LBO Budget Footnotes

A monthly newsletter of the Legislative Budget Office of LSC

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Highlights

– Russ Keller, Chief Economist

GRF program expenditures in May were $579.2 million above the Office of Budget and Management (OBM) estimate. The monthly variance was driven by Medicaid, largely due to previously incurred costs that had not been paid in prior months. GRF tax revenues were buoyed in May by personal income tax (PIT) receipts, which exceeded estimate by $247.8 million. The May results more than offset the $102.4 million shortfall in April, which signals a strong performance from the PIT during its annual tax filing season.

Consumers and businesses reacted to looming tariffs earlier this year, as evidenced by the surge in new vehicle purchases and imports from abroad, but comparable economic activity reverted to historical norms in the most recently completed month. The number of Ohio jobs increased for the third consecutive month in April, but more Ohioans entered the labor force, and the growth in unemployed workers modestly outpaced the growth in employed workers.

Through May 2025, GRF sources totaled $40.61 billion:

- Revenue from the sales and use tax was $696.9 million above estimate;
- GRF transfers in were $421.6 million below estimate.

Through May 2025, GRF uses totaled $42.15 billion:

- Program expenditures were $266.9 million above estimate;
- Medicaid spending was $486.5 million above estimate, largely due to timing. Medicaid caseloads declined every month since April 2023, and the decrease totaled more than 590,000.

In this issue...

Table 1: General Revenue Fund Sources
Actual vs. Estimate
Month of May 2025
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on June 2, 2025)

State Sources	**Actual**	**Estimate***	**Variance**	**Percent**
Tax Revenue				
Auto Sales	$192,257	$166,800	$25,457	15.3%
Nonauto Sales and Use	$1,064,448	$1,027,600	$36,848	3.6%
Total Sales and Use	*$1,256,705*	*$1,194,400*	*$62,305*	*5.2%*
Personal Income	$1,065,291	$817,500	$247,791	30.3%
Commercial Activity Tax	$324,874	$385,100	-$60,226	-15.6%
Cigarette	$58,597	$55,200	$3,397	6.2%
Kilowatt-Hour Excise	$15,020	$17,400	-$2,380	-13.7%
Foreign Insurance	$56	$42,400	-$42,344	-99.9%
Domestic Insurance	$1,095	-$59,500	$60,595	101.8%
Financial Institution	$31,996	$30,600	$1,396	4.6%
Public Utility	$33,997	$46,100	-$12,103	-26.3%
Natural Gas Consumption	$23,603	$31,900	-$8,297	-26.0%
Alcoholic Beverage	$6,424	$5,200	$1,224	23.5%
Liquor Gallonage	$4,326	$4,600	-$274	-6.0%
Petroleum Activity Tax	$0	$0	$0	---
Corporate Franchise	$25	$0	$25	---
Business and Property	$228	$200	$28	14.1%
Estate	$0	$0	$0	---
Total Tax Revenue	**$2,822,236**	**$2,571,100**	**$251,136**	**9.8%**
Nontax Revenue				
Earnings on Investments	$0	$0	$0	---
Licenses and Fees	$307	$6,427	-$6,119	-95.2%
Other Revenue	$819	$1,123	-$304	-27.1%
Total Nontax Revenue	**$1,127**	**$7,550**	**-$6,423**	**-85.1%**
Transfers In	**$3,557**	**$0**	**$3,557**	**---**
Total State Sources	**$2,826,920**	**$2,578,650**	**$248,270**	**9.6%**
Federal Grants	**$2,096,623**	**$1,538,949**	**$557,674**	**36.2%**
Total GRF Sources	**$4,923,542**	**$4,117,598**	**$805,944**	**19.6%**

*Estimates of the Office of Budget and Management.

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

State Sources	Actual	Estimate*	Variance	Percent	FY 2024**	Percent
Tax Revenue						
Auto Sales	$1,822,465	$1,751,800	$70,665	4.0%	$1,770,257	2.9%
Nonauto Sales and Use	$10,943,683	$10,317,400	$626,283	6.1%	$10,748,158	1.8%
Total Sales and Use	*$12,766,149*	*$12,069,200*	*$696,948*	*5.8%*	*$12,518,415*	*2.0%*
Personal Income	$9,361,318	$8,860,100	$501,218	5.7%	$8,602,385	8.8%
Commercial Activity Tax	$2,232,499	$2,190,600	$41,899	1.9%	$2,359,046	-5.4%
Cigarette	$616,330	$600,500	$15,830	2.6%	$649,874	-5.2%
Kilowatt-Hour Excise	$286,772	$277,700	$9,072	3.3%	$266,933	7.4%
Foreign Insurance	$409,623	$424,700	-$15,077	-3.6%	$409,266	0.1%
Domestic Insurance	$69,947	$16,200	$53,747	331.8%	$16,715	318.5%
Financial Institution	$176,702	$189,700	-$12,998	-6.9%	$186,096	-5.0%
Public Utility	$153,528	$169,000	-$15,472	-9.2%	$166,966	-8.0%
Natural Gas Consumption	$54,293	$67,300	-$13,007	-19.3%	$54,501	-0.4%
Alcoholic Beverage	$56,535	$55,400	$1,135	2.0%	$55,711	1.5%
Liquor Gallonage	$49,657	$52,100	-$2,443	-4.7%	$51,643	-3.8%
Petroleum Activity Tax	$8,262	$8,200	$62	0.8%	$9,618	-14.1%
Corporate Franchise	$169	$0	$169	---	$203	-16.7%
Business and Property	$248	$200	$48	24.0%	$0	---
Estate	$3	$0	$3	---	$2	121.2%
Total Tax Revenue	**$26,242,037**	**$24,980,902**	**$1,261,135**	**5.0%**	**$25,347,371**	**3.5%**
Nontax Revenue						
Earnings on Investments	$313,924	$225,000	$88,924	39.5%	$343,291	-8.6%
Licenses and Fees	$138,873	$134,098	$4,775	3.6%	$125,519	10.6%
Other Revenue	$129,628	$131,529	-$1,900	-1.4%	$145,564	-10.9%
Total Nontax Revenue	**$582,425**	**$490,626**	**$91,799**	**18.7%**	**$614,374**	**-5.2%**
Transfers In	**$162,698**	**$584,300**	**-$421,602**	**-72.2%**	**$15,288**	**964.3%**
Total State Sources	**$26,987,160**	**$26,055,828**	**$931,332**	**3.6%**	**$25,977,033**	**3.9%**
Federal Grants	**$13,622,137**	**$13,214,185**	**$407,952**	**3.1%**	**$11,984,879**	**13.7%**
Total GRF SOURCES	**$40,609,297**	**$39,270,013**	**$1,339,284**	**3.4%**	**$37,961,912**	**7.0%**

*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

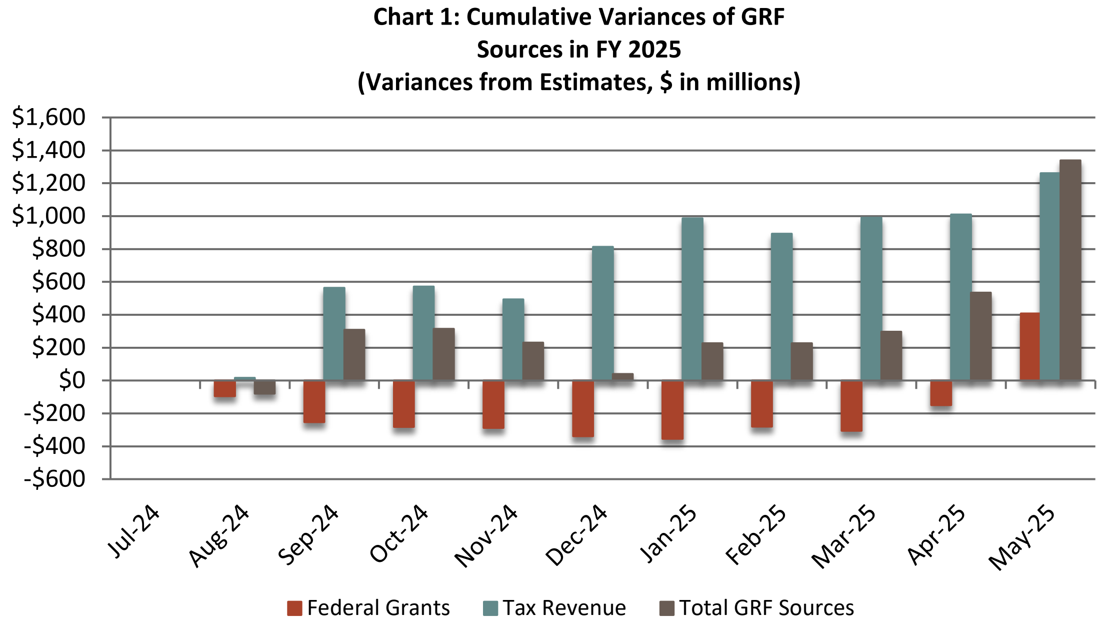
Total GRF tax receipts for May were $2.82 billion, $251.1 million (9.8%) above OBM's estimate. A sizable positive variance registered by PIT of $247.8 million (30.3%) occurred in May, as annual tax returns and associated tax payments were properly submitted ahead of the April 15 filing deadline and processing continued into the following month. The sales and use tax also had a positive variance for the month with $62.3 million (5.2%), and so did the domestic insurance tax with $60.6 million (101.8%). However, the commercial activity tax (CAT) was $60.2 million (15.6%) below estimate, due to a shortfall in the final quarterly payment submitted during the fiscal year. The foreign insurance tax also fell short of the monthly estimate by $42.3 million (99.9%), and the public utility excise tax revenue was $12.1 million (26.3%) below estimate. Nontax revenue was $6.4 million (85.1%) below estimate. Federal grants were $557.7 million (36.2%) above estimate. Total GRF sources for April were $4.92 billion, $805.9 million (19.6%) 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 May compared to estimates, while Table 2 shows GRF sources for the fiscal year-to-date (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.

GRF tax receipts through the end of May were $26.24 billion, $1.26 billion (5.0%) above estimate. The entire positive variance was mostly due to the sales and use tax with $696.9 million (5.8%) and PIT with $501.2 million (5.7%). Nontax revenue was $91.8 million (18.7%) above estimate. Transfers in were $421.6 million (72.2%) 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. Federal grants were above estimate by about $408.0 million (3.1%). The total YTD GRF sources of $40.61 billion, $1.34 billion (3.4%) above estimate.

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

[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 higher than in the year-earlier period by $894.7 million (3.5%). The increase was almost entirely due to higher PIT collections, by $758.9 million (8.8%). Other tax collections were also higher – the sales and use tax receipts, by $247.7 million (2.0%), domestic insurance tax receipts, by $53.2 million (318.5%), and kilowatt-hour excise tax receipts, by $19.8 million (7.4%). Partially offsetting these increases were CAT receipts, by $126.5 million (5.4%), cigarette and other tobacco products (OTP), by $33.5 million (5.2%),[2] and by the public utility excise tax, by $13.4 million (8.0%).

Total GRF sources were higher in the first eleven months than a year earlier by $2.65 billion (7.0%). YTD GRF revenue from federal grants was $1.64 billion (13.7%) higher than in the year-earlier period. Transfers in YTD were up $147.4 million as compared to the same period in FY 2024.

Sales and Use Tax

May GRF receipts from the sales and use tax were $1.26 billion, $62.3 million (5.2%) above the estimate. For the first 11 months of FY 2025, revenue from the tax was $12.77 billion, $696.9 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.

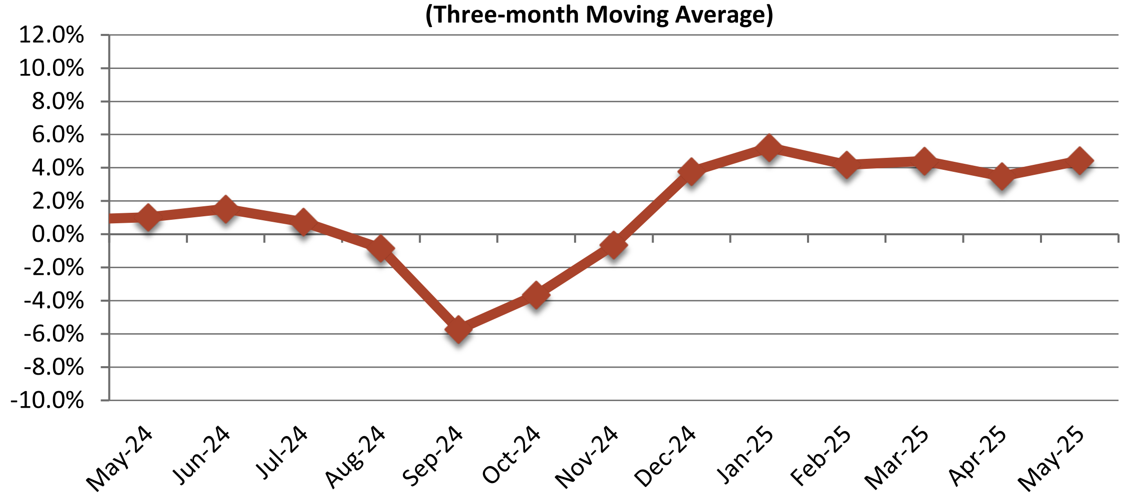
utilities. Inflation tends to increase tax revenue, unless consumers reduce the volume of their purchases enough to offset price increases.

Nonauto Sales and Use Tax

May GRF receipts from the nonauto sales and use tax were $1.06 billion, $36.8 million (3.6%) above the OBM estimate and $56.0 million (5.6%) above revenue in May 2024. YTD revenues were $10.94 billion, $626.3 million (6.1%) above estimate and $195.5 million (1.8%) higher than receipts a year earlier. As discussed in previous editions, YTD revenues were reduced 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 May 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 based on strong holiday season spending, and the tax performance remained strong into the current calendar year.

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



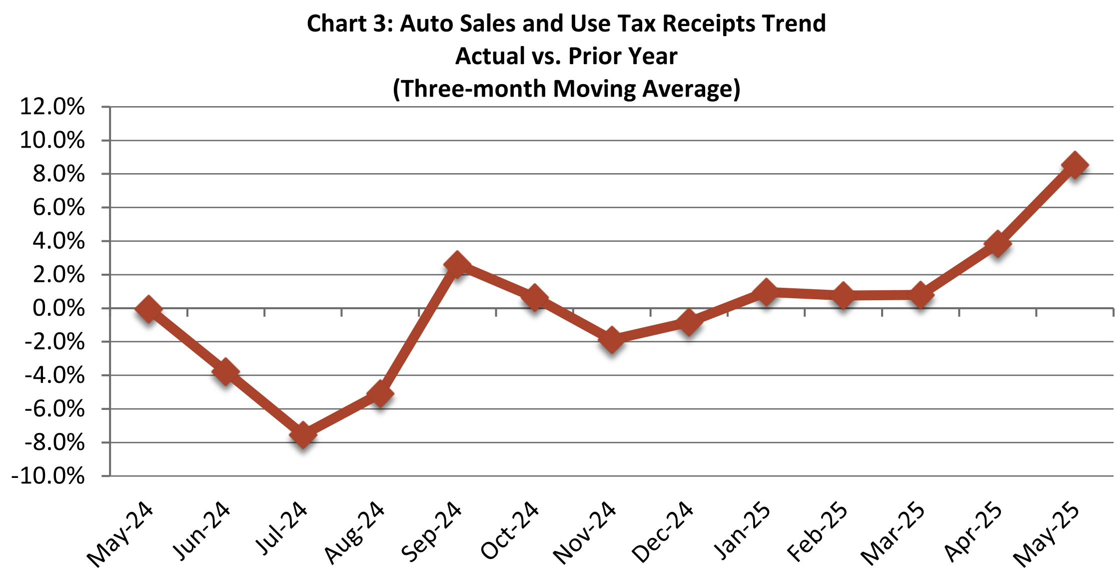
Auto Sales and Use Tax

May GRF receipts from the auto component of the sales and use tax were $192.3 million, about $25.5 million (15.3%) above estimate and $16.2 million (9.2%) above receipts in May 2024. Tax receipts in the first 11 months of FY 2025 totaling $1.82 billion, about $70.7 million (4.0%)

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

above estimate and were above year-earlier revenues by $52.2 million (2.9%). Most auto sales tax collections reflect purchases made in the same month revenue is received, as local authorities remit them on a weekly basis. Nationwide, unit sales of new light vehicles in July through May 2025 were up by 4.0%. Unit sales surged in the months of March and April but reverted to a more normal pace in May.

Chart 3, below, shows the year-over-year change in the three-month moving average of auto sales and use tax collections since May 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. Buying in the Spring was spurred by looming trade tariffs, as new vehicle purchasers presumably sought to acquire their vehicles before prices increased.



Personal Income Tax

GRF revenue from the PIT in April was $1.07 billion, $247.8 million (30.3%) above estimate and $255.6 million (31.6%) higher than May 2024. Although most taxpayers file their annual tax return electronically ahead of the April 15 payment deadline, a portion still file paper forms through the mail, which take longer for the Tax Department to process. GRF revenue received in the first 11 months of this fiscal year totaled $9.36 billion, $501.2 million (5.7%) above estimate and $758.9 million (8.8%) 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] payments accompanying the filing of annual returns, trust payments, and miscellaneous payments.

[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.

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 May compared to OBM estimates and year-earlier revenues. Gross collections were $354.8 million (2.9%) above anticipated revenue, and $178.4 million (1.4%) above 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 $164.0 million (5.3%) lower than estimate and $590.0 million (16.7%) 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 $59.8 million (0.6%) higher than a year earlier. PTE Annual Returns and PTE Estimated Payments were down by $107.5 million and $103.3 million, respectively. IT-1040 Estimated Payments, however, were $74.7million 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	$212.9	2.2%	$59.8	0.6%
PTE Annual Returns	-$51.0	-10.7%	-$107.5	-20.1%
PTE Estimated Payments	-$142.4	-17.6%	-$103.3	-13.4%
IT-1040 Estimated Payments	$79.4	17.8%	$74.7	16.5%
Annual Return Payments	$239.6	29.9%	$225.7	27.6%
Trust Payments	$21.1	32.3%	$21.2	32.6%
Miscellaneous Payments	-$4.7	-5.3%	$7.9	10.3%
Gross Collections	$354.8	2.9%	$178.4	1.4%
Less Refunds	-$164.0	-5.3%	-$590.0	-16.7%
Less LGF Distribution	$17.6	3.9%	$9.5	2.1%
GRF PIT Revenue	$501.2	5.7%	$758.9	8.8%

Commercial Activity Tax

GRF CAT receipts in May were $324.9 million, $60.2 million (15.6%) below estimate. GRF CAT revenue from the tax in the first 11 months of FY 2025 was $2.23 billion, $41.9 million (1.9%) 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.

Through end of May GRF revenue from the CAT was $126.5 million (1.9%) 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. 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 $2.25 billion in the first 11 months of FY 2025, $127.5 million (5.4%) 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 were the first to reflect this law change. Taxpayers will claim this $6 million exclusion as soon as possible, so although payments received in May 2025 were lower than anticipated, the remaining three quarterly payments for CY 2025 should be less affected by this tax change as taxpayers use up the tax benefit.

Cigarette and Other Tobacco Products Tax

Revenue from the cigarette and OTP tax in May was $58.6 million, $3.4 million above estimate (6.2%). Revenue from the tax in the first 11 months of FY 2025 was $616.3 million, $15.8 million (2.6%) above estimate. The fiscal YTD total included $509.8 million from cigarette sales and $106.5 million from OTP.

FY 2025 YTD revenue was $33.5 million (5.2%) lower than in the comparable period in FY 2024. Receipts from cigarette sales decreased $36.6 million (6.7%) while OTP sales increased by $3.1 million (3.0%).

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).

Table 3: General Revenue Fund Uses
Actual vs. Estimate
Month of May 2025
($ in thousands)
(Actual based on OAKS reports run June 5, 2025)

Program Category	Actual	Estimate*	Variance	Percent
Primary and Secondary Education	$983,114	$1,023,814	-$40,699	-4.0%
Higher Education	$226,605	$217,853	$8,752	4.0%
Other Education	$3,978	$4,495	-$517	-11.5%
Total Education	**$1,213,697**	**$1,246,162**	**-$32,465**	**-2.6%**
Medicaid	$2,706,899	$2,156,859	$550,039	25.5%
Health and Human Services	$109,405	$134,070	-$24,665	-18.4%
Total Health and Human Services	**$2,816,304**	**$2,290,929**	**$525,375**	**22.9%**
Justice and Public Protection	$226,935	$218,293	$8,641	4.0%
General Government	$48,421	$48,952	-$531	-1.1%
Total Government Operations	**$275,356**	**$267,246**	**$8,110**	**3.0%**
Property Tax Reimbursements	$438,923	$360,724	$78,198	21.7%
Debt Service	$21,618	$21,662	-$44	-0.2%
Total Other Expenditures	**$460,540**	**$382,386**	**$78,154**	**20.4%**
Total Program Expenditures	**$4,765,897**	**$4,186,723**	**$579,174**	**13.8%**
Transfers Out	**$2,500**	**$0**	**$2,500**	**---**
Total GRF Uses	**$4,768,397**	**$4,186,723**	**$581,674**	**13.9%**

*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 May 31, 2025
($ in thousands)
(Actual based on OAKS reports run June 5, 2025)

Program Category	Actual	Estimate*	Variance	Percent	FY 2024**	Percent
Primary and Secondary Education	$9,372,571	$9,346,111	$26,460	0.3%	$9,043,762	3.6%
Higher Education	$2,506,102	$2,487,516	$18,586	0.7%	$2,377,820	5.4%
Other Education	$99,797	$100,970	-$1,173	-1.2%	$98,112	1.7%
Total Education	**$11,978,471**	**$11,934,598**	**$43,873**	**0.4%**	**$11,519,695**	**4.0%**
Medicaid	$20,912,165	$20,425,683	$486,482	2.4%	$18,337,057	14.0%
Health and Human Services	$1,852,307	$2,058,333	-$206,026	-10.0%	$1,660,629	11.5%
Total Health and Human Services	**$22,764,471**	**$22,484,016**	**$280,456**	**1.2%**	**$19,997,687**	**13.8%**
Justice and Public Protection	$2,898,518	$2,977,752	-$79,234	-2.7%	$2,748,898	5.4%
General Government	$613,864	$689,650	-$75,786	-11.0%	$1,162,151	-47.2%
Total Government Operations	**$3,512,382**	**$3,667,403**	**-$155,020**	**-4.2%**	**$3,911,049**	**-10.2%**
Property Tax Reimbursements	$1,919,742	$1,862,033	$57,709	3.1%	$1,815,954	5.7%
Debt Service	$1,222,603	$1,182,754	$39,850	3.4%	$1,241,626	-1.5%
Total Other Expenditures	**$3,142,346**	**$3,044,787**	**$97,559**	**3.2%**	**$3,057,580**	**2.8%**
Total Program Expenditures	**$41,397,670**	**$41,130,803**	**$266,867**	**0.6%**	**$38,486,011**	**7.6%**
Transfers Out	**$757,244**	**$730,093**	**$27,151**	**3.7%**	**$6,794,830**	**-88.9%**
Total GRF Uses	**$42,154,914**	**$41,860,896**	**$294,018**	**0.7%**	**$45,280,841**	**-6.9%**

*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 June 5, 2025)

	Month of May 2025				Year to Date through May 2025			
Department	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Medicaid								
GRF	$2,610,924	$2,060,820	$550,104	26.7%	$19,844,329	$19,364,459	$479,870	2.5%
Non-GRF	$1,739,717	$1,308,766	$430,951	32.9%	$14,857,670	$15,181,852	-$324,182	-2.1%
All Funds	$4,350,641	$3,369,586	$981,055	29.1%	$34,701,999	$34,546,311	$155,688	0.5%
Developmental Disabilities								
GRF	$88,014	$85,599	$2,415	2.8%	$951,178	$949,187	$1,991	0.2%
Non-GRF	$321,901	$317,953	$3,948	1.2%	$3,737,590	$3,739,336	-$1,746	0.0%
All Funds	$409,916	$403,552	$6,363	1.6%	$4,688,769	$4,688,523	$246	0.0%
Job and Family Services								
GRF	$7,019	$9,662	-$2,643	-27.4%	$107,068	$101,455	$5,613	5.5%
Non-GRF	$16,008	$15,124	$884	5.8%	$172,020	$166,998	$5,022	3.0%
All Funds	$23,026	$24,785	-$1,759	-7.1%	$279,088	$268,453	$10,635	4.0%
Other								
GRF	$942	$778	$163	21.0%	$9,590	$10,582	-$992	-9.4%
Non-GRF	$8,256	$6,921	$1,335	19.3%	$148,555	$154,207	-$5,652	-3.7%
All Funds	$9,198	$7,700	$1,498	19.5%	$158,145	$164,789	-$6,644	-4.0%
All Departments								
GRF	**$2,706,899**	**$2,156,859**	**$550,039**	**25.5%**	**$20,912,165**	**$20,425,683**	**$486,482**	**2.4%**
Non-GRF	**$2,085,882**	**$1,648,764**	**$437,117**	**26.5%**	**$18,915,835**	**$19,242,393**	**-$326,558**	**-1.7%**
All Funds	**$4,792,780**	**$3,805,624**	**$987,157**	**25.9%**	**$39,828,000**	**$39,668,076**	**$159,923**	**0.4%**

*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 June 5, 2025)

	Month of May 2025				Year to Date through May 2025			
Payment Category	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Managed Care	**$3,463,592**	**$2,622,280**	**$841,312**	**32.1%**	**$25,675,978**	**$25,610,969**	**$65,008**	**0.3%**
CFC†	$961,071	$756,883	$204,188	27.0%	$6,857,010	$7,417,724	-$560,714	-7.6%
Group VIII	$759,389	$622,897	$136,493	21.9%	$5,676,075	$5,691,748	-$15,674	-0.3%
ABD†	$320,240	$251,192	$69,049	27.5%	$2,148,632	$2,238,554	-$89,922	-4.0%
ABD Kids	$73,806	$75,144	-$1,338	-1.8%	$667,480	$733,648	-$66,168	-9.0%
MyCare	$627,999	$297,699	$330,301	111.0%	$3,853,753	$3,308,846	$544,907	16.5%
OhioRise	$127,249	$67,059	$60,190	89.8%	$890,045	$696,345	$193,701	27.8%
SPBM	$451,710	$456,590	-$4,879	-1.1%	$5,057,023	$5,202,287	-$145,264	-2.8%
Pay for Performance	$142,127	$94,818	$47,309	49.9%	$525,960	$321,818	$204,142	63.4%
Fee-For-Service	**$1,090,807**	**$938,147**	**$152,661**	**16.3%**	**$11,581,098**	**$11,376,014**	**$205,084**	**1.8%**
ODM Services	$699,785	$551,831	$147,954	26.8%	$6,192,757	$5,861,641	$331,116	5.6%
DDD Services	$391,022	$386,315	$4,707	1.2%	$4,571,434	$4,568,373	$3,061	0.1%
Hospital - HCAP	$0	$0	$0	-	$816,907	$946,000	-$129,093	-13.6%
Premium Assistance	**$136,927**	**$144,113**	**-$7,186**	**-5.0%**	**$1,454,334**	**$1,520,014**	**-$65,680**	**-4.3%**
Medicare Buy-In	$80,379	$84,242	-$3,863	-4.6%	$862,483	$893,416	-$30,933	-3.5%
Medicare Part D	$56,548	$59,871	-$3,322	-5.5%	$591,851	$626,598	-$34,746	-5.5%
Administration	**$101,454**	**$101,084**	**$370**	**0.4%**	**$1,116,590**	**$1,161,079**	**-$44,489**	**-3.8%**
Total	**$4,792,780**	**$3,805,624**	**$987,157**	**25.9%**	**$39,828,000**	**$39,668,076**	**$159,923**	**0.4%**

*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]

– *Kyuhan Choi, Economist*

– *Ivy Chen, Division Chief*

– *Brandon T. Minster, Senior Economist*

Overview

GRF program expenditures totaled $41.40 billion in the first 11 months of FY 2025. These expenditures were $266.9 million (0.6%) above OBM's estimate for the YTD. GRF uses also include transfers out, which totaled $757.2 million and were $27.2 million (3.7%) above estimate for the YTD. Total GRF uses for these 11 months were $42.15 billion, which was $294.0 million (0.7%) above estimate. The preceding tables 3 and 4 show GRF uses compared to estimates for the month of May and YTD, respectively.

For May program expenditures, positive monthly variances in GRF Medicaid ($550.0 million, 25.5%), Property Tax Reimbursements ($78.2 million, 21.7%), Higher Education ($8.8 million, 4.0%), and Justice and Public Protection ($8.6 million, 4.0%) were partially offset by negative monthly variances in Primary and Secondary Education ($40.7 million, 4.0%) as well as Health and Human Services ($24.7 million, 18.4%). The remaining categories had negative monthly variances totaling $1.1 million. Total program expenditures were $579.2 million (13.8%) above estimate for the month of May.

For the YTD, most program categories were over their OBM estimate, most significantly Medicaid ($486.5 million, 2.4%), Property Tax Reimbursements ($57.7 million, 3.1%), Debt Service ($39.9 million, 3.4%), Primary and Secondary Education ($26.5 million, 0.3%), and Higher Education ($18.6 million, 0.7%). Conversely, significant negative YTD variances for GRF uses occurred in Health and Human Services ($206.0 million, 10.0%), Justice and Public Protection ($79.2 million, 2.7%), and General Government ($75.8 million, 11.0%). 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 above their monthly estimate in May by $550.0 million (25.5%) and above their yearly estimate by $486.5 million (2.4%). The positive monthly variance changed the YTD GRF spending from below estimate to above the budget estimate. Non-GRF Medicaid expenditures were above their monthly estimate by $437.1 million (26.5%) yet below their yearly estimate by $326.6 million (1.7%). Including both the GRF and non-GRF, all funds Medicaid expenditures

[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.

were $987.2 million (25.9%) above estimate in May and $159.9 million (0.4%) above 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 positive variance in May of $981.1 million (29.1%), and a FY 2025 all-funds positive variance of $155.7 million (0.5%). The positive monthly variance was the result of continued realized spending that had been foregone so far in the fiscal year. DODD had a May all-funds positive variance of $6.4 million (1.6%) and ended the month with yearly expenditures being $0.2 million (0.0%) above 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 two of the four major payment categories. The categories with negative variances were Premium Assistance, which was $65.7 million (4.3%) below projection, and Administration, which was $44.5 million (3.8%) below projection. The two categories with positive variances were Fee-For-Service (FFS), which was $205.1 million (1.8%) above the YTD estimate, and Managed Care, which was $65.0 million (0.3%) above estimate. Nearly all Managed Care subcategories had large increases in spending for the month, which for most brought the YTD spending closer to the budget estimate. May spending in MyCare was more than double April's, and monthly spending both the Age, Blind, and Disabled (ABD) category and Covered Families and Children (CFC) category were nearly double. ODM made certain retroactive payments for MyCare in May.

Entering the final month of the fiscal year, three subcategories of Managed Care have large YTD positive variances: Pay for Performance at $204.1 million (63.4%), OhioRISE at $193.7 million (27.8%), and My Care at $544.9 million (16.5%). All three of these subcategories had large positive monthly variances in May. The Pay for Performance variance was due to the timing of quality payments. More than half of the MyCare yearly variance (60.6%) occurred in May, as well as 31% of the OhioRISE yearly variance and 23% of the Pay for Performance yearly variance. One subcategory of FFS has a large negative variance: Hospital Care Assurance Program at $129.1 million (13.6%).

Medicaid caseloads increased more than 28% from March 2020 to April 2023 during the COVID-19 public health emergency (PHE). The total caseload increase during the PHE was nearly 800,000. Since resuming eligibility redeterminations in April 2023, ODM's net caseload has declined every month. By June 2025 the decrease totaled more than 590,000 (16.5%).

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 11 months of FY 2025 (36.9%), followed by the

Ohio Department of Mental Health and Addiction Services (OhioMHAS) at 29.7%. Ten other agencies made up the remaining 33.3% of YTD spending.

The negative YTD variance for this category increased by $24.7 million in May to reach $206.0 million (10.0%). The largest contributor towards this negative monthly and YTD variance was DCY. DCY was under estimate for the YTD by $88.0 million, which accounted for 42.7% of the program category's negative YTD variance. Two ALIs contributed significant variances to DCY's monthly expenditures: ALI 830500, Early Care and Education, with a negative variance of $9.3 million, and ALI 830400, Child Care State/Maintenance of Effort (MOE), with a negative variance of $5.0 million. ALI 830407, Early Childhood Education, accounted for the largest share of DCY's YTD variance at $74.4 million.

ALI 830500 is used to support early care and education activities, including the state's subsidized childcare programs. ALI 830400 is used in conjunction with several other line items for publicly funded child care. Expenditures from this line item are used to meet the federal Child Care and Development Fund matching and the maintenance of effort grant requirements. 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 69.8% of actual expenditures for this category in the first 11 months of FY 2025. The 11 other agencies made up the remaining 30.2% of spending.

The negative YTD variance in this category was $79.2 million (2.7%). This was primarily due to the DRC and the Attorney General's Office (AGO), which had negative YTD variances of $59.1 million and $19.5 million, respectively; DRC had a positive monthly variance of $2.2 million in May, while AGO had a negative variance of $2.0 million. The category as a whole was $8.6 million (4.0%) above estimate for the month.

AGO's monthly variance was due mainly to lower than anticipated spending in ALI 055502 School Safety Training Grants, which had a negative variance of $1.1 million. ALI 055502 is used for grants to public and chartered and nonpublic schools, educational service centers, law enforcement agencies, and schools operated by county boards of developmental disabilities for school safety and school climate programs and training. DRC's monthly variance was mainly due to positive variances of $2.0 million in ALI 501321, Institutional Operations. ALI 501321 is used to pay for the Department's operation expenses, including payroll and other costs associated with security, unit management, facility administration and maintenance, and support services.

General Government

This program category includes all GRF spending for general government programs, excluding debt service. May expenditures were $0.5 million (1.1%) below OBM's monthly estimate, increasing the category's negative YTD variance to $75.8 million (11.0%). The Ohio Department of Transportation (ODOT) accounts for $34.5 million of the YTD shortfall, followed by the Department of Development (DEV) at $30.1 million.

The most significant ODOT line item that contributed to the category's negative monthly and YTD variances was ALI 775471, State Road Improvements. This line item was below its monthly and YTD estimates by $3.4 million and $29.9 million, respectively. ALI 775471 is used to provide supplemental funding for road improvement projects in conjunction with a Highway Operating Fund appropriation. The largest negative variance for DEV in May was in ALI 195503, Local Development Projects. This line item was $3.6 million under estimate for the month and is earmarked for 28 specific community projects during the FY 2024–FY 2025 biennium.

Property Tax Reimbursements

This category of GRF expenditures reimburses school districts and other local governments for their property tax losses due to property tax rollbacks and the homestead exemption. Reimbursements are made twice a year as counties request them. Since payments are made at the request of the counties, this category often has variances at the beginning of a cycle that are offset as the cycle draws to a close. In May, this category had a positive variance of $78.2 million (21.7%) to reach a positive variance of $57.7 million (3.1%) for the YTD.

Issue Updates

ODOT Awards $319.3 Million for Major New Construction Projects Statewide

– Terry Steele, Senior Fiscal Analyst

On April 23, The ODOT Review Advisory Council (TRAC) approved $319.3 million in funding for 14 projects designed to increase traffic capacity and reduce congestion. The awards include $295.2 million for construction on eight "Tier I" projects between FY 2025 and FY 2028. The eight Tier I construction projects and award amounts are summarized in the table below.

April 2025 TRAC Awards – Tier I Projects for Construction between FY 2025 and FY 2028		
County	**Project Description**	**Amount**
Cuyahoga	US 422/Harper Road - Interchange reconfiguration, new signals, sidewalk and multi-use trail	$7,200,000
Cuyahoga	I-90 - Reconstruction and bridge replacements	$41,000,000
Fairfield/Franklin	US 33 – Addition of a third lane each direction	$82,800,000
Hamilton	County Road 14/I-74 – Interchange expansion and bridge widening	$7,100,000
Hamilton	I-275 - SmartLane completion on designated eastbound and westbound segments	$79,000,000
Knox	SR 13 – Relocation of road to reduce pass-through traffic on Public Square and improve pedestrian access	$5,600,000
Mahoning	US 224 - Corridor enhancements to improve safety and improve access management	$6,500,000
Summit	I-77/SR 8 – New lanes, ramps and interchange enhancements to improve traffic flow and safety	$66,000,000
Total		**$295,200,000**

The remaining $24.1 million awarded by TRAC will go to six "Tier II" projects which require more environmental studies, design work, or right-of-way acquisition between now and FY 2027 before construction can begin. These projects are in Fairfield, Licking, Lake, Lucas, Montgomery, Pickaway, and Warren counties.

TRAC projects are funded by Highway Operating Fund (Fund 7002) allocations through the Major New Construction Program. To qualify for a TRAC award, a project must increase traffic capacity or reduce congestion and have an overall project cost that exceeds $12.0 million. TRAC received 26 applications for the current award cycle. ODOT has allocated $392.5 million for the Major New Construction Program for the upcoming FY 2026FY 2027 biennium. Additional information about the TRAC approval and funding process may be found on the program website: transportation.ohio.gov.

Federal Adoption Assistance Appropriations Increased by $22.3 Million

– Jacob Graffius, Budget Analyst

On April 21, 2025, the Controlling Board approved DCY request to increase appropriations in federal Fund 3980 ALI 830612, Adoption Program – Federal, by $22.3 million in FY 2025. These funds will be used to support the Title IVE Adoption Assistance Program. Under the Program, financial assistance is provided to families who adopt children with special needs. The increase is largely due to a change in federal law, effective on July 1, 2024, that expanded eligibility to include all children that meet program requirements regardless of the child's age. Prior to this date, children below two years of age were not eligible for this assistance. Other eligibility requirements that remain unchanged include that the child be deemed a child with special needs or that the child was removed from his or her home by a judicial determination or permanent surrender. A child can be deemed to have special needs if: he or she has a development disability or physical or mental impairment; is part of a sibling group that is being adopted together; or has experienced a previous adoption disruption while in the custody of a public children's services agency.

Title IV-E Adoption Assistance, established by the federal Adoption Assistance and Child Welfare Act of 1980, provides funds to states to encourage the adoption of children with special needs. These funds are in turn used by states to provide financial assistance to eligible families based on the child's needs at the time of placement. Ohio's Adoption Assistance Program is administered by DCY and public children's services agencies (PCSAs) in each county. The cost of the program is shared by federal, state, and local governments. In Ohio, the federal government reimburses approximately 64% of these costs.[6]

Controlling Board Approves $67.8 Million Increase for Federal School Meal Reimbursements

– Jorge Valdebenito, Economist

[6] The federal government's share of costs is based on a state's federal medical assistance percentage (FMAP). The FMAP takes into consideration each state's per capita income.

On May 19, 2025, the Controlling Board approved a request by DEW to increase the appropriations for federal reimbursements to schools, districts, and other providers that participate in school meal programs. Of the $67.8 million in additional federal funding approved, $58 million will be distributed for reimbursements under the Federal School Lunch program, $9 million for the Federal School Breakfast program, and $850,000 for the Fresh Fruit and Vegetables program. The following table summarizes the programs, and the approved appropriation increases.

Appropriation Increases for School Meal Programs, FY 2025				
Program	**Fund/ALI**	**H.B. 33 Appropriation**	**Approved Increase**	**Adjusted Appropriation**
Federal School Lunch	Fund 3L60 ALI 200617	$457,074,973	$58,000,000	$515,074,973
Federal School Breakfast	Fund 3L70 ALI 200618	$173,298,101	$9,000,000	$182,298,101
Fresh Fruit & Vegetable	Fund 3GG0 ALI 200676	$5,145,074	$850,000	$5,995,074
Total		**$635,518,148**	**$67,850,000**	**$703,368,148**

These appropriations are used to pay claims submitted by schools and districts for federal reimbursement under the school meal programs. According to DEW, reimbursement claims are likely to be higher than the FY 2025 levels assumed in H.B. 33. This is largely due to increases in the number of meals served and the growing percentage of students receiving free or reduced-price meals compared to previous years. DEW reports that schools and districts are serving more meals overall, as the number of schools and districts serving lunches increased by 3% and the number of schools and districts serving breakfast increased by 4%, compared to the previous year. In addition, approximately 46% of students received free or reduced-price meals in FY 2025, compared to about 39% in FY 2023.

Growth in the percentage of free and reduced-price meals stems in part from the expansion of districts and schools participating in the federal Community Eligibility Provision (CEP). Under CEP, a participating district or school with an "identified student percentage" (i.e., the percentage of students eligible for free and reduced-price meals through direct certification due to their participation in certain assistance programs) of 25% or higher provides free meals to all students and ceases to collect the traditional household income application to qualify students for free or reduced-price meals. Beginning in FY 2024, DEW began incorporating data on students eligible for direct certification through their participation in Medicaid, which enabled more schools and districts to qualify for CEP. Further, the federal government lowered the identified student percentage threshold to qualify for CEP from 40% to 25%, which began affecting CEP eligibility for FY 2025. As a result of these changes, more than 100 additional districts began participating in CEP this fiscal year.

According to DEW, CEP generally allows schools and districts to claim a greater number of meals at the federal free reimbursement rate, which is the highest rate paid by the federal government. Meals served at reduced-price are reimbursed at 40¢ per lunch and 30¢ per breakfast less than the free rate. Schools and districts also receive a small amount of federal reimbursement for full price meals paid for by families. Under a provision enacted in H.B. 33, DEW uses GRF funds to reimburse schools and districts for the difference between the federal free rate and reduced-price rate for reduced-price meals to make them free for eligible students.

STEM Committee Designates New STEM School for the 2025-2026 School Year

– Ryan Brown, Budget Analyst

In May 2025, the DEW, science, technology, engineering, and mathematics (STEM) Committee designated one new school as a STEM school for the 2025-2026 school year, the Par Excellence STEM Academy, a community school in Newark. The school received a STEM school equivalent designation. A STEM or STEAM (science, technology, engineering, art, and mathematics) school designation is available to a public school governed by either a traditional school board or an independent governing board meeting certain requirements (see below). Similarly, a STEM or STEAM school equivalent designation may be given to a community school or chartered nonpublic school.

Designated schools are invited into the Ohio STEM Learning Network (OSLN), a public-private partnership managed by Battelle. OSLN supports designated schools and applicants through seven regional hubs that provide training for educators and other resources in STEM education and cultivate partnerships with stakeholder organizations in the area to improve STEM programming. To receive a STEM designation, a school must exhibit both a working partnership with public and private entities, including higher education and business organizations, and show evidence that the school will offer a rigorous, diverse, integrated, and project-based curriculum to students that emphasizes the role of science, technology, engineering, and mathematics as well as including the arts, humanities, personalized learning opportunities, and teamwork skills. A STEAM school must follow those requirements as well as include an arts organization in their partnership and show that the curriculum will integrate art and design into STEM subjects.

Including the newly designated school, there will be a total of 58 STEM and STEAM schools across the state, of which 35 (60%) are governed by traditional school boards, eight (14%) by independent boards, and 15 (26%) are STEM or STEAM school equivalents. The Akron region is home to the largest number of STEM or STEAM schools and equivalents, with 14 (24%) schools, followed by the northeast (11 schools, 19%) and central (nine schools, 16%) regions. Seven (12%) schools are in the northwest region, six (10%) each are in the southeast and Dayton regions, and five (9%) are in the southwest part of the state.

Attorney General Awards $1.2 Million in Opioid Remediation Grants

– Keegan Kennedy, Budget Analyst

On March 31, 2025, the Ohio Attorney General announced the initial award of $1.2 million in Opioid Remediation Grants for eight county jails to provide addiction treatment to inmates. This grant program is funded by a portion of the OneOhio opioid settlement agreement announced in 2021.[7] Of that settlement, 15% is set aside for state use and is to be used to leverage statewide buying power to offer prevention, treatment, and recovery support services. A total of $60.0 million of this portion will be used over the next three years to help treat individuals experiencing addiction and reduce the number of fatal overdoses, which have resulted in at least 70 deaths among Ohio jail inmates since 2020 according to the Ohio Attorney General. Of the $60.0 million available, $20.0 million will be made available to create, expand, and continue programs in each of CY 2025 and CY 2026, and the remaining $20.0 million will be earmarked for continued programmatic support for these programs in CY 2027.

For the CY 2025 grant cycle, counties with a population of at least 50,000 may apply for up to $200,000 to either fund a full-time or part-time Addiction Services Coordinator, depending on county size (those counties with a population exceeding 125,000 may hire a full-time coordinator). For counties with a population less than 50,000, they may apply for up to $150,000 to contract for the services of a coordinator. All counties who operate a jail may also apply for $50,000 in additional funding for medical supplies for inmates experiencing opioid withdrawal.

Of the eight counties who have already received Opioid Remediation Grant funding, disbursements ranged from $50,000 to $250,000, with an average award of about $159,000. The following table lists the eight counties receiving grant funding so far. The Ohio Attorney General will continue to process applications as they are received and will make award notifications and payments quarterly. Full details of the Opioid Remediation Grant Program can be found via a keyword search of “opioid remediation grants” on the Ohio Attorney General’s website at ohioattorneygeneral.gov.

[7] In 2021, a settlement totaling $808.0 million was reached between Ohio and three distributors of opioids. Local governments in Ohio are to receive 30% of the proceeds and 55% is designated for the nonprofit OneOhio Recovery Foundation. The remaining 15% is designated for state use.

Opioid Remediation Grants – Round 1	
County	**Total Grant Award**
Ashland	$114,788
Erie	$177,516
Medina	$50,000
Richland	$250,000
Summit	$187,200
Trumbull	$250,000
Washington	$144,470
Wyandot	$95,252
Total	**$1,269,226**

As of May 15, 2025.

OhioMHAS Receives Controlling Board Approval for $600,000 Study Regarding Peer-Run Organizations

– Ryan Sherrock, Economist

On May 19, 2025, the Controlling Board approved a request from the OhioMHAS to contract with Ohio Peer Recovery Organizations (OhioPro) to conduct a study regarding peer-run organizations. The objectives of the study are to standardize data collection for, and to measure the economic impact of, these organizations. The contract is for approximately $600,000. Under the contract, OhioPRO will create an advisory team to recruit a cohort of about 50 to 70 peer-run organizations. Qualitative data will be gathered from this cohort that will be used to establish a data collection plan and other standardized processes that can be used for all peer-run organizations in the state. While the peer profession is growing in Ohio and across the nation, there are currently no standard metrics to aid in the evaluation of services offered by these organizations. OhioMHAS' overall goal with this study is to develop standard metrics that can measure the effectiveness and accountability of these organizations, which will help individuals and families seeking recovery supports to choose high-quality services.

Peer run organizations provide services or activities that are planned, delivered, and evaluated by individuals who have direct lived experience of a mental health or substance use disorder. The primary goal of peer run organizations is to enhance the quantity and quality of support available to individuals seeking recovery. The funding to support this study comes from the State of Ohio Action for Resiliency (SOAR) Network. OhioMHAS created the SOAR Network to receive innovative ideas that help improve behavioral health outcomes in Ohio. A total of $30.0 million in H.B. 33 was appropriated for these purposes. Other studies the SOAR Network is conducting include: the SOAR Wellness Discovery Survey, which will collect information on the social and psychological makeup, real-world experiences, and the mental health state of approximately 15,000 people in all 88 counties; and the SOAR Brain Health Study, which will collect data about brain function, biological and psychological health, and social environment through in-person visits with 1,200 volunteer families at rural, suburban, and urban sites across the state.

Attorney General Reaches $49.1 Million Multistate Settlement with Apotex and Heritage Pharmaceuticals

– Robert Meeker, Senior Budget Analyst

On March 26, 2025, the OAG announced multistate settlement agreements totaling $49.1 million with two drug manufacturers accused of participating in a scheme to artificially inflate prices, manipulate markets, and limit competition for numerous generic prescription drugs. The settlement agreements were signed with Apotex of Canada, and Heritage Pharmaceuticals of New Jersey. Consumers who purchased certain generic prescription drugs are entitled to compensation.

Under the terms of the multi-state settlement agreements, which are still subject to final court approval:

- Apotex agreed to pay $39.1 million; 70% of which, or $27.4 million, is to be used as restitution payments to consumers, and the remaining 30%, or $11.7 million, is to be used for costs of litigating the states' claims.
- Heritage Pharmaceuticals agreed to pay $10.0 million; 60% of which, or $6.0 million to be used as restitution to consumers, and the remaining 40%, or $4.0 million, is to be used for costs of litigating the states' claims.

Ohio joined a coalition of 45 states, three territories, and the District of Columbia in the litigation, and the resultant settlement agreements resolve antitrust complaints that took place from 2016 to 2020. The monetary amounts agreed upon will be divided among the eligible consumer class and the proportionate litigation costs of the participating state attorneys general. As part of the settlement agreements, both Apotex and Heritage have agreed to cooperate in the ongoing multistate litigation against 30 corporate defendants and 25 individual executives. Both companies have further agreed to injunctive relief to prevent future misconduct and to a series of internal reforms to ensure fair competition and compliance with antitrust law.

Department of Development Awards Nearly $8.5 Million in Advanced Energy Fund Grants

– Gavin Enseleit, LSC Fellow

On May 5, 2025, DEV announced nearly $8.5 million in grant awards for nine projects in eight counties under the Advanced Energy Fund Grant program. The table below shows the communities which were awarded grants and summarizes how they will use the funding. The individual projects were projected to reduce utility usage by 15.0%-72.5% compared to current consumption.

Advanced Energy Fund Grant Awards (May 2025)		
Project Location	**Purpose**	**Award**
Grand Valley Local School District (Ashtabula County)	To upgrade to LED lighting, install a building automation system and a chiller	$588,305
Jefferson Area Local School District (Ashtabula County)	To upgrade to LED lighting and install a building automation system	$659,314
East Palestine City School District (Columbiana County)	To upgrade building automation systems, and complete LED lighting retrofits at all school buildings	$1,363,533
ARPC/Caddis Heritage Hall, LLC (Cuyahoga County)	To install new windows, an energy management system, and LED lighting	$711,500
YUSA Corporation (Fayette County)	To repair compressed air leaks, HVAC units, and air conditioning units	$1,087,874
Holzer Health System (Jackson County)	To complete building automation upgrades, install LED lighting, and complete building envelope upgrades	$338,000
Victoria Theatre Association (Montgomery County)	To complete building automation upgrades, replace a chiller and wintergarden light fixtures, and replace work lights with LED lighting	$2,196,000
Paulding Exempted Village Schools (Paulding County)	To upgrade to LED lighting and replace a chiller	$961,153
Fresh 'n Crisp Farms (Summit County)	To upgrade LED lighting and HVAC and complete other energy efficiency measures	$592,033
	Total	**$8,497,712**

Under the Advanced Energy Fund Grant program, businesses, nonprofit organizations, and public entities are eligible for grants of up to $2.5 million to cover improvements that reduce energy usage and associated costs, reduce fossil fuel emissions, and create or retain jobs. All projects must show a reduction of at least 15.0% in utility energy usage. The Advanced Energy Fund Grant program is supported by formula grants distributed to Ohio under the U.S. Department of Energy's State Energy Program and deposited into the Federal Special Revenue Fund (Fund 3080). Qualifying criteria and project requirements can be found on DEV's website: development.ohio.gov

Tracking the Economy

– Craig Kerr, Senior Economist

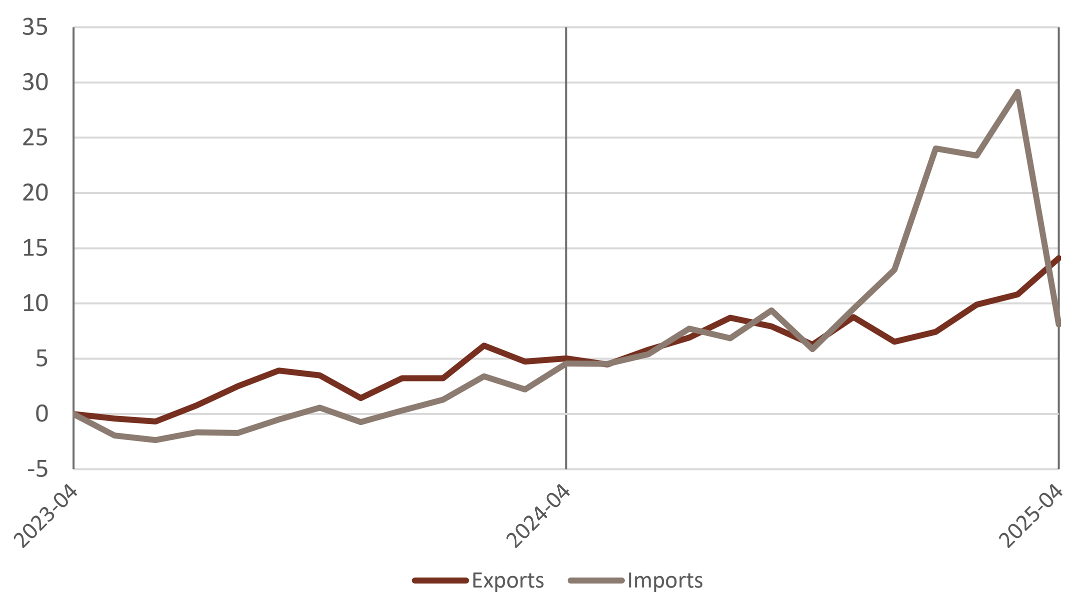
Overview

With importers paying increased costs due to newly levied tariffs in April, the historic rise in imports came to an end and trade activity returned to normal levels. Tariff rates on most Chinese imports were reduced from 145% to 30% for a period of 90 days as negotiations continue to progress. The labor force continued to grow in Ohio as did the rate of unemployment. Meanwhile, business contacts of the Cleveland Federal Reserve signaled modest hiring but expectations of future staff reductions. Demand for consulting and legal services increased in the state driven by regulatory and economic uncertainty while retailers and manufacturers noted a decline in demand for their products.

The National Economy

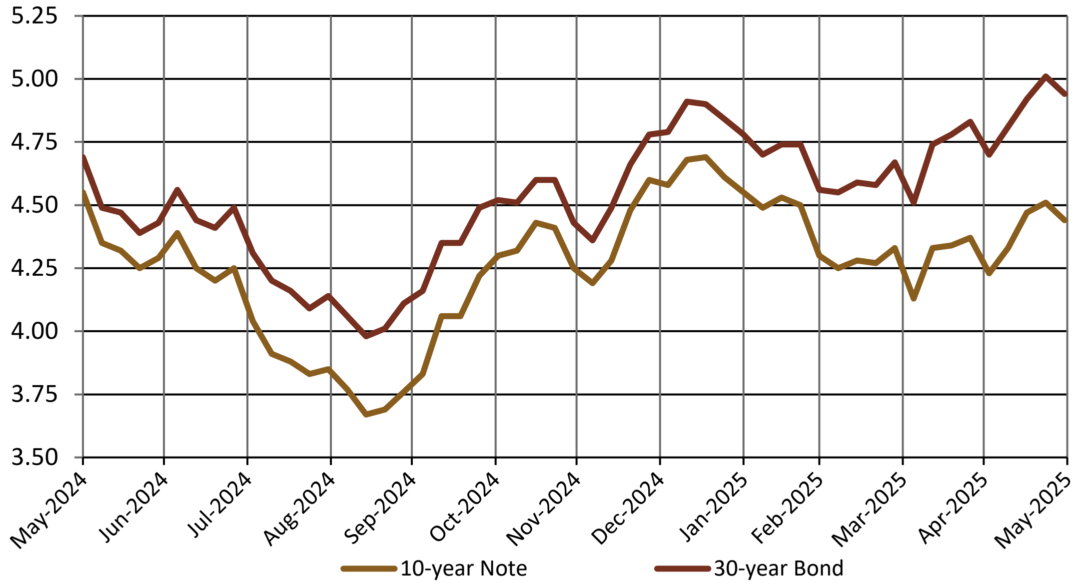
In the first month of the newly imposed tariffs, the value of goods and services imported from abroad fell 16.3% from $419 billion to $351 billion on a seasonally adjusted basis, according to preliminary estimates from the Bureau of Economic Analysis (BEA). Meanwhile, exports increased 3.0% from $281 billion to $289 billion. Chart 4 displays the percentage change in exports and imports over the last two years. Signaling an improvement in trade negotiations, the White House lowered aggregate tariff rates on Chinese imports from 145% to 30% for a period of 90 days beginning May 14.

Chart 4: Percent change in trade since January 2023



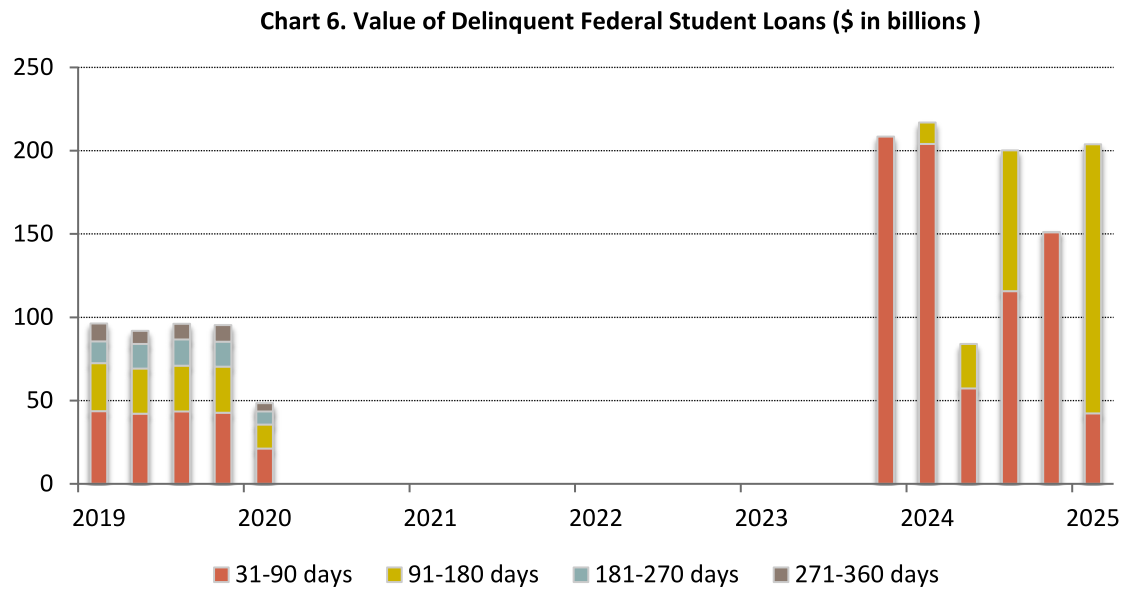
Moody's downgraded the nation's long-term issuer and senior unsecured ratings from the highest rating of Aaa to Aa1 on May 15. The agency cited the nation's trend of large annual fiscal deficits and growing interest costs for the downgrade. Long-term treasury yields, which impact the federal government's debt payments and the rate of consumer and business loans, temporarily rose following the announcement, with the 30-year treasury bond briefly reaching a yield over 5%. Chart 5 displays the upward trajectory the 10-year and 30-year treasury yields have been on since the White House announced its "reciprocal tariff" strategy in April.

Chart 5: U.S. Tresury Yields (weekly average %)



Per capita disposable personal income increased at a seasonally adjusted rate of 0.7% in April according to preliminary estimates released by the BEA. Households continued to allocate more of their disposable income to nonmortgage interest payments for the fourth consecutive month. Since December 2024, spending on nonmortgage interest has risen by 2.2%.

This trend may persist for many households as the Education Department resumed collecting on defaulted federal student loans on May 5.The department ceased collection efforts in March 2020 at the onset of the COVID-19 pandemic. Borrowers who fail to make payments, enroll in an income-driven repayment plan, or sign up for loan rehabilitation may have government benefits and tax refunds withheld or face wage garnishments starting this summer. The value of delinquent payments has more than doubled since repayments began in 2023 as illustrated in Chart 6.



Year-over-year inflation continued its downward trajectory in April, with the consumer price index for all urban consumers (CPI-U) declining by 0.1 percentage points to 2.3%. Core inflation (excluding volatile food and energy prices) was largely unchanged at 2.8%. On a seasonally adjusted month-over-month basis, energy prices increased 0.7%, largely reflecting a rise in the price of natural gas (3.7%). Households who continued to consume eggs through the avian flu epidemic received some relief in April, as prices fell by 12.7%. However, even with the decline, eggs remained 49.3% more expensive than a year ago. The food index, which aggregates all food prices, was only down 0.1% on the month, with cheaper food at home (0.4%) making up for more expensive food away from home (0.4%).

The nation's unemployment rate remained stable at 4.2% for the third consecutive month in May while a lower portion of adults (aged 16 and above) participated in the labor force (62.4% down from 62.6%) according to preliminary estimates released by the U.S. Bureau of Labor Statistics (BLS). The healthcare industry continued to lead in monthly job gains (62,200) followed by the leisure and hospitality industry (48,000). Federal government jobs continued their slow and steady declined, falling by 22,000.[8] Overall, the nation added 139,000 jobs in aggregate. BLS also released its annual summary of the foreign-born labor force, which found that foreign born workers accounted for 19.2% of the U.S. civilian labor force, up from 18.6% in 2023.

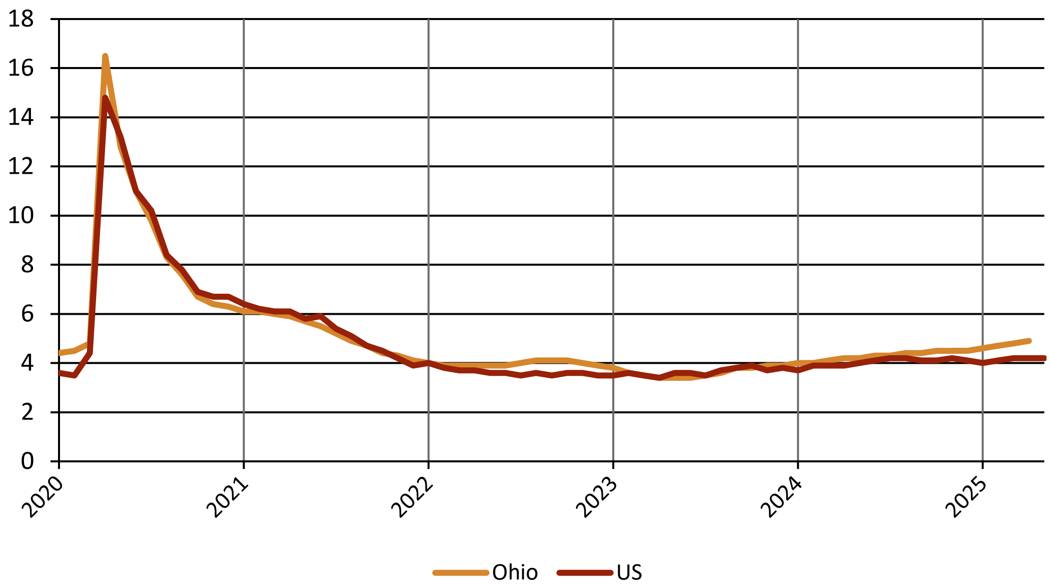
The Ohio Economy

Ohioans continued to enter the labor force in April, pushing the state's labor participation rate up by 0.1 percentage point to 62.7%. The number of employed workers increased by over 6,100 from March but was outpaced by the gain in unemployed workers

[8] These numbers do not reflect workers on paid leave or receiving ongoing severance pay.

(8,000). The official rate of unemployment was 4.9% in April, which marked the 23rd consecutive month without a decline as the unemployment rate steadily increased from a low of 3.4% in June 2023. Chart 7 displays the state's official rate of unemployment alongside the nation's. Ohio's unemployment rate tends to follow that of the nation but has begun to increase at a faster rate since the fall of 2024.

Chart 7: U.S. and Ohio Official Unemployment Rate (%)



The number of jobs in the state increased for the third consecutive month in April. Preliminary estimates from the BLS indicate that Ohio added 22,200 more jobs on a seasonally adjusted basis, with gains led by the leisure and hospitality (6,800) and healthcare and social assistance industries (4,000). However, social services in the state may be facing headwinds now and in the near future according to the Cleveland Federal Reserve. Contacts with the bank reported disruptions in social services targeting low to middle income families due to uncertainty surrounding federal grants, inflation, and tariffs.

Although jobs also increased in the manufacturing (1,100) and transportation and warehousing (2,900) industries in April, businesses interviewed by the Cleveland Federal Reserve from both industries were more likely to report staff reductions in May. Many manufacturers reported softer orders from international customers, with one company moving production for international orders abroad to avoid reciprocal tariffs. A smaller number of manufacturers reported increased domestic orders from customers wanting to avoid tariffs or diversify their supply chain. As a secondary effect, some reported increasing their prices due to the additional overtime pay necessary to meet the increased demand.

Following a relatively modest increase in the state's business and professional service jobs (400) in April, contacts in the industry reported an increase in staffing and salaries in May due to sustained competition for high-skilled workers. Some firms also reported an increase in demand for legal and consulting services amid regulatory changes. Representatives of the financial service industry similarly reported paying higher salaries for high-skilled workers in

May. The industry shed 1,100 jobs in April and several bankers mentioned a pattern of clients pausing or delaying projects due to economic uncertainty.

According to one real estate professional interviewed by the Cleveland Federal Reserve, prospective home buyers are starting to accept higher mortgage rates as an expected reality, as evidenced by the 2.3% year-over-year increase in sales in April. The average 30-year mortgage for the month (6.7%) remained relatively elevated but was slightly lower than last April (7.0%). Nevertheless, mortgage payments for many home buyers in the state crept up as the average price of homes continued to rise (4.4%) faster than mortgage rates fell. Assuming a 20% down payment on a 30-year mortgage with the average monthly rate, estimated principal and interest payments increased by $25, from $1,515 to $1,540.