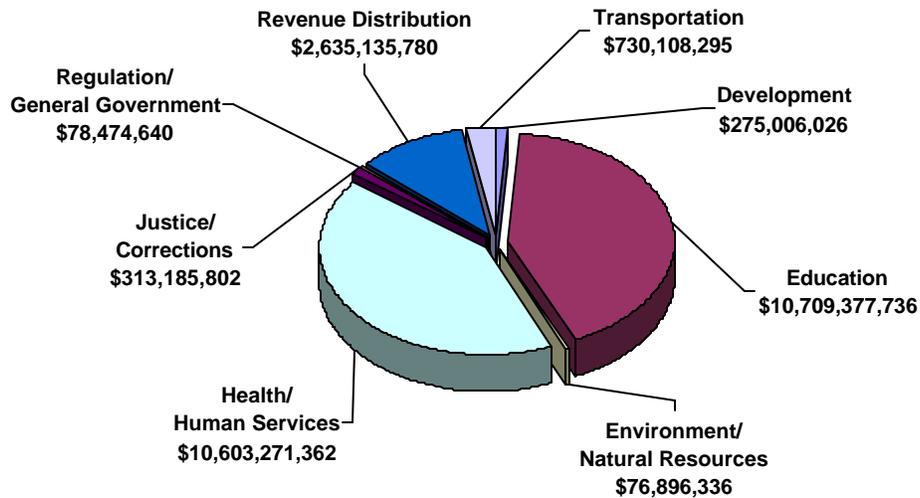


Summary

In FY 2003, the state government disbursed \$25 billion in state subsidies and capital moneys to Ohio's 88 counties. Of the \$25 billion, \$23 billion was in the form of subsidies and \$2 billion was in the form of capital expenditures. Overall, FY 2003 combined disbursements were 5.4% above FY 2002 levels, driven by a 6.1% increase in subsidy spending. Capital spending, however, decreased by 2.3% over the period. Figure 1 below displays the combined total statewide subsidies and capital disbursements in FY 2003, categorized by government function.

Figure 1. Total Combined Subsidies and Capital Disbursements in FY 2003, by Government Function



Education

The primary agencies in the Education category include the Department of Education (EDU) and the Board of Regents (BOR). This category accounts for 42.1% of total spending for FY 2003, the highest amount among all categories. Also, this category accounts for the highest amount of capital spending compared to other categories, at 48.6%. Overall, disbursements in FY 2003 increased by 3.7% for EDU and by 1.4% for BOR. State foundation payments for school districts increased by 23%, from \$4.43 billion in FY 2002 to \$5.49 billion in FY 2003, and higher education instructional subsidies decreased by 2.2%, from \$1.56 billion in FY 2002 to \$1.53 billion in FY 2003.

Health & Human Services

The larger agencies in the Health & Human Services category include the Department of Job & Family Services (JFS), Mental Health, Mental Retardation and Developmental Disabilities, and Aging (AGE). Overall, disbursements in this category increased by 12.3%, from \$9.44 billion in FY 2002 to \$10.6 billion in FY 2003. The \$10.6 billion represents 41.7%

of total spending among all categories for FY 2003. During FY 2003, state and federal Medicaid subsidies from JFS's GRF 600-525 Health Care/Medicaid line item increased 12.2%, from \$7.1 billion in FY 2002 to \$7.9 billion in FY 2003. Disbursements from AGE's PASSPORT program, which provides home health services to elderly Medicaid recipients, increased by 25.6%, from \$51.5 million in FY 2002 to \$64.6 million in FY 2003.

Revenue Distribution

The Revenue Distribution category includes expenditures from the state's Revenue Distribution Funds and Transportation-Special Revenue. Revenue Distribution Funds, such as the Gasoline Excise Tax Fund and the Local Government Funds, receive taxes and fees for distribution to local units of government, other state funds, or other organizations. Transportation-Special Revenue includes moneys from the state motor fuel tax and bond issuances that the Department of Transportation spends on projects along the state highway system in particular counties. Transportation-Special Revenue accounts for the second highest amount of capital spending among all categories, at 29%. Overall, FY 2003 disbursements in this category increased 4.2%, from \$2.53 billion in FY 2002 to \$2.64 billion in FY 2003. Compared to total disbursements among all categories, the Revenue Distribution Category accounts for 10.3%.

Transportation

The Transportation category includes disbursements from the Department of Public Safety, Transportation, and the Public Works Commission. This area experienced a 3% decrease in disbursements from \$753 million in FY 2002 to \$730 million in FY 2003. Most of the decrease occurred due to decreased appropriations for public transportation grant programs. Disbursements in this category represented 2.8% of total spending among all categories for FY 2003.

Justice and Corrections

The Department of Rehabilitation and Corrections (DRC), Youth Services, and the Attorney General are considered the primary agencies within the Justice and Corrections category. FY 2003 disbursements declined by 4.39% compared to FY 2002. Disbursements from DRC decreased by 13.6%, from \$165 million in FY 2002 to \$143 million in FY 2003. The decrease is largely due to declining inmate populations and fewer capital upgrades and renovations at correctional institutions. Overall, disbursements in this area totaled \$313,185,802, accounting for 1.2% of total spending among all categories in FY 2003.

Development

The Development category includes agencies such as the Department of Agriculture (AGR) and the Department of Development (DEV). Disbursements in this category declined 18%, from \$336 million in FY 2002 to \$275 million in FY 2003, largely due to fewer subsidies from DEV's Percentage of Income Payment Plan Program, which provides utility bill assistance to low-income families. Also during FY 2003, AGR disbursed \$6.1 million in Clean Ohio

capital moneys as part of the first round of grants in the Agricultural Easement Purchase Program. The \$275 million in disbursements represents 1% of the overall FY 2003 spending on capital and subsidies compared to the other categories.

Environment & Natural Resources

Among the major agencies in the Environment & Natural Resources category are the Department of Natural Resources (DNR) and the Environmental Protection Agency (EPA). This category represents one of the smallest levels of spending, at \$76.8 million or .3% of total subsidy and capital disbursements. During FY 2003, the DNR experienced a combined subsidies and capital disbursement decrease of 24%, from \$85.8 million in FY 2002 to \$65.5 million in FY 2003. The decline is largely due to fewer capital construction projects in FY 2003 at various DNR recreational facilities.

Regulation and General Government

Regulation and General Government includes expenditures by agencies such as the Department of Administrative Services (DAS), Commerce, and the Secretary of State. Similar to the Environmental and Natural Resources category, disbursements from the Regulation and General Government category also account for .3% of total spending in FY 2003, or \$78.5 million. This represents an increase of 17%, from the \$67 million spent in FY 2002. A single statewide capital project, the Multi-Agency Radio Communications System (MARCS), accounted for \$48 million of FY 2003 expenditures in the Regulation and General Government area.