets Held by the Federal Reserve ($ in billions)



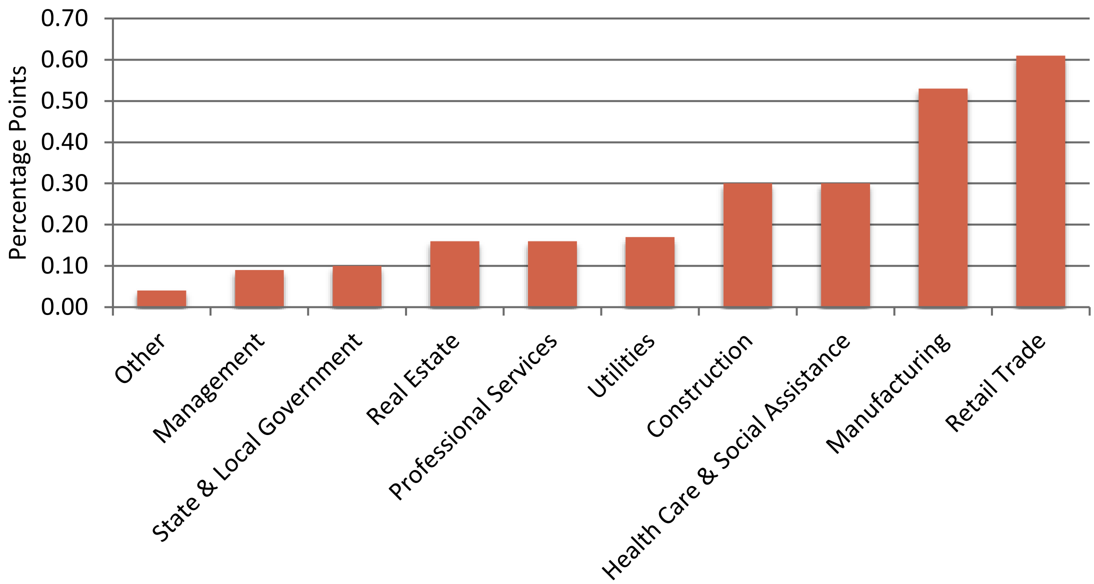
Even after multiple years of trimming its balance sheet, the value of U.S. treasuries, MBS, and other assets held by the Federal Reserve remains well above pre-pandemic levels at $6.8 trillion. For historical comparison, Chart 6 displays the value of all assets held by the Federal Reserve along with the values for MBS and U.S. treasuries. The current value of $6.8 trillion is approximately 66% greater than pre-pandemic levels and almost seven times as much as before the 2008 recession.

The nation's labor market remained relatively stable in March as the unemployment rate was little changed at 4.2% according to preliminary estimates released by the BLS. The seasonally adjusted monthly growth in nonfarm payroll (228,000) was once again led by gains in the healthcare industry (54,000) while the social assistance industry (24,000) also posted higher than average monthly gains. Retail trade added 24,000 jobs in March, largely reflecting an estimated 10,000 employees of Kroger subsidiary King Soopers in Colorado, who paused their strike to return to the bargaining table. Federal government jobs declined by 4,000 after shedding 11,000 jobs in January. However, these numbers do not reflect workers on paid leave or receiving ongoing severance pay.

The Ohio Economy

Ohio's economy expanded at a 2.5% annual rate in 2024, after adjusting for inflation, according to a preliminary estimate released by the BEA. The industries that contributed most the state's growth were retail trade (0.61 percentage points), nondurable goods manufacturing (0.55 percentage points), health care and social assistance (0.30 percentage points), and construction (0.30 percentage points). The breakdown of real GDP growth by industry is presented in Chart 7. Personal income also increased in 2024, by approximately $3,000 to $64,200 per person.

Chart 7. Industry Contributions to Real GDP Growth (2023 to 2024)



Preliminary estimates from the BLS indicate that 1,600 more Ohio workers held jobs in February on a seasonally adjusted basis, reversing a five-month streak of declining employment. The state's labor force also ticked up by 0.1 percentage points to 62.5%. However, the number of people looking for work without a job increased by over 6,000 for the second consecutive month, leading the unemployment rate to increase from 4.6% to 4.7%. The number of jobs increased by just over 23,000 with gains distributed over many industries, including construction (8,200), professional and business services (6,500), and health care and social assistance (4,700). The largest decline was observed in the number of government jobs, which fell by 1,900.

Fewer residential homes were sold (6.8%) at higher average prices (6.4%) in the state during February, generating less revenue (0.8%) for the market relative to a year ago. Although mortgage rates were slightly lower in February 2025, the monthly cost of owning an average-priced home in the state increased. Assuming a 20% down payment on a 30-year mortgage with the average monthly rate, estimated principal, interest, taxes, and insurance payments increased by $98, from $1,390 to $1,488.