LBO Budget Footnotes

A monthly newsletter of the Legislative Budget Office of LSC

Volume: Fiscal Year 2025 **Issue: November 2024**

Highlights

– Russ Keller, Chief Economist

GRF tax revenue in October was largely on par with the Office of Budget and Management (OBM) estimate, while GRF program expenditures were $132.7 million below estimate. Timing issues caused most of the monthly variances observed among expenditure categories.

State and national employment levels were largely unchanged, as inflation edged lower and economic growth remained steady. The Federal Reserve cut its benchmark overnight interest rate in November by a quarter percentage point, marking its second rate cut in the past seven weeks. However, long-term interest rates, such as those for mortgages, have generally risen over this same time period.

Through October 2024, GRF sources totaled $14.94 billion:

- Revenue from the sales and use tax was $579.6 million above estimate;
- The personal income tax (PIT) was $59.9 million below estimate, largely due to PIT refunds issued near the October tax filing extension deadline;
- The commercial activity tax (CAT) was $57.2 million above estimate.

Through October 2024, GRF uses totaled $17.53 billion:

- Program expenditures were $528.4 million below estimate;
- Medicaid was $336.3 million below its estimate, partly reflecting a decline in total caseload.

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Table 1: General Revenue Fund Sources
Actual vs. Estimate
Month of October 2024
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on November 01, 2024)

State Sources	Actual	Estimate*	Variance	Percent
Tax Revenue				
Auto Sales	$173,728	$178,100	-$4,372	-2.5%
Nonauto Sales and Use	$1,008,089	$990,100	$17,989	1.8%
Total Sales and Use	*$1,181,817*	*$1,168,200*	*$13,617*	*1.2%*
Personal Income	$737,948	$808,400	-$70,452	-8.7%
Commercial Activity Tax	$112,616	$48,100	$64,516	134.1%
Cigarette	$63,092	$58,400	$4,692	8.0%
Kilowatt-Hour Excise	$30,510	$32,500	-$1,990	-6.1%
Foreign Insurance	$148,047	$196,000	-$47,953	-24.5%
Domestic Insurance	$66,309	$14,700	$51,609	351.1%
Financial Institution	-$16,721	-$9,400	-$7,321	-77.9%
Public Utility	$5,176	$4,300	$876	20.4%
Natural Gas Consumption	$326	$500	-$174	-34.8%
Alcoholic Beverage	$5,195	$5,200	-$5	-0.1%
Liquor Gallonage	$4,316	$4,800	-$484	-10.1%
Petroleum Activity Tax	$0	$0	$0	---
Corporate Franchise	$13	$0	$13	---
Business and Property	$0	$0	$0	---
Estate	$0	$0	$0	---
Total Tax Revenue	**$2,338,645**	**$2,331,700**	**$6,945**	**0.3%**
Nontax Revenue				
Earnings on Investments	$128,181	$100,000	$28,181	28.2%
Licenses and Fees	$637	$2,147	-$1,510	-70.3%
Other Revenue	$939	$1,198	-$259	-21.6%
Total Nontax Revenue	**$129,757**	**$103,345**	**$26,412**	**25.6%**
Transfers In	**$237**	**$0**	**$237**	**---**
Total State Sources	**$2,468,639**	**$2,435,045**	**$33,594**	**1.4%**
Federal Grants	**$1,309,088**	**$1,338,306**	**-$29,218**	**-2.2%**
Total GRF Sources	**$3,777,727**	**$3,773,351**	**$4,376**	**0.1%**

*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 2025 as of October 31, 2024
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on November 01, 2024)

State Sources	**Actual**	**Estimate***	**Variance**	**Percent**	**FY 2024****	**Percent**
Tax Revenue						
Auto Sales	$677,383	$676,400	$983	0.1%	$664,205	2.0%
Nonauto Sales and Use	$3,781,158	$3,202,500	$578,658	18.1%	$3,900,179	-3.1%
Total Sales and Use	*$4,458,542*	*$3,878,900*	*$579,641*	*14.9%*	*$4,564,384*	*-2.3%*
Personal Income	$3,301,098	$3,361,000	-$59,902	-1.8%	$3,523,191	-6.3%
Commercial Activity Tax	$655,194	$598,000	$57,194	9.6%	$735,247	-10.9%
Cigarette	$221,443	$216,500	$4,944	2.3%	$224,919	-1.5%
Kilowatt-Hour Excise	$117,289	$117,400	-$110	-0.1%	$100,281	17.0%
Foreign Insurance	$155,479	$204,600	-$49,121	-24.0%	$198,098	-21.5%
Domestic Insurance	$71,978	$15,300	$56,678	370.4%	$15,787	355.9%
Financial Institution	-$32,397	-$11,200	-$21,197	-189.3%	-$15,952	---
Public Utility	$51,533	$48,500	$3,033	6.3%	$46,878	9.9%
Natural Gas Consumption	$12,310	$14,200	-$1,891	-13.3%	$13,516	-8.9%
Alcoholic Beverage	$23,671	$22,600	$1,071	4.7%	$21,642	9.4%
Liquor Gallonage	$18,363	$19,200	-$837	-4.4%	$19,249	-4.6%
Petroleum Activity Tax	$3,035	$2,100	$935	44.5%	$2,931	3.6%
Corporate Franchise	$39	$0	$39	---	$124	-68.6%
Business and Property	$0	$0	$0	---	$0	---
Estate	$3	$0	$3	---	$0	5370.5%
Total Tax Revenue	**$9,057,581**	**$8,487,102**	**$570,480**	**6.7%**	**$9,450,294**	**-4.2%**
Nontax Revenue						
Earnings on Investments	$128,181	$100,000	$28,181	28.2%	$119,938	6.9%
Licenses and Fees	$10,245	$13,337	-$3,092	-23.2%	$12,307	-16.8%
Other Revenue	$120,961	$122,133	-$1,172	-1.0%	$122,539	-1.3%
Total Nontax Revenue	**$259,386**	**$235,470**	**$23,917**	**10.2%**	**$254,784**	**1.8%**
Transfers In	**$834**	**$0**	**$834**	**---**	**$2,478**	**-66.3%**
Total State Sources	**$9,317,802**	**$8,722,571**	**$595,230**	**6.8%**	**$9,707,556**	**-4.0%**
Federal Grants	**$5,617,921**	**$5,899,866**	**-$281,945**	**-4.8%**	**$5,271,591**	**6.6%**
Total GRF SOURCES	**$14,935,723**	**$14,622,437**	**$313,285**	**2.1%**	**$14,979,147**	**-0.3%**

*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]

– Phil Cummins, Senior Economist

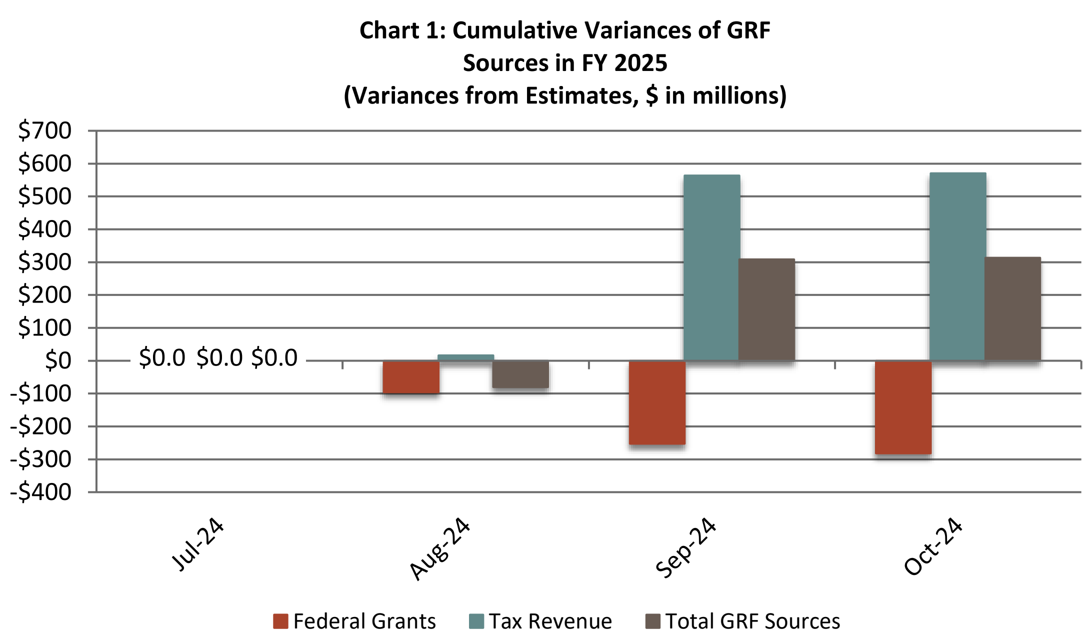
Overview

October GRF total tax revenue was above OBM's estimate by $6.9 million (0.3%). Negative variances for the PIT, $70.5 million (8.7%), and the foreign insurance tax, $48.0 million (24.5%), were more than offset by positive variances for the CAT, $64.5 million (134.1%), the domestic insurance tax, $51.6 million (351.1%), and the sales and use tax, $13.6 million (1.2%). Earnings on investment were above the estimate by $28.2 million (28.2%). Federal grants were below estimate by $29.2 million (2.2%). Total GRF sources for October exceeded estimate by $4.4 million (0.1%).

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 October compared to estimates, while Table 2 shows GRF sources for the fiscal year-to-date (YTD) compared to both estimates and FY 2024 revenue.

GRF tax receipts in the first four months of FY 2025 were $9.06 billion, $570.5 million (6.7%) above estimate. This positive variance was more than accounted for by sales and use tax receipts. Federal grants during July through October were $5.62 billion, $281.9 million (4.8%) below estimate. Total YTD GRF sources were $14.94 billion, $313.3 million (2.1%) above estimate.

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



[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 2025 YTD GRF tax revenue was lower than in the year-earlier period by $392.7 million (4.2%). The decline resulted from lower PIT collections, by $222.1 million (6.3%), lower sales and use tax receipts, by $105.8 million (2.3%), lower receipts from the CAT, by $80.1 million (10.9%), lower foreign insurance tax receipts, by $42.6 million (21.5%), and higher net refunds issued to financial institution tax (FIT) taxpayers, up to $32.4 million from $16.0 million a year earlier, spurring a $16.4 million net reduction in GRF revenue associated with this tax.[2]

On the other hand, YTD revenues were higher than a year earlier from the domestic insurance tax by $56.2 million (355.9%). The revenue gain from the domestic insurance tax appears to be a result of payment misclassification, for which the Treasurer of State (TOS) would make a correcting entry later this year to reclassify some domestic insurance tax receipts as foreign insurance tax collections. The latter tax had a payment due in October whereas the former does not invoice its taxpayers until May. Determining the correcting entry needed will require time-consuming manual examination of hundreds of taxpayer payments sent with inaccurate or incomplete information.

The kilowatt-hour excise tax was also higher YTD than a year earlier by $17.0 million (17.0%). Kilowatt-hour consumption is strongly correlated with cooling degree days, which measure how much the average daily temperature exceeds 65 degrees Fahrenheit. The metric indicates that Ohio weather was hotter this June through September than a year earlier, tending to increase taxes collected in July through October.[3]

YTD GRF revenue from federal grants was higher than in the year-earlier period by $346.3 million (6.6%). Total GRF sources were lower than a year earlier by $43.4 million (0.3%).

Sales and Use Tax

October GRF receipts from the sales and use tax were $1.18 billion, $13.6 million (1.2%) above the estimate. For the first four months of FY 2025, revenue from the tax was $4.46 billion, $579.6 million (14.9%) 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[4] 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 September, seasonally adjusted, with growth

[2] The GRF typically pays out refunds under the FIT during the first half of a fiscal year as taxpayers make adjustments to previous tax filings. FIT receipts are generally expected at the end of January, March, and May, with the annual tax report due in October of each year.

[3] The number of cooling degree days increased by 26% for this period.

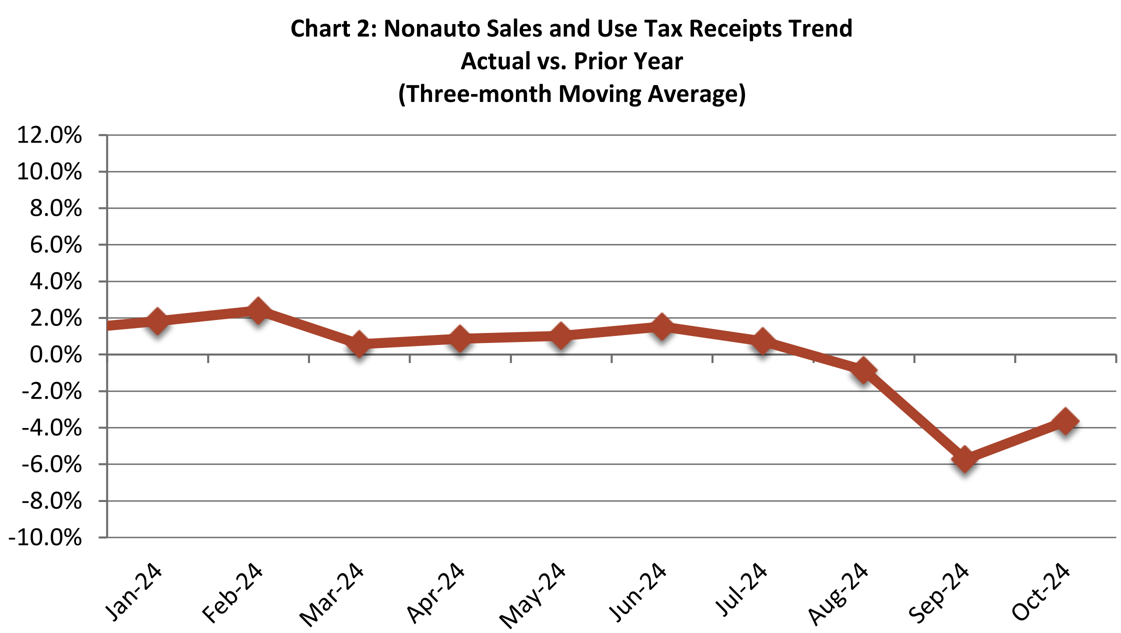
[4] The term "tax base" here refers to whatever is subject to the tax.

mostly in consumer services. Inflation faced by consumers, measured by changes in the personal consumption expenditures price index, slowed substantially from a peak in 2022. As of September 2024, this inflation index was 2.1% higher than a year earlier, its smallest year-over-year rise since February 2021.

Nonauto Sales and Use Tax

October GRF receipts from the nonauto sales and use tax of $1.01 billion were $18.0 million (1.8%) above the OBM estimate and $49.6 million (5.2%) above revenue in October 2023. YTD revenues were $3.78 billion, $578.7 million (18.1%) above estimate but $119.0 million (3.1%) lower than receipts a year earlier. The YTD variance reflects the impact of this year's sales tax holiday in July and August, newly expanded from previous years when holidays were generally limited to clothing and school supplies purchased prior to schools beginning their classes. Tax receipts were far above estimate, though below a year earlier, as the negative impact on tax collections from the sales tax holiday appears to have been much smaller than anticipated.

Chart 2, below, shows year-over-year growth in nonauto sales and use tax collections since January 2024. The data are shown using a three-month moving average[5] to smooth out some of the variability that would appear if year-over-year growth were shown for each individual month. The recent decline compared with a year earlier reflects the effect of the sales tax holiday.



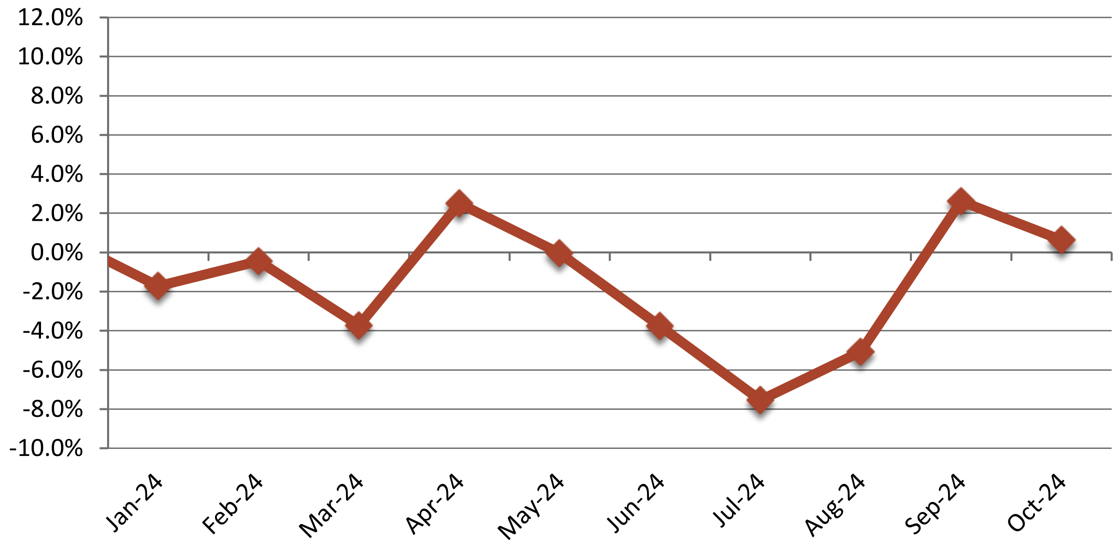
[5] A three-month moving average means, for example, that the most recent data point shown is the percentage change from revenue received during August 2023 through October 2023 to revenue received during August 2024 through October 2024.

Auto Sales and Use Tax

October receipts from the auto component of the sales and use tax were $173.7 million, $4.4 million (2.5%) below estimate but $0.4 million (0.2%) above receipts in October 2023. Tax receipts in the first four months of FY 2025 totaling $677.4 million were above the estimate by $1.0 million (0.1%) and above year-earlier revenues by $13.2 million (2.0%). Auto sales tax collections generally reflect purchases made in the same month revenue is received, as local authorities remit them on a weekly basis. National data on unit sales of new light vehicles (automobiles and light trucks) show a year-over-year increase in July through October 2024 of around 1%. Motor vehicles were excluded from the sales tax holiday.

Chart 3, below, shows the year-over-year change in the three-month moving average of auto sales and use tax collections since January 2024. Auto sales and use tax receipts are volatile and are subject to pronounced seasonal swings. The YTD increase in receipts from a year earlier is evident in the chart's latest two data points. But a 12-month moving average, as of October, was 4.6% lower than a peak in February 2023.[6] The decline appears to be largely a result of lower used vehicle prices.

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



Personal Income Tax

October GRF revenue from the PIT of $737.9 million was $70.5 million (8.7%) below estimate. GRF revenue received in the first four months of this fiscal year totaled $3.30 billion, $59.9 million (1.8%) below estimate and $222.1 million (6.3%) lower than a year earlier. The weakness compared with year-earlier revenue plausibly is due at least in part to the income tax

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[6] The 12-month moving average eliminates seasonal fluctuations. The 4.6% decline cited above is from the average for March 2022 through February 2023 to the average for November 2023 through October 2024.

cuts in H.B. 33, which reduced both tax rates and the number of tax brackets, and to lowering of withholding rates in November 2023 and in July 2024.

Gross PIT collections include withholding payments, pass-through entity (PTE) annual returns and estimated payments, IT-1040 estimated payments,[7] 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.

The table below provides details on revenue from PIT components in July through October compared with OBM estimates and to year-earlier revenues. Gross collections were $94.4 million (2.3%) above anticipated revenue, but $96.2 million (2.3%) below year-earlier revenues. Withholding, the largest category, was expected to decline but instead was up from a year earlier, by $10.8 million YTD, and was $172.3 million above estimate. Payments with pass-through entity annual returns and PTE estimated payments were lower than OBM's estimates, by $17.6 million and $80.5 million, respectively, but IT-1040 estimated payments were above estimate by $19.0 million. Refunds exceeded the estimate by $144.8 million.

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	$172.3	5.2%	$10.8	0.3%
PTE Annual Returns	-$17.6	-19.7%	-$67.0	-48.4%
PTE Estimated Payments	-$80.5	-25.2%	-$70.3	-22.8%
IT-1040 Estimated Payments	$19.0	11.7%	$19.6	12.1%
Annual Return Payments	$1.3	1.3%	$1.4	1.4%
Trust Payments	$1.2	7.7%	$3.1	22.2%
Miscellaneous Payments	-$1.4	-5.1%	$6.2	30.4%
Gross Collections	**$94.4**	**2.3%**	**-$96.2**	**-2.3%**
Less Refunds	$144.8	29.1%	$133.7	26.2%
Less LGF Distribution	$9.5	5.9%	-$7.8	-4.4%
GRF PIT Revenue	**-$59.9**	**-1.8%**	**-$222.1**	**-6.3%**

[7] 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.

Commercial Activity Tax

October GRF CAT receipts were $112.6 million, $64.5 million (134.1%) above estimate. For July through October GRF revenues were $655.2 million, $57.2 million (9.6%) 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 are expected to be lower than in those four months. Annual CAT payments from smaller businesses were eliminated by H.B. 33.

YTD GRF revenue from the CAT was $80.1 million (10.9%) 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.[8] 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 $659.6 million in the first four months of FY 2025, $80.7 million (10.9%) below net revenue in July-October of FY 2024. The YTD decline likely is accounted for by an H.B. 33 provision that reduces the CAT tax base. Businesses with taxable gross receipts of $3 million or less in 2024 no longer owe the CAT, an exclusion amount that increases to $6 million per year in 2025 and thereafter.

Cigarette and Other Tobacco Products Tax

October revenue from the cigarette and other tobacco products (OTP) tax totaling $63.1 million was above estimate by $4.7 million (8.0%). Revenue in the first four months of FY 2025 from the tax was $221.4 million, $4.9 million (2.3%) above estimate. The fiscal YTD total included $181.9 million from cigarette sales and $39.5 million from OTP.

FY 2025 YTD revenue was $3.5 million (1.5%) lower than in the first four months of FY 2024. OTP sales increased by $0.9 million (2.5%) while receipts from cigarette sales decreased $4.4 million (2.4%).

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.

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[8] Specifically, 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. Activity in Fund 7019 has been minimal, less than $400 per year, since FY 2022, and balances in Fund 7047 and Fund 7081 are ample.

Table 3: General Revenue Fund Uses
Actual vs. Estimate
Month of October 2024
($ in thousands)
(Actual based on OAKS reports run November 4, 2024)

Program Category	Actual	Estimate*	Variance	Percent
Primary and Secondary Education	$838,359	$790,607	$47,752	6.0%
Higher Education	$224,235	$228,474	-$4,240	-1.9%
Other Education	$14,917	$14,539	$378	2.6%
Total Education	**$1,077,510**	**$1,033,620**	**$43,890**	**4.2%**
Medicaid	$1,844,603	$1,880,245	-$35,642	-1.9%
Health and Human Services	$168,844	$233,513	-$64,669	-27.7%
Total Health and Human Services	**$2,013,447**	**$2,113,758**	**-$100,311**	**-4.7%**
Justice and Public Protection	$248,038	$313,246	-$65,208	-20.8%
General Government	$74,186	$80,794	-$6,608	-8.2%
Total Government Operations	**$322,224**	**$394,041**	**-$71,816**	**-18.2%**
Property Tax Reimbursements	$340,922	$345,255	-$4,333	-1.3%
Debt Service	$42,824	$42,965	-$141	-0.3%
Total Other Expenditures	**$383,746**	**$388,219**	**-$4,473**	**-1.2%**
Total Program Expenditures	**$3,796,928**	**$3,929,638**	**-$132,710**	**-3.4%**
Transfers Out	**$351**	**$0**	**$351**	**---**
Total GRF Uses	**$3,797,279**	**$3,929,638**	**-$132,359**	**-3.4%**

*September 2024 estimates of the Office of Budget and Management.
Detail may not sum to total due to rounding.

Actual vs. Estimate
FY 2025 as of October 31, 2024
($ in thousands)
(Actual based on OAKS reports run November 4, 2024)

Program Category	Actual	Estimate*	Variance	Percent	FY 2024**	Percent
Primary and Secondary Education	$3,461,308	$3,407,750	$53,558	1.6%	$3,285,081	5.4%
Higher Education	$901,849	$914,321	-$12,472	-1.4%	$809,258	11.4%
Other Education	$54,587	$56,968	-$2,382	-4.2%	$52,795	3.4%
Total Education	**$4,417,743**	**$4,379,039**	**$38,704**	**0.9%**	**$4,147,134**	**6.5%**
Medicaid	$8,664,505	$9,000,853	-$336,348	-3.7%	$8,076,929	7.3%
Health and Human Services	$673,556	$874,663	-$201,107	-23.0%	$627,286	7.4%
Total Health and Human Services	**$9,338,062**	**$9,875,516**	**-$537,454**	**-5.4%**	**$8,704,215**	**7.3%**
Justice and Public Protection	$1,112,267	$1,218,759	-$106,492	-8.7%	$1,084,194	2.6%
General Government	$268,074	$272,989	-$4,915	-1.8%	$804,250	-66.7%
Total Government Operations	**$1,380,341**	**$1,491,748**	**-$111,406**	**-7.5%**	**$1,888,443**	**-26.9%**
Property Tax Reimbursements	$960,937	$879,377	$81,561	9.3%	$915,577	5.0%
Debt Service	$703,477	$703,267	$209	0.0%	$699,937	0.5%
Total Other Expenditures	**$1,664,414**	**$1,582,644**	**$81,770**	**5.2%**	**$1,615,513**	**3.0%**
Total Program Expenditures	**$16,800,560**	**$17,328,947**	**-$528,387**	**-3.0%**	**$16,355,305**	**2.7%**
Transfers Out	**$730,201**	**$727,093**	**$3,108**	**0.4%**	**$6,260,074**	**-88.3%**
Total GRF Uses	**$17,530,761**	**$18,056,040**	**-$525,278**	**-2.9%**	**$22,615,379**	**-22.5%**

*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 November 4, 2024)

	Month of October 2024				Year to Date through October 2024			
Department	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Medicaid								
GRF	$1,749,675	$1,781,591	-$31,916	-1.8%	$8,274,552	$8,606,289	-$331,737	-3.9%
Non-GRF	$898,051	$960,215	-$62,164	-6.5%	$3,610,350	$3,679,074	-$68,724	-1.9%
All Funds	$2,647,726	$2,741,806	-$94,080	-3.4%	$11,884,902	$12,285,363	-$400,460	-3.3%
Developmental Disabilities								
GRF	$84,132	$85,599	-$1,468	-1.7%	$341,391	$345,166	-$3,774	-1.1%
Non-GRF	$302,687	$354,203	-$51,515	-14.5%	$1,319,746	$1,385,225	-$65,480	-4.7%
All Funds	$386,819	$439,802	-$52,983	-12.0%	$1,661,137	$1,730,391	-$69,254	-4.0%
Job and Family Services								
GRF	$9,985	$12,075	-$2,090	-17.3%	$44,899	$44,955	-$56	-0.1%
Non-GRF	$12,087	$16,211	-$4,125	-25.4%	$57,954	$62,996	-$5,041	-8.0%
All Funds	$22,071	$28,286	-$6,215	-22.0%	$102,853	$107,950	-$5,097	-4.7%
Other								
GRF	$812	$980	-$168	-17.2%	$3,663	$4,444	-$781	-17.6%
Non-GRF	$7,722	$31,705	-$23,983	-75.6%	$31,896	$77,243	-$45,348	-58.7%
All Funds	$8,533	$32,685	-$24,152	-73.9%	$35,559	$81,687	-$46,129	-56.5%
All Departments								
GRF	**$1,844,603**	**$1,880,245**	**-$35,642**	**-1.9%**	**$8,664,505**	**$9,000,853**	**-$336,348**	**-3.7%**
Non-GRF	**$1,220,547**	**$1,362,334**	**-$141,787**	**-10.4%**	**$5,019,946**	**$5,204,539**	**-$184,593**	**-3.5%**
All Funds	**$3,065,150**	**$3,242,579**	**-$177,429**	**-5.5%**	**$13,684,452**	**$14,205,392**	**-$520,940**	**-3.7%**

*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 November 4, 2024)

	Month of October 2024				Year to Date through October 2024			
Payment Category	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Managed Care	**$1,991,200**	**$2,057,273**	**-$66,073**	**-3.2%**	**$8,346,415**	**$8,597,426**	**-$251,011**	**-2.9%**
CFC†	$526,506	$604,054	-$77,547	-12.8%	$2,183,569	$2,489,404	-$305,835	-12.3%
Group VIII	$467,337	$453,127	$14,210	3.1%	$1,837,393	$1,847,501	-$10,108	-0.5%
ABD†	$172,383	$170,553	$1,830	1.1%	$702,836	$699,881	$2,955	0.4%
ABD Kids	$43,751	$60,599	-$16,848	-27.8%	$228,834	$248,305	-$19,471	-7.8%
My Care	$283,635	$294,857	-$11,222	-3.8%	$1,232,711	$1,172,280	$60,430	5.2%
OhioRISE	$50,529	$52,195	-$1,665	-3.2%	$214,156	$227,530	-$13,374	-5.9%
SPBM†	$447,059	$421,890	$25,169	6.0%	$1,946,916	$1,912,525	$34,392	1.8%
Fee-For-Service	**$835,275**	**$915,969**	**-$80,694**	**-8.8%**	**$4,469,564**	**$4,591,201**	**-$121,637**	**-2.6%**
ODM Services	$459,416	$483,406	-$23,989	-5.0%	$2,063,288	$1,956,531	$106,757	5.5%
DDD Services	$377,323	$432,564	-$55,241	-12.8%	$1,621,926	$1,688,669	-$66,744	-4.0%
Hospital HCAP†	-$1,464	$0	-$1,464	-	$784,350	$946,000	-$161,650	-17.1%
Premium Assistance	**$133,187**	**$133,214**	**-$27**	**0.0%**	**$469,266**	**$532,052**	**-$62,787**	**-11.8%**
Medicare Buy-In	$75,997	$78,547	-$2,550	-3.2%	$304,197	$312,439	-$8,242	-2.6%
Medicare Part D	$57,189	$54,667	$2,523	4.6%	$165,068	$219,613	-$54,545	-24.8%
Administration	**$105,488**	**$136,123**	**-$30,635**	**-22.5%**	**$399,207**	**$484,712**	**-$85,505**	**-17.6%**
Total	**$3,065,150**	**$3,242,579**	**-$177,429**	**-5.5%**	**$13,684,452**	**$14,205,392**	**-$520,940**	**-3.7%**

*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[9]

– Michael Kerr, Budget Analyst

– Ivy Chen, Division Chief

– Brandon T. Minster, Economist

Overview

For the year-to-date (YTD) through October, FY 2025 GRF program expenditures totaled $16.80 billion. These expenditures were $528.4 million (3.0%) below OBM's estimates. GRF uses also include transfers out, which totaled $730.2 million and were $3.1 million (0.4%) above estimate for the YTD. Total GRF uses for these three months totaled $17.53 billion, which was $525.3 million (2.9%) below estimate.

The three largest negative YTD variances were in Medicaid ($336.3 million, 3.7%), Health and Human Services ($201.1 million, 23.0%), and Justice and Public Protection ($106.5 million, 8.7%). A significant positive monthly variance for GRF uses occurred in Primary and Secondary Education ($47.8 million, 6.0%), which increased the category's positive YTD variance to $53.6 million (1.6%). YTD spending in most program categories was below estimate. These variances, 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. GRF Medicaid expenditures were below their monthly estimate in October by $35.6 million (1.9%) and below their yearly estimate by $336.3 million (3.7%). Non-GRF Medicaid expenditures were below their monthly estimate by $141.8 million (10.4%) and below their yearly estimate by $184.6 million (3.5%). Including both the GRF and non-GRF, all funds Medicaid expenditures were $177.4 million (5.5%) below estimate in October and $520.9 million (3.7%) 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 "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 October of $94.1 million (3.4%), and a FY 2025 all-funds negative variance of $400.5 million (3.3%). DODD had an October all-funds negative variance of $53.0 million (12.0%) and ended the month with yearly expenditures being $69.3 million (4.0%) below estimate. The other eight "sister" agencies – Job and Family Services (ODJFS), Health (ODH), Aging (ODA), Mental Health and Addiction Services (OhioMHAS), State Board of Pharmacy, Education and Workforce (DEW), Higher Education, and Children and Youth (DCY) – account for the remaining 1% of the total

[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.

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 all four major payment categories. In percentage terms, the Administration variance of $85.5 million was the largest (17.6%), followed by the Premium Assistance variance of $62.8 million (11.8%). The Administration variance is tied to the timing of spending on fiscal year-end invoices, which are scheduled to pay before the end of November. Last month’s substantially lower Medicaid Part D spending under Premium Assistance was due to a data transmission error by the U.S. Centers for Medicare and Medicaid Services (CMS). In terms of absolute dollars, the largest variance was in Managed Care, which was $251.0 million (2.9%) below the yearly estimate. Fee-for-Service (FFS) also had a negative variance of $121.6 million (2.6%).

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 October 2024 by over 536,000 (14.9%). The rate of decline has slowed significantly over the past four months, indicating coming stabilization.

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. OhioMHAS accounts for a majority of the actual expenditures for this category in the first four months of FY 2025 (33.5%).

The negative YTD variance for this category increased by $64.7 million in October to reach $201.1 million (23.0%). The largest contributor towards this negative YTD variance was the Ohio Department of Children and Youth, the category’s second largest component by actual expenditures. DCY was under estimate for the YTD by $156.9 million, which accounted for 78.0% of the category’s negative YTD variance. Three ALIs accounted for $123.6 million of DCY’s YTD variance: ALI 830407, Early Childhood Education ($44.2 million); ALI 830400, Child Care State/Maintenance of Effort ($44.0 million); and ALI 830500, Early Care and Education ($35.4 million).

ALI 830407 funds early childhood education (ECE) programs at school districts, educational service centers, community schools, chartered nonpublic schools, and certain licensed child care centers. At the outset of FY 2025, DEW handled payments for the early childhood education program, as the agencies continue to transition systems to the newly established DCY. ALI 830400 is used to meet the matching and maintenance of effort (MOE) grant requirements of the federal Child Care and Development Fund (CCDF), which supports publicly funded child care. A portion may also be used as MOE for the TANF Block Grant. ALI 830500 is used to support early care and education activities, such as the state’s subsidized childcare programs, and to meet TANF maintenance of effort requirements. YTD spending in early care and education was under estimate primarily because DCY prioritized using federal dollars that expired in September at the close of the federal fiscal year.

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 71.6% of actual expenditures for this category in the first four months of FY 2025. Eleven other agencies make up the remaining 28.4% of spending.

The negative YTD variance in this category was $106.5 million (8.7%). This was primarily due to the DRC and the Ohio Public Defender Commission (PUB), which had negative YTD variances of $58.6 million and $30.4 million, respectively; DRC's variance grew by $58.5 million and PUB's by $0.9 million in October. The category as a whole was $65.2 million (20.8%) below estimate for the month.

PUB's monthly and YTD variances were due 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. YTD spending is below estimate because PUB received fewer county reimbursement requests than anticipated. DRC's monthly variance was mainly due to negative variances of $24.9 million in ALI 501501, Community Residential Programs – Community Based Correctional Facilities, $17.2 million in ALI 501407, Community Nonresidential Programs, and $6.0 million in ALI 505321, Institution Medical Services.

ALI 501501 provides subsidies for the operation of 17 community-based correctional facilities (CBCFs) that divert nonviolent felony offenders from state correctional institutions and offer services such as education, job training, and substance abuse treatment. ALI 501407 finances four grant programs used to divert offenders from prison. ALI 505321 pays for the provision of medical and behavioral services to offenders housed in the state's prison system.

Primary and Secondary Education

This program category contains all GRF spending by DEW, except for property tax reimbursement and Medicaid spending. This category was over the YTD estimate by $53.6 million (1.6%) at the end of October, with a positive monthly variance of $47.8 million (6.0%). The positive monthly variance was primarily due to ALI 200550, Foundation Funding – All Students, which was over estimate by $42.5 million (6.2%) in October. This variance resulted in a $61.9 million positive YTD variance for the line item. These outcomes were attributed to updated data used in the school funding formula, specifically for current year enrollments, when making disbursements in October.

ALI 200550 is the main source of state support for public schools in Ohio, including those operated by traditional school districts, joint vocational school districts, and community and STEM (i.e., science, technology, engineering, and mathematics) schools, as well as for the state's scholarship programs for students attending chartered nonpublic schools. For FY 2025, estimated spending in this ALI comprises 86.2% of total estimated spending in the category. Expenditures from this ALI are governed by a variety of formulas and data which can be difficult to predict on a monthly basis. There are, therefore, often timing-related variances in this ALI.

Issue Updates

Department of Development Awards $45.3 Million for Brownfield Remediation

– Gavin Enseleit, LSC Fellow

In two separate announcements during the months of September and October of 2024, the Department of Development awarded approximately $45.3 million total for the fifth and sixth rounds of funding under the Ohio Brownfield Remediation Program. The grant program is aimed at restoring distressed industrial, commercial, or institutional sites to productive use. Overall, 88 projects in 45 counties received grants. Clean-up work accounted for $32.9 million across 26 projects, and site assessment work accounted for $8.9 million across 62 projects. Project awards ranged from $60,630 for clean-up and remediation of an underground storage tank in Cuyahoga County to $9.9 million for the remediation and redevelopment of the Terrace Plaza Hotel in Hamilton County. For more information, see the list of award recipients and projects (PDF) (September and October) available on the Governor's website: governor.ohio.gov.

Under the Brownfield Remediation Program, local governments, land reutilization corporations, and other entities are eligible for grants of up to $300,000 to cover assessment costs and up to $10.0 million for clean-up costs. Allowable activities include brownfield site acquisition, demolition, and infrastructure improvements. Funding to support this grant is provided through the Brownfield Remediation Fund (Fund 5YE0), capitalized by a $350.0 million cash transfer from the GRF under H.B. 33. Of this amount, $262.0 million is available statewide on a first-come, first-served basis, and requires a 25% match. The remaining $88.0 million is reserved to provide $1.0 million for projects in each of Ohio's 88 counties. These county set-aside funds do not require matching funds. Any amounts remaining from the county set-aside portion at the end of FY 2024 will be available in FY 2025 for other qualifying projects.

Ohio EPA Awards $2.7 Million in H2Ohio Chloride Reduction Grants

– Robert Meeker, Senior Budget Analyst

On August 1, 2024, the Ohio EPA announced the award of $2.7 million in grants through the H2Ohio Chloride Reduction Grant Program. Grants were awarded to 52 recipients in 34 counties. Individual grants range in amounts from $10,723 (Village of Timberlake) to the maximum award of $75,000 to 14 recipients with an average award amount of nearly $52,000. The table below shows the total amount awarded and count of awards by county. A full list of awardees (PDF) can be found by conducting a keyword search for "chloride reduction grants" on the H2Ohio Program website at h2.ohio.gov.

This is the second round of awards through the program. $1.7 million in first round funding was awarded in May 2024. To date the grant program has awarded $4.4 million for 85 projects in 46 counties. The grant program was announced in December 2023 and provides funding to help local governments improve road salt management infrastructure. Allowable purposes include upgrades of equipment, and salt loading and storage areas to reduce the amount of road salt run-off into streams, rivers, and lakes. Municipalities, townships, counties, and other governmental agencies were permitted to apply for grants of up to $75,000.

August 2024 H2Ohio Chloride Reduction Grant Awards by County (all listed counties received one award unless noted)

County	Total Amount	County	Total Amount
Ashland	$66,595	Lawrence	$35,000
Athens	$24,294	Lorain (2)	$135,536
Champaign (3)	$120,288	Lucas	$44,800
Clermont	$44,500	Madison	$75,000
Clinton	$50,000	Mahoning	$47,300
Columbiana	$75,000	Medina	$75,000
Cuyahoga (6)	$311,604	Montgomery (2)	$108,108
Defiance	$50,660	Muskingum (2)	$98,196
Delaware	$50,481	Putnam	$57,218
Erie (2)	$116,822	Sandusky	$31,475
Fairfield	$74,652	Trumbull	$75,000
Franklin (4)	$227,730	Union	$50,651
Hamilton (3)	$120,518	Warren	$19,821
Henry	$52,953	Washington	$75,000
Hocking	$67,540	Wayne	$27,799
Jackson	$66,459	Williams (2)	$112,354
Lake	$10,723	Wood (2)	$100,835

H2Ohio is a water quality initiative created in 2019 to address serious water issues including harmful algal blooms in Lake Erie; failing drinking water, wastewater, and home sewage treatment systems; and lead contamination. The initiative is funded via cash transfers from the GRF. Under H.B. 33, four agencies receive H2Ohio funding for the FY 2024-FY 2025 biennium: the Department of Agriculture ($121.4 million), the Department of Natural Resources ($93.2 million), the Ohio EPA ($55.1 million), and the Lake Erie Commission ($264,000). Since 2019, the Ohio EPA has used H2Ohio funding to improve water infrastructure, replace home sewage treatment systems, improve stream monitoring, and replace lead service lines and fixtures.

Ohio Organization Receives $500,000 in Federal Accelerating Cancer Screening Grant Funds

– Jacquelyn Schroeder, Senior Budget Analyst

On August 7, 2024, the U.S. Department of Health and Human Services (HHS) announced that the Lower Lights Christian Health Center, Inc. in Columbus received $500,000 in federal Accelerating Cancer Screening (AxCS) grant funds. The goal of the AxCS grant is to expand access to cancer screenings and referrals for care and treatment in underserved communities by providing patient education, case management, outreach, and virtual care capabilities. Cancer is the second leading cause of death nationally and this grant will address disparities that exist in screening and treatment after an abnormal test result based on income, insurance status, and race or ethnicity. Awardees will work to achieve two objectives: (1) increase the number and percentage of patients screened for cervical, breast, or colorectal cancer, and (2) increase the number of patients assisted in receiving follow-up care within 30 days of an abnormal screening result. Eligibility was limited to health centers currently receiving funds from HHS' Health Resources and Services Administration (HRSA).[10] HRSA-funded health centers are nonprofit or public centers that provide healthcare access to individuals who are uninsured, Medicaid recipients, those who are living in rural or underserved areas, experiencing homelessness, reside in public housing, or are having difficulty receiving or affording care.

Overall, HHS awarded approximately $9.0 million in AxCS grant funds to 18 HRSA-funded health centers in 11 states in federal fiscal year (FFY) 2024. Funds were awarded for a two-year performance period ending August 31, 2026. AxCS grants were originally funded in FFY 2022, though this latest round of funding is the first time that an Ohio health center received an award.

Office of Criminal Justice Services Awards $5.4 Million in Comprehensive Opioid, Stimulant, and Substance Use Program Grants

– Maggie West, Senior Budget Analyst

On August 28, 2024, the Office of Criminal Justice Services (OCJS) announced the award of $5.4 million in Comprehensive Opioid, Stimulant, and Substance Use Program (COSSUP) grants to 14 recipients in 11 counties (see table below). OCJS applied for this competitive grant on behalf of local governmental jurisdictions within the state. Ohio's application specifically requested funds to support the creation, expansion, or enhancement of local quick response teams, such as Drug Abuse Response Teams (DART) and Drug Overdose Response Teams (DORT), as well as other deflection models, like self-referral and active outreach. COSSUP is funded by the U.S. Department of Justice's Bureau of Justice Assistance and provides resources to support state and local efforts in responding to illicit substance use and misuse, reducing overdose deaths, promoting public safety, and supporting access to prevention, harm reduction, treatment, and recovery services in the community and justice system.

[10] Federal HRSA funds under the Health Center Program authorized by section 330 of the Public Health Service Act.

Hamilton County (Southeast Ohio) received the largest amount of funding with three project awards totaling $1.5 million. Portage County (Northeast Ohio) received the second highest amount of funding with two project awards totaling nearly $1.0 million. Individual award amounts range from $115,777 (Middletown Division of Police in Butler County) to $838,866 (Franklin County Office of Justice Policy and Programs).

Comprehensive Opioid, Stimulant, and Substance Use Program Grant Recipients (Total: $5,438,244)		
County	**Recipient**	**Award Amount**
Hamilton		**$1,524,904**
	Talbert House	*$792,745*
	Amberley Village	*$376,444*
	Cordata Healthcare Innovations, Inc.	*$355,715*
Portage		**$957,606**
	Northeast Ohio Medical University	*$587,996*
	Portage County Sheriff's Office	*$369,609*
Franklin	Franklin County Office of Justice Policy and Programs	$838,866
Lorain	Lorain County Sheriff's Office	$449,615
Cuyahoga	The MetroHealth System	$440,229
Lawrence	Lawrence County Prosecutor's Office	$418,317
Medina	Medina County Drug Task Force	$241,976
Muskingum	Muskingum County Prosecutor's Office	$205,062
Ross	Ross County Sheriff's Office	$128,072
Defiance	Defiance County Sheriff's Office	$117,821
Butler	Middletown Division of Police	$115,777

The federal government awarded Ohio a total of $7.0 million in FFY 2023 funding. Per the solicitation's guidelines, $1.6 million is retained by OCJS for administrative purposes (up to $800,000) and evaluation activities (up to $800,000).

SNAP Continued Eligibility Increase

– Ryan Sherrock, Economist

On October 1, 2024, the ODJFS announced an increase in eligibility for the Supplemental Nutrition Assistance Program (SNAP) from 130% of the federal poverty level (FPL) to 200% FPL.[11] As a result, a recipient will be eligible to receive SNAP benefits up to 200% FPL. However, recipients with a gross income above 130% FPL will receive benefits at a reduced rate. According to ODJFS, this increase is being done to address the "benefit cliff" whereby a SNAP recipient declines additional work hours, promotions, or pay raises because the loss of SNAP benefits is greater than the pay increase itself.

The federal government pays the full cost of SNAP benefits. However, federal, state, and local agencies share the administrative costs of operating the program. Benefits vary based on household size and income. SNAP recipients, aged 16 to 59 who are not disabled, must meet work-related requirements to remain eligible. These requirements include the following: accepting a job offer, registering for work, not quitting or reducing employment hours, and participating in a state-offered SNAP Employment and Training Program. Additional requirements apply to able-bodied adults without dependents. For instance, these adults can only receive SNAP benefits for up to three months every three years unless they work at least 20 hours a week, participate in qualifying education and training activities at least 20 hours per week, and comply with a state-approved workfare program.[12]

ODOT Distributes $23.1 Million to Urban Transit Systems

– Terry Steele, Senior Budget Analyst

On October 12, the Office of Transit within the Department of Transportation (ODOT) awarded nearly $23.2 million to the state's 26 urban transit systems under the Urban Transit Program (UTP). The awards will be used for fleet expansion and replacement, preventive maintenance, facility upgrades, new equipment, and operating assistance. The funding for the program comes from GRF appropriations made in H.B. 23, the transportation budget for the FY 2024-FY 2025 biennium. The full award list and criteria for funding can be found on ODOT's website.

The UTP provides funding for transit service in Ohio's urbanized areas with populations of 50,000 or greater. There are two components to the awards under the program. The first part consists of $18.9 million that is based upon approximately 13% of the amount each transit system received from the Federal Transit Administration under the Urbanized Area Formula Grant Program. The remaining $4.25 million is a "Small Urban Bonus" for transit services in communities with populations of between 50,000 and 199,000. This supplement helps smaller urban transit systems qualify for additional federal funding for operations and capital

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[11] This change was done by administrative rule. Currently, a family of three at 130% FPL would have an annual income of $33,566. The same family at 200% FPL would have an annual income of $51,640.

[12] These individuals are between 18 and 54 years of age, have no dependents, and are not disabled. Time limits do not apply to certain individuals including those unable to work due to physical or mental health reasons or those who care for a child or incapacitated family member.

improvements. Seventeen of the 26 eligible transit agencies received the Small Urban Bonus under this round of funding.

OFCC Awards $558,000 to 43 School Districts for Specialized Emergency Communications Radios

– Jason Glover, Senior Budget Analyst

In September 2024, the Ohio Facilities Construction Commission (OFCC) awarded approximately $558,000[13] to 43 school districts for 167 specialized Multi-Agency Radio Communication System (MARCS) radios under the MARCS-In-Schools (MIS) grant program. MARCS is a statewide mobile voice and data communications system used for public safety and emergency response at local, state, and federal levels of government. MIS radios are specifically designed for schools with an easy-to-operate emergency button that, when pressed, sends an alert to the appropriate law enforcement dispatch center. In addition, each MIS radio contains a microphone for voice communications during an emergency. Under the grant program, OFCC and the Department of Administrative Services identified about 100 school districts in 20 counties that do not have MIS radios in their buildings. These districts were eligible to apply for MIS radios, any necessary antennas to improve reception, or radios for local first responders. All school districts that applied received awards. The grants are supported by unspent federal American Rescue Plan Act (ARPA) funds that were transferred from Fund 5CV5 ALI 230650, ARPA School Security, to Fund 5CV5 ALI 230655, MARCS-In-School Security Grant Program, after Controlling Board approval on July 8, 2024.

Grant amounts per school district ranged from $3,340 for one MIS radio at each of four school districts to about $56,800 for 17 MIS radios at Pickerington Local School District in Fairfield County. The table below summarizes the grant recipients and total awards by county. As the table shows, eight school districts located within Fairfield County received the bulk of funds, at $163,680 for a total of 49 MIS radios. Per OFCC's guidelines, recipients will be responsible for ongoing subscription costs of $5 per month per MIS radio and for maintenance or repair of all equipment. More information about the MIS grant program can be accessed by conducting a keyword "MARCS" search on OFCC's website: ofcc.ohio.gov.

MARCS-in-School Grants, FY 2025		
County	**School District (# of MIS Radios)**	**Total**
Darke	Ansonia Local (3), Franklin Monroe Local (1), Greenville City (4), Mississiniwa Valley Local (2), Tri-Village Local (3), Versailles Ex. Vill. (3)	$53,446
Defiance	Ayersville Local (1), Central Local (2), Defiance City (4)	$23,383
Erie	Perkins Local (4)	$13,362

[13] In addition to the approximately $558,000 awarded for MARCS radios, another $93,000 will be used to purchase outdoor antennas and first responder radios for a total award of more than $650,000.

MARCS-in-School Grants, FY 2025		
County	**School District (# of MIS Radios)**	**Total**
Fairfield	Amanda-Clearcreek Local (4), Berne Union Local (2), Bloom Carroll Local (4), Canal Winchester Local (5), Fairfield Union Local (4), Lancaster City (10), Pickerington Local (17), Walnut Township Local (3)	$163,680
Harrison	Conotton Valley Union Local (2)	$6,681
Holmes	East Homes Local (8), West Holmes Local (6)	$46,766
Huron	Western Reserve Local (3), Willard City (3)	$20,042
Miami	Bradford Ex. Vill. (2), Milton Union Ex. Vill. (3), Piqua Local (1)	$20,042
Morgan	Morgan Local (5)	$16,702
Paulding	Antwerp Local (3), Paulding Ex. Vill. (4)	$23,383
Seneca	New Riegel Local (2), Seneca East Local (3), Tiffin City (6)	$36,744
Shelby	Sidney City (8)	$26,723
Vinton	Vinton County Local (6)	$20,042
Williams	Millcreek-West Unity Local (2), Montpelier Ex. Vill. (1), North Central Local (2)	$16,702
Wood	Lake Local (4), North Baltimore Local (3), Northwood Local (2), Perrysburg (9)	$60,127
Wyandot	Carey Ex. Vill. (1), Mohawk Local (2)	$10,021
Total	**43 School Districts (167 MIS radios)**	**$557,847**

Nearly 22,000 Teachers Have Completed Science of Reading Professional Development Courses

– Patrick Campbell, Budget Analyst

As of the end of October, over 21,600 public school teachers have completed the professional development course in the science of reading required by H.B. 33, based on stipend reimbursement claims DEW has received from school districts and other public schools. Under H.B. 33, school districts and other public schools must pay the teacher a stipend after verifying the teacher completed the course and request reimbursement from the state. The claims submitted thus far total $23.7 million. DEW began paying reimbursements in May 2024 following its release of guidance on the requirement in March. As a point of reference, there are approximately 115,000 public school teachers statewide, though some are exempt from the professional development requirement.

Teachers and administrators that have not previously completed similar training are required to complete at least one of the seven available professional development pathways by June 30, 2025. These pathways are broken up into different courses and range from seven to 22 hours in length. Each pathway is designed to cater to each educator's specific grade band, primary role, and their previously completed trainings. Six pathways are available on DEW's Learning Management System, which offers professional development courses for educators online. Also, a seventh pathway is available through Cox Campus and the Rollins Center, an online professional development company that focuses on improving children's literacy.

Teachers of grades pre-kindergarten through 5, English language arts teachers of grades 6 through 12, intervention specialists, English learner teachers, reading specialists, and instructional coaches are eligible for stipends of $1,200. Non-English language arts teachers for grades 6 through 12are eligible for $400 stipends. Administrators are not eligible for a stipend, nor are teachers that are exempt from the requirement. H.B. 33 appropriated $43 million in each year of the FY 2024-FY 2025 biennium to reimburse district and school stipend costs. DEW pays the reimbursements from Fund 5AQ1 ALI 2006A4, Literacy Improvement, which is supported mainly by a cash transfer from the FY 2023 GRF ending balance.

Tracking the Economy

– Craig Kerr, Senior Economist

Overview

The nation's economy continued to expand in the third quarter of 2024 by an annual rate of 2.8% while real incomes remained stable. Consumer price inflation declined in October to a year-over-year rate of 2.4% and the job market showed little change overall. While tens of thousands of manufacturing workers were on strike and two hurricanes made landfall, the economy still managed to add 12,000 jobs on net and unemployment remained steady at 4.1%. Similar to the nation as a whole, Ohio's labor market was stable with little change in the number of jobs, unemployment rate, labor force participation rate, and employment-to-population ratio. Long-term interest rates on mortgages and treasuries began to increase after the Federal Reserve announced its first rate cut since 2020.

The National Economy

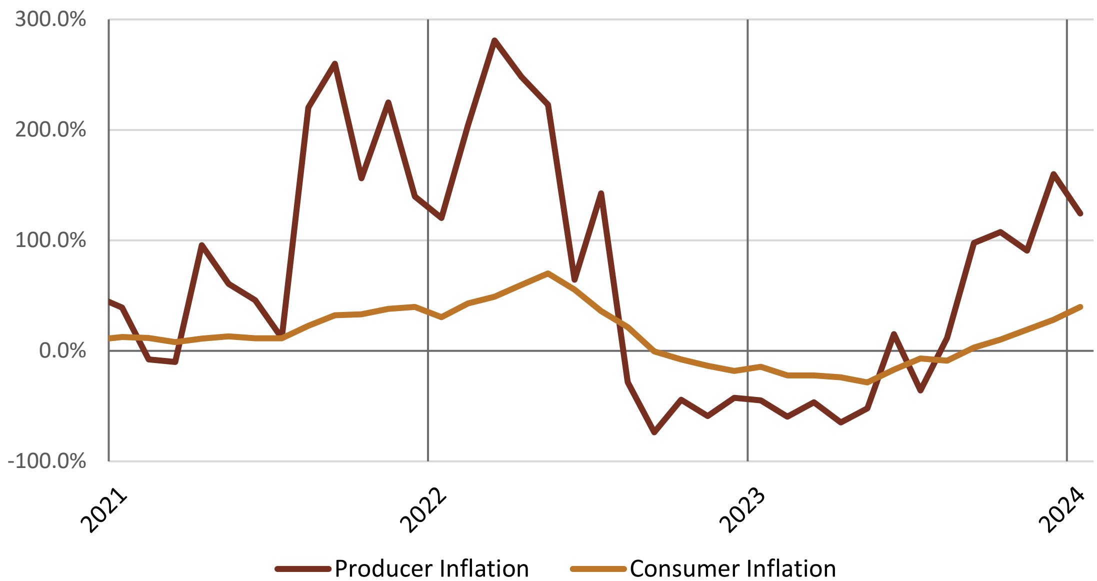
Inflation-adjusted gross domestic product (U.S. real GDP) growth for the third quarter of 2024 was 2.8% according to preliminary estimates released by the Bureau of Economic Analysis (BEA). This means that if the same rate of growth were experienced for an entire year, the real value (adjusted for inflation) of goods and services produced domestically would increase by 2.8%. The deceleration from the 3.0% growth experienced in the second quarter was primarily attributed to declines in housing and inventory investment, partially offset by increases in consumer and federal government spending. Note that while the initial impact of Hurricane Helene is reflected in the estimate, the BEA does not separately quantify its magnitude.

Disposable personal income continued its relatively steady rate of increase on a seasonally adjusted basis in September according to preliminary estimates. The 0.3% improvement was driven almost entirely by increases in wages and salaries. However, when adjusted for inflation and population, real disposable income per capita remained unchanged. That is, the amount of goods and services the average person could purchase with their after-tax dollars remained the same. Personal savings as a rate of disposable income decreased for the fifth consecutive month to 4.6%.

Year-over-year inflation as measured by the consumer price index for all urban consumers (CPI-U) fell for the sixth consecutive month in September, dropping to 2.4%. This means that prices for the goods and services purchased by the typical urban consumer were 2.4% more expensive than they were a year ago in September 2023. However, core inflation (excluding volatile food and energy prices) is displaying signs of a reversal, having risen by 0.1 percentage points to 3.3% in September after remaining steady at 3.2% in August.

The biggest driver of inflation was the cost of transportation services (8.5%), which was led by increases in motor vehicle insurance premiums (16.3%). According to the LexisNexis U.S. Auto insurance Trends Report, the rise in insurance premiums is due to the increasing cost of claim severity, uninsured motorist claims, and attorney-represented claims. While food costs were only 2.3% more expensive compared to a year ago, consumers reportedly paid 39.6% more for eggs as producers struggled to recover from a resurgent bird flu epidemic that has reduced the number of egg-laying hens. The price producers paid before selling to consumers was up 124.3% year-over-year in September. Chart 4 displays the measures of consumer and producer inflation in egg prices during the most recent bird flu outbreaks. On the other hand, energy costs were down 6.8% overall with fuel oil (22.4%) and gasoline (15.3%) leading the drop in price while electricity and piped gas was 3.7% and 2.0% more expensive respectively.

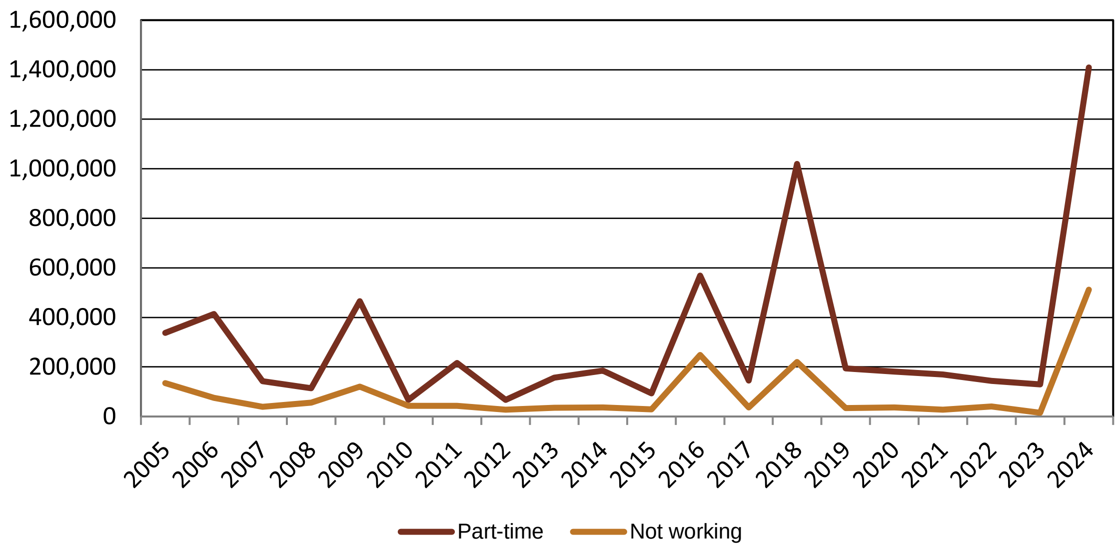
Chart 4: Year-Over-Year Inflation for Eggs



Nonfarm payroll employment was essentially unchanged nationwide, increasing by only 12,000 jobs on a seasonally adjusted basis in October according to preliminary estimates from the Bureau of Labor Statistics (BLS). Of note among the sector employment changes was the 46,000 manufacturing jobs lost, with 38,000 of these losses attributed to strikes organized by the International Association of Machinists Union at aerospace companies Boeing (33,000) and Textron Aviation (5,000). Previous estimates of job growth were revised down, with the number of jobs added in September decreasing by 31,000, from 254,000 to 223,000. August also had its estimated number of jobs added reduced by 81,000, from 159,000 to 78,000.

The official unemployment rate for the nation (U-3) remained unchanged at 4.1% in October according to the BLS. The number of employed and unemployed workers, labor force, and employment-population ratio showed little change over the month. Note that the Current Population Survey, which the BLS uses to calculate employment statistics, categorizes workers on strike as employed. October's survey was the first to count jobs since Hurricanes Helene (late September) and Milton (early October) struck the nation. The number of workers temporarily not working or working part-time due to weather spiked to the highest level for the month of October since the BLS began tracking the statistics in 1976. Chart 5 displays the October figures for both statistics over the last 20 years.

Chart 5: Employed Part-time or Not Working Due to Weather in October

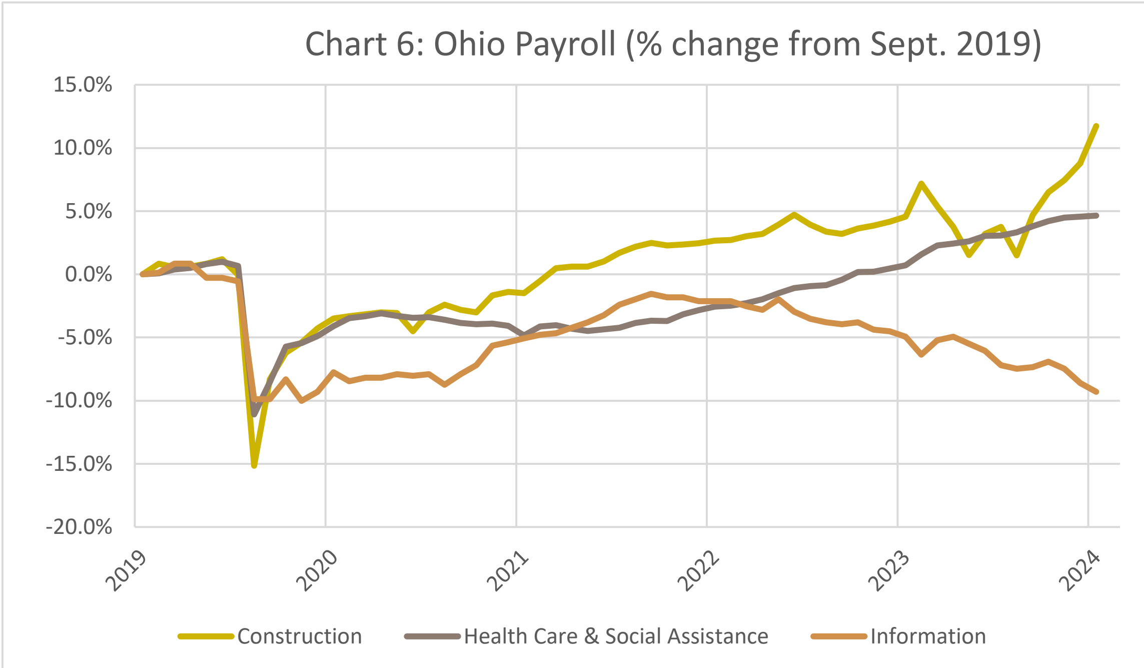


The Federal Reserve lowered their targeted interest rate range for overnight bank-to-bank loans (federal funds rate) on November 7 by a quarter of a percentage point to 4.5%-4.75%. Since the initial rate cut in mid-September, long-term rates have steadily increased. The increases are consistent with market expectations of higher inflation rates and economic growth. When lenders anticipate future inflationary pressures, they tend to seek higher interest rates for extending longer-term loans. Similarly, when investors foresee strong economic growth, they are more likely to place their bets in cyclical assets such as stocks and require a higher interest rate from a U.S. Treasury security to settle for a fixed return. The rate on a ten-year U.S. Treasury Note, which is used as a benchmark interest rate for corporate bonds and mortgages, increased from 3.70% to 4.26% since the announced decrease in the federal funds rate in September. Over the same period, the average 30-year mortgage has gone from 6.09% to 6.79%.

The Ohio Economy

Ohio's official unemployment rate was unchanged for the third consecutive month at 4.5% in September on a seasonally adjusted basis according to preliminary estimates. Employed workers increased by just under 14,000 while 126 more workers were unemployed compared to August. As a result, the labor force participation rate (62.4%) and employment-population ratio (59.7%) both ticked up slightly.

The labor market in Ohio added 13,500 jobs in September on a seasonally adjusted basis according to preliminary estimates released by BLS. The largest gains were observed in the construction (6,700), government (4,000), business services (2,700), and leisure and hospitality (1,100) industries while the largest losses occurred in the manufacturing industry (1,200). Both the health care and social assistance and construction industries hit new highs while the information industry continued its relatively steady post-pandemic decline. Chart 6 plots out the recent paths of these three industries as a percentage change from five years prior.



Existing home unit sales contracted slightly by 0.5% in September compared to a year prior but were priced 9.3% higher on average, thus generating 8.8% more revenue for the market according to Ohio Realtors. The average sales price for the state was $301,158, up from $275,422 in September 2023. Although prices on average were significantly higher than they were in September 2023, with lower mortgage rates, the monthly cost of owning the average-priced home decreased slightly year-over-year. Assuming a 20% down payment on a 30-year mortgage with the average monthly rate, estimated principal and interest payments decreased by $24, from $1,496 to $1,472.