OHIO FACTS

2008 edition

Ohio Legislative Service Commission

A Broad Overview of Ohio's Economy, Public Finances, and Major Government Programs

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Dear Reader:

The Ohio Legislative Service Commission (LSC) is pleased to present the 2008 edition of *Ohio Facts*. This publication provides Ohio legislators, legislative staff, and others with a broad overview of Ohio's economy, public finances, and major government programs. *Ohio Facts* offers a series of charts and tables that are generally expanded upon by brief comments. The pages address many questions frequently asked of our office. In all instances, LSC staff have used the most up-to-date data available. Whether you are on the road or in the office, we hope that *Ohio Facts* will serve as a handy and valuable tool.

If you have any questions regarding the information included on an individual page or if you need additional information on that topic, please contact the LSC analyst listed at the bottom of that page. If you have questions regarding the publication as a whole, please contact LSC Associate Director Wendy Zhan at (614) 728-4814.

Sincerely,

Mark C. Flanders

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Director

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A Snapshot of Ohio's Population in 2006

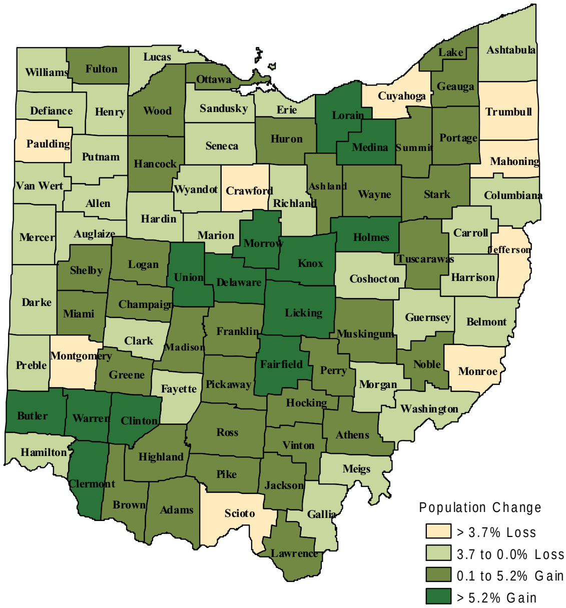
Population and Age	Ohio	United States	Ohio's Rank
Total population	11,478,006	299,398,485	7
Median age	37.6	36.4	14
Female persons	51.3%	50.8%	14
Foreign born	3.6%	12.5%	39
Persons under 5 years old	6.4%	6.8%	34
Persons under 18 years old	24.2%	24.6%	28
Persons 65 years old or over	13.3%	12.4%	15
Race and National Origin (Selected Groups)			
White	84.0%	73.9%	19
Black or African-American	11.8%	12.4%	17
American Indian or Alaska native	0.2%	0.8%	46
Asian	1.5%	4.4%	32
Hispanic or Latino (of any race)	2.3%	14.8%	42
Education (Persons 25 Years Old or Over)			
High school graduates	86.2%	84.1%	24
College graduates	23.0%	27.0%	38
Homes and Home Life			
Number of households	4,499,506	111,617,402	7
Persons per household	2.48	2.61	33
Households with persons under 18 years	32.9%	34.6%	35
Households with persons 65 years or over	23.7%	23.2%	20
Veterans (in total population 18 years or over)	11.1%	10.4%	32
Now married, except separated, persons 15 years or over	50.3%	50.4%	36
Employed (16 to 64 years of age)	70.2%	69.2%	26
Median household money income*	$44,532	$48,451	32
Median family money income*	$56,148	$58,526	26
Median housing value	$135,200	$185,200	33
Mean travel to work (minutes)	22.1	25.0	33
Persons speaking a language other than English at home (age 5+)	6.2%	19.7%	39

** A household includes all the people who occupy a housing unit as their usual place of residence. It is possible to have a single-person household. In contrast, a family consists of a group of two or more individuals who reside together and who are related by birth, marriage, or adoption.*

Source: U.S. Census Bureau

Ohio's Highest Population Growth Has Been Concentrated in Central and Southwest Ohio

Ohio's Population Growth by County, 2000-2007



Sources: U.S. Census Bureau; U.S. Department of Agriculture Economic Research Service

- From 2000 to 2007, the largest areas of population growth in Ohio were in central and southwest portions of the state. Overall, 47 counties gained in population with an average growth rate of 5.2%. The other 41 counties experienced a loss of population with an average declining rate of 3.7%.

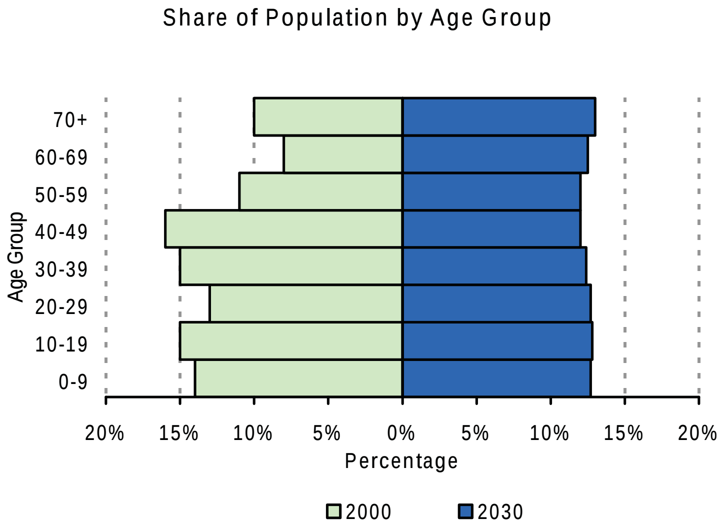
- Thirteen counties experienced above average growth. The population of Delaware County in central Ohio grew by almost 51,000 people, giving it the highest growth rate in the state (46.3%).

- Eight counties experienced above average loss. The population of Cuyahoga County in northern Ohio declined by almost 98,000 people, giving it the largest declining rate in the state (-7.0%).

- Overall, Ohio's population grew by about 1.0% over this seven-year period from 11.35 million in 2000 to 11.47 million in 2007. This rate is well below the national average growth rate of 6.6% during the same period.

- Of Ohio's largest cities, only Columbus (4.5%) and Cincinnati (0.3%) experienced an increase in population. Akron (-4.1%), Toledo (-5.8%), Dayton (-6.2%), Cleveland (-8.1%), and Youngstown (-9.7%) all decreased in population.

Ohio's Population Is Aging



Source: U.S. Census Bureau

- Ohio's population is expected to continue aging in the next few decades. The percentage of Ohioans age 60 to 69 is projected to increase from 7.6% in 2000 to 12.5% in 2030. The percentage of Ohioans age 70 or older is also projected to increase from 9.7% to 13.0%.
- During the same period, the percentage of Ohioans age 30 to 59 is expected to decrease from 41.5% in 2000 to 36.4% in 2030, a decrease of 12.3%. The percentage of Ohioans age 19 or younger is also expected to decrease from 28.3% to 25.5%.
- There are about 3.2 million Baby Boomers (those born between 1946 and 1964) in Ohio. They accounted for 28% of Ohio's population in 2000. While they were in their prime working years (age 36 to 54) in 2000, Baby Boomers will be at least 65 years old by 2030.
- The median age for Ohioans was 36.2 years in 2000. It is projected to increase to 40.2 years in 2030.
- According to the U.S. Census Bureau, Ohio's dependency ratio (the combined number of Ohioans under 20 and age 65 or older as a percentage of Ohioans age 20 to 64) is also projected to increase from 71.3% in 2000 to 84.4% in 2030, an increase of 13.1 percentage points. Comparable ratios for the U.S. as a whole are 69.6% and 84.5%, an increase of 14.9 percentage points.

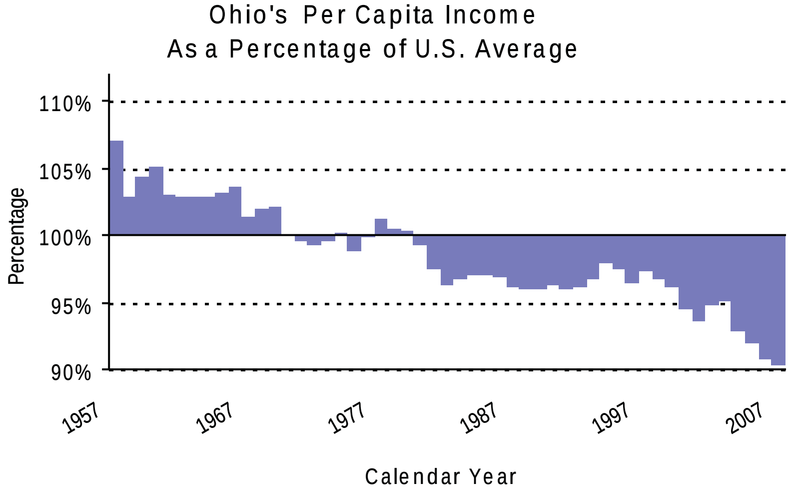
Ohio's Economy Ranks Seventh Largest among States

2007 Gross Domestic Product by State				
	Total GDP ($ in billions)		Per Capita GDP	
State	Amount	Rank	Amount	Rank
Ohio	**$466.3**	**7**	**$40,666**	**31**
Neighboring States				
Indiana	$246.4	18	$38,838	38
Kentucky	$154.2	27	$36,351	43
Michigan	$382.0	12	$37,924	41
Pennsylvania	$531.1	6	$42,718	25
West Virginia	$57.7	40	$31,848	49
Top Ranked State	$1,813.0	California	$69,519	Delaware
U.S.	$13,743.0	--	$45,564	--

Source: U.S. Bureau of Economic Analysis

- Ohio's gross domestic product (GDP), the broadest measure of economic production, totaled $466.3 billion in 2007, which was the 7th largest in the U.S., between Pennsylvania (6th) and New Jersey (8th). Among its neighboring states, Ohio's economy was 2nd largest, behind Pennsylvania.
- If Ohio's economy were compared with the U.S. and other nations, it would rank 24th largest in the world in 2007, according to a World Bank measure that takes into account exchange rate conversions based on purchasing power parity. Ohio's ranking would be between Thailand (23rd) and South Africa (25th).
- On a per capita basis, Ohio's GDP of $40,666 ranked 31st largest among states in 2007. Pennsylvania was the only neighboring state to rank higher than Ohio, with per capita GDP of $42,718 (25th).
- In 2007 Ohio's total GDP accounted for 3.4% of U.S. GDP, compared with 4.0% in 1997. Ohio's share of the U.S. economy has declined steadily since 1997 as Ohio's economy has grown more slowly than the U.S. as a whole. In nominal terms, Ohio's GDP grew by an average rate of 3.5% per year during this 10-year period, while GDP for the U.S. grew by 5.3% per year.
- A similar pattern holds for Ohio's neighboring states. Over the last decade, the average annual economic growth in each of those states was slower than the U.S. average. Pennsylvania experienced the fastest growth in GDP for the period, averaging 4.5% per year. Michigan was the only neighboring state that experienced slower GDP growth than Ohio, averaging 2.5% per year.

Ohio's Per Capita Income Remains Below U.S. Average



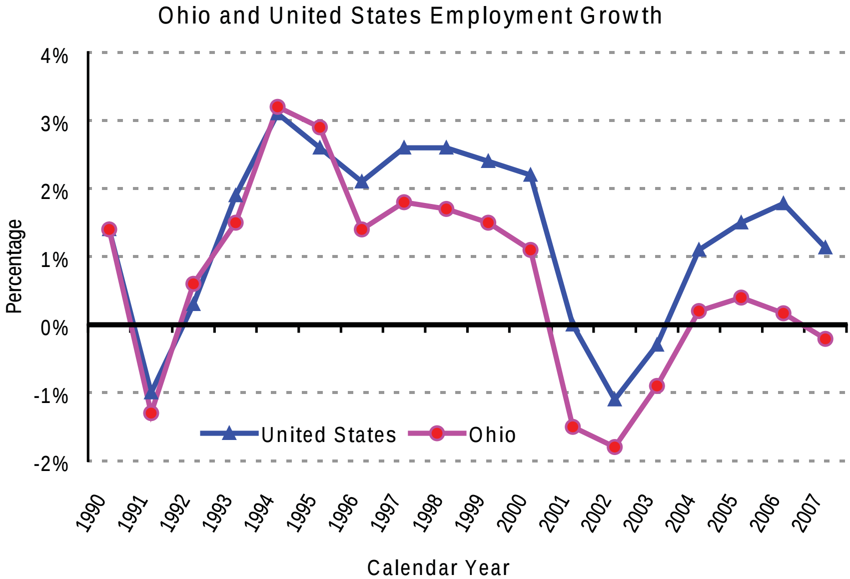
Source: U.S. Bureau of Economic Analysis

- Ohio's per capita income exceeded the U.S. average through the 1960s but since 1980 Ohio has remained below the national average. The gap between Ohio's per capita income and the U.S. average has widened over the years, increasing from less than 1 percentage point below the U.S. average in 1980 to almost 10 percentage points below in 2007.
- In 2007, Ohio's per capita personal income of $34,874 ranked 28th in the nation. Connecticut's personal income per capita was the highest at $54,117. The lowest, Mississippi, was $28,845. The table below shows the rank and per capita incomes for the U.S. and Ohio's neighboring states. Ohio's ranking was higher than three of the five neighboring states.

Per Capita Income for the U.S. and Neighboring States, 2007

State	National Rank	Per Capita Income
U.S.	--	$38,611
Pennsylvania	19	$38,788
Michigan	26	$35,086
Indiana	37	$33,616
Kentucky	46	$31,111
West Virginia	49	$29,537

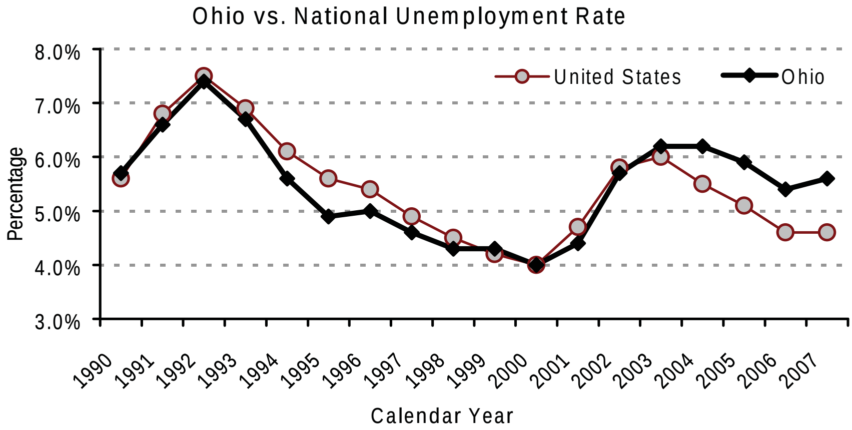
Ohio Employment Growth Lags National Pace since 1996



Source: U.S. Bureau of Labor Statistics

- Between 1990 and 1995, Ohio employment growth generally mirrored the U.S. average. Since then Ohio employment growth had remained below the U.S. average, averaging 0.32% per year compared to the U.S. average of 1.33% per year. Ohio's slower growth is related to Ohio's slower population growth and to the industry structure of Ohio's economy.
- Total nonfarm payroll employment in Ohio peaked in 2000 at 5.62 million, and then fell to 5.40 million in 2003. For 2007, payroll employment was 5.42 million, about 200,000 (3.6%) below its 2000 peak but about 26,000 (0.5%) higher than its 2003 low point.
- U.S. nonfarm payroll employment of 137.62 million in 2007 was 4.4% above its 2000 level, and also 5.9% above its 2003 level.
- Ohio's strongest job growth over the last decade was in educational and health services (2.1% annual average growth), transportation and utilities (1.7%), and professional and business services (1.3%).
- The greatest employment loss occurred in manufacturing which lost jobs at an average annual rate of 2.8%. After declining following the 1990 recession, manufacturing employment rose to a peak of about 1.04 million in 1995. From then through 2007, Ohio lost approximately 264,100 manufacturing jobs.

Ohio's Unemployment Rate Exceeds National Average since 2003



Sources: U.S. Bureau of Labor Statistics; Ohio Labor Market Information

- Ohio's unemployment rate has grown increasingly higher than the national average every year since 2003. In 2003, Ohio's unemployment rate was 0.2 percentage point higher than the national average. By 2007, the gap widened to 1.0 percentage point.
- During the 1990s, Ohio's unemployment rate exceeded the national average in only two years, 1990 and 1999.
- Ohio's unemployment rate reached a peak of 7.4% in 1992 and a trough of 4.0% in 2000. In 2007 it was 5.6%. The U.S. unemployment rate was 7.5% in 1992 and 4.6% in 2007.
- Between 1990 and 2007, the number of people unemployed in Ohio varied from a peak monthly average of 402,500 in 1992 to a low of 233,900 in 2000. From 2006 to 2007, the number increased from 322,100 to 336,400.
- Among the neighboring states, Ohio's unemployment rate for 2007 was the second highest next to Michigan's (7.2%). Other neighboring states had lower unemployment rates compared to Ohio: Kentucky (5.5%), West Virginia (4.6%), Indiana (4.5%), and Pennsylvania (4.4%).
- Within Ohio, unemployment rates vary greatly among the counties. In 2007, 52 counties had unemployment rates that exceeded the statewide average and 36 counties had rates at or below the statewide average. The highest rate was 9.6% (Pike) and the lowest rate was 3.8% (Mercer).
- Among Ohio workers receiving unemployment compensation, the average duration of unemployment during the 12 months ending in December 2007 was 15.2 weeks, the same as that for all U.S. workers receiving unemployment compensation.

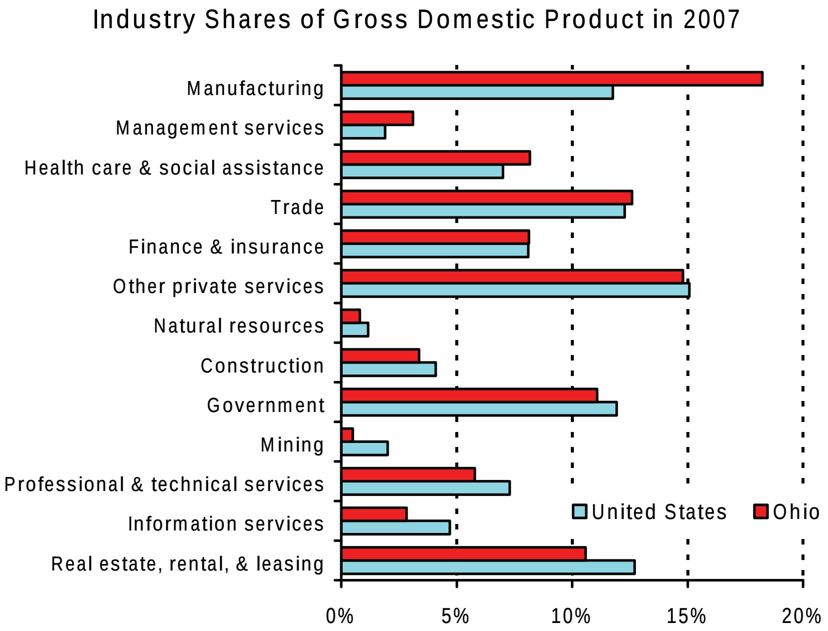
Ohio Employment Continues Shifting toward Services

Ohio Employment by Sector (in thousands)			
Sector	Calendar Year 1997	Calendar Year 2007	Average Annual Growth 1997-2007
Goods-Producing			
Mining/Natural Resources	13.7	11.7	-1.6%
Construction	224.5	224.9	0.0%
Manufacturing	1,027.2	772.8	-2.8%
Subtotal	***1,265.4***	***1,009.4***	***-2.2%***
Private Service-Providing			
Trade	889.6	840.2	-0.6%
Transportation & Utilities	177.9	210.3	1.7%
Information	101.6	87.7	-1.5%
Financial Activities	287.8	301.1	0.5%
Professional & Business Services	587.4	665.9	1.3%
Educational & Health Services	642.4	790.2	2.1%
Leisure, Hospitality, and Other Services	682.5	721.9	0.6%
Subtotal	***3,369.2***	***3,617.3***	***0.7%***
Government	***757.8***	***797.6***	***0.5%***
Total	**5,392.4**	**5,424.4**	**0.1%**

Source: U.S. Bureau of Economic Analysis

- Between 1997 and 2007, Ohio employment in the private service-providing sector grew by 0.7% per year and government employment grew by 0.5% per year. In contrast, employment in the goods-producing sector fell by 2.2% annually during the same period.
- Due to the different growth rates, the goods-producing sector share of total employment decreased from 23.5% in 1997 to 18.6% in 2007 while the private service-providing sector share increased from 62.5% to 66.7%. The government sector share increased slightly from 14.1% to 14.7%.
- Between 1997 and 2007, the share of Ohio employment in the combined categories of professional and business services and educational and health services increased from 22.8% to 26.8%, compared with a national increase from 23.1% to 26.4%.
- During the same period, the manufacturing employment share in Ohio fell from 19.0% to 14.2%, compared with a national decrease from 14.2% to 10.1%.
- Employment growth in the government sector was almost entirely attributable to growth in local government employment, which increased from 67.2% of total government employment in 1997 to 69.2% in 2007.

Manufacturing Comprises Larger Share of Ohio Economy than That of the Nation



Source: U.S. Bureau of Economic Analysis

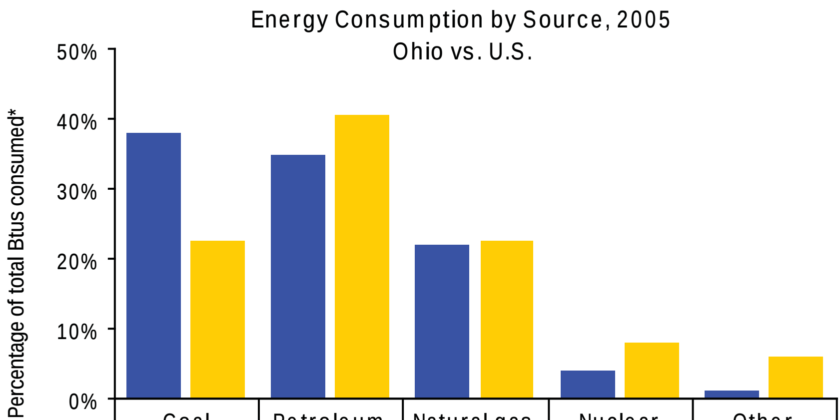
- Ohio's economy remains more concentrated in manufacturing than the nation's economy. Output of the state's factories accounted for 18% of Ohio's gross domestic product (GDP) in 2007. Nationwide, manufacturing's share was 12%. Other industry groups that are more concentrated in Ohio than nationwide include management services, health care and social assistance, and trade.

- Manufacturing's larger share of Ohio's GDP reflects the state's specialization in production of motor vehicles and parts, primary metals, fabricated metal products, electrical equipment and appliances, and plastics and rubber products. Ohio's relative concentration in manufacturing has persisted for decades.

- Seven states derived a higher share of GDP from manufacturing in 2007 than Ohio, led by Indiana with 25%, followed by Louisiana, Wisconsin, Iowa, Oregon, Kentucky, and North Carolina.

- Production of goods – in construction, natural resource industries, mining, and manufacturing – accounted for 23% of Ohio's GDP in 2007, higher than the comparable figure for the nation (19%) because of the relatively large share of manufacturing in Ohio. The rest of the value of economic activity is in the service sector, for Ohio (77%) and the nation (81%).

Ohio Relies More on Coal for Energy Needs than National Average



	Coal	Petroleum	Natural gas	Nuclear	Other
Ohio	37.9%	34.9%	22.1%	3.9%	1.2%
U.S.	22.7%	40.6%	22.6%	8.1%	6.0%

* Btu is a heat unit with which energy consumption is measured. One Btu will raise the temperature of one pound of water by one degree Fahrenheit.

Source: United States Energy Information Administration

- Coal provided the largest source of energy consumed in Ohio in 2005 (37.9%). Petroleum was a close second (34.9%). Nationally, petroleum was the largest source of energy consumed (40.6%), followed by coal (22.7%). Greater use of coal in Ohio reflects the state's legacy as a leading coal-producing state.
- Natural gas was the third largest source of energy consumed both in Ohio and the U.S. as a whole, providing just over one-fifth of the total.
- Other sources, including nuclear, hydroelectricity, biomass, and other renewable sources, made up the remaining 5.1% of energy consumed in Ohio. Nationally, these sources made up 14.1%.
- Ohio was the sixth largest energy user among the 50 states in 2005, due primarily to Ohio's relatively large population. On a per capita basis, Ohio ranked 22nd in the nation.
- Ohio's industrial base requires significant energy resources. In terms of usage by industrial customers, Ohio ranked fourth largest among states in 2005 in overall energy usage and second largest (to Texas) in electricity usage.

Ohio Ranks 8th Nationally in the Value of Exports

Top Ten States in Exports

2007 Rank	States	2006 (in billions)	2007 (in billions)	% Change 2006-2007
	U.S.	**$1,036.6**	**$1,162.7**	**12.2%**
1	Texas	$150,9	$168.2	11.4%
2	California	$127.8	$134.2	5.0%
3	New York	$59.1	$69.3	17.3%
4	Washington	$53.1	$66.3	24.9%
5	Illinois	$42.1	$48.7	15.7%
6	Florida	$38.6	$44.8	16.3%
7	Michigan	$40.5	$44.4	9.6%
8	**Ohio**	**$38.2**	**$42.4**	**11.1%**
9	New Jersey	$27.2	$30.5	11.9%
10	Louisiana	$23.5	$30.4	29.4%

Source: U.S. Census Bureau

- In 2007, the value of Ohio's exports to foreign countries ranked 8th highest among the 50 states. Ohio's export value of $42.4 billion accounted for 3.6% of total U.S. exports in 2007.
- From 2006 to 2007, the value of Ohio's exports increased 11.1%, compared to an overall U.S. increase of 12.2%. Among the top ten exporting states, California (5.0%) and Michigan (9.6%) were the only two that had lower growth rates than Ohio.
- Ohio's exports were 9.1% of the state's GDP in 2007, higher than the U.S. average of 8.5%.
- On a per capita basis, Ohio's export ranked 15th highest in 2007. Ohio's per capita export value of $3,700 was lower than the U.S. average of $3,850 in 2007.
- In 2007, Ohio had seven export markets where sales exceeded $1 billion each: Canada, Mexico, Japan, the United Kingdom, Germany, China, and Brazil. Canada was the largest market, purchasing $19.6 billion, or 46.3% of Ohio's exports. Mexico was Ohio's second largest export market at $3.0 billion, or 7.1%. Ohio's largest overseas market was Japan, accounting for $1.5 billion, or 3.6%.
- Seven of Ohio's production sectors exported over $1 billion each in 2007. They were: machinery ($11.3 billion), vehicles/not railway ($9.4 billion), electrical machinery ($2.7 billion), plastics ($1.9 billion), optical/medical instruments ($1.6 billion), iron and steel ($1.2 billion), and iron/steel products ($1.1 billion). Together these seven sectors accounted for 69.2% of Ohio's exports.

Ohio Ranks in the Top 25 Nationally in Receipts from 9 of Its 10 Leading Agricultural Commodities

Ohio's Cash Receipts and Rankings of 10 Leading Commodities, 2006				
Commodity	**Value of Receipts (in 000s)**	**% of Ohio Total Receipts**	**% of U.S. Total Receipts**	**National Rank**
Soybeans	$1,164,360	*21.2%*	*6.9%*	6
Corn	$986,681	*18.0%*	*4.5%*	6
Dairy Products	$666,540	*12.2%*	*2.8%*	11
Greenhouse/Nursery	$604,438	*11.0%*	*3.6%*	7
Cattle & Calves	$401,739	*7.3%*	*0.8%*	28
Hogs	$394,650	*7.2%*	*2.8%*	10
Chicken Eggs	$287,198	*5.2%*	*6.6%*	4
Wheat	$202,714	*3.7%*	*2.8%*	10
Tomatoes	$125,681	*2.3%*	*5.5%*	3
Broilers	$94,263	*1.7%*	*0.5%*	20
Top 10 subtotal	**$4,928,264**	***89.8%***	***2.8%***	**--**
All Commodities	**$5,479,712**	***100.0%***	***2.3%***	**17**

Sources: U.S. Department of Agriculture; The Ohio State University

- In 2006, cash receipts of Ohio's 10 leading agricultural commodities each ranked in the top 25 in the nation with the exception of cattle and calves (28th). The highest ranking was for tomatoes (3rd). Cash receipts of these 10 leading commodities accounted for 89.8% of the total commodity receipts in Ohio.

- Overall cash receipts of Ohio commodities ($5.5 billion) ranked 17th in the United States in 2006 and accounted for 2.3% of the country's total commodity cash receipts.

- From 2000 to 2006, Ohio's overall cash receipts from commodities increased by 24.4%, slightly below the national average of 24.6%. Of the eight states in the Midwest Farm Production Region, Ohio's growth rate was lower than Iowa (40.2%), Michigan (33.7%), Minnesota (32.5%), Indiana (31.8%) and Wisconsin (26.5%), but higher than Illinois (22.9%) and Missouri (23.2%).

- Mercer, Darke, Wayne, Putnam, and Licking were the top five Ohio counties in terms of cash receipts from commodities in 2006.

- Ohio farm acreage declined from 14.8 million acres in 2000 to 14.3 million in 2006, a decrease of 3.2%. This rate of decrease exceeded the average rate of loss for the Midwest (1.7%) and for the nation (1.3%).

- Between 2000 and 2006, the number of farms in Ohio fell from 79,000 to 76,200, a decline of 3.5%. This decline was slightly less than the average decrease for the Midwest (3.8%) and for the nation (3.6%).

Research and Development Incentive Programs Comprise Largest Share of Economic Development Assistance

Ten Most Utilized Economic Development Assistance Programs, FY 2008	
Program	**Disbursements (in millions)**
Research and Development Related Programs	
Thomas Edison Program	$51.6
Third Frontier Action Fund	$45.3
Research & Development Investment Fund Loans	$43.9
Third Frontier Taxable Bond Projects	$29.2
Innovation Ohio Loans	$26.0
Third Frontier Research and Development Fund	$24.9
Research and Development Subtotal	***$220.9***
Other Incentive Programs	
Facilities Establishment Fund Loans	$101.6
Ohio Investment in Training Program	$42.4
Roadwork Development Grants	$38.7
Rapid Outreach Grants	$22.1
Other Programs Subtotal	***$204.8***
Total of the Ten Most Utilized Programs	**$425.7**
Economic Development Assistance Total	**$461.6**

Source: Ohio Department of Development

- The Department of Development's ten largest economic development assistance programs disbursed $425.7 million in loans and grants during FY 2008. Of this total, $220.9 million (51.9%) was disbursed under six programs related to research and development, commercialization, and technical assistance in advanced technology fields, including $99.4 million for the three Third Frontier research and development programs.

- The Facilities Establishment Fund was the single largest source of economic development assistance in FY 2008, at $101.6 million. Companies may use these loans for land acquisition, construction, and equipment purchases. The Ohio Investment in Training Program issued the highest number of grants (219) to companies during FY 2008. These grants are for assistance with worker training.

- Companies receiving aid for projects with start dates during FY 2008 estimated that the assistance would create 32,933 jobs, retain 43,584 jobs, and train 17,483 new and 12,138 existing employees. Companies have three years from the time of receiving their assistance to fulfill these commitments.

- Although not among the top ten economic development assistance programs, advanced energy assistance constitutes the fastest growing portion of such incentives. Awards from the Advanced Energy Revolving Loan Fund grew from $250,000 in FY 2002 to $11.5 million in FY 2008, with 110 loan awards.

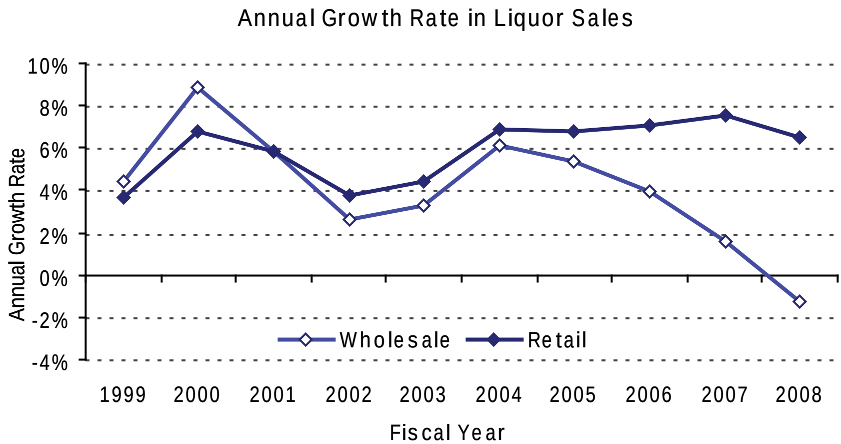
Ohio's Median Home Prices Remain Below National and Regional Levels

Median Sales Price of Existing Single-Family Homes in Ohio Metropolitan Areas			
Metropolitan Statistical Area (MSA)	**2005**	**2007**	**Change**
Akron	$120,500	$119,300	-1.0%
Canton-Massillon	$102,200	$110,300	7.9%
Cincinnati-Middletown	$145,900	$140,800	-3.5%
Cleveland-Elyria-Mentor	$138,900	$130,000	-6.4%
Columbus	$152,000	$147,400	-3.0%
Dayton	$119,700	$115,600	-3.4%
Toledo	$117,300	$106,600	-9.1%
Youngstown-Warren-Boardman	$85,600	$78,900	-7.8%
Midwest	**$168,300**	**$161,400**	**-4.1%**
United States	**$219,000**	**$217,900**	**-0.5%**

Source: National Association of Realtors

- The median sales prices of existing single-family homes in the eight largest metropolitan statistical areas (MSAs) in Ohio are below the medians of both the United States and the Midwest region. In 2007, the Columbus MSA had the highest median sales price in Ohio, at $147,400, while the Youngstown-Warren-Boardman MSA had the lowest, at $78,900.
- Between 2005 and 2007, Ohio and the Midwest's existing home sales prices declined at a faster rate than the U.S. The Ohio MSA with the highest rate of decline was Toledo (9.1%), while the slowest rate of decline was in the Akron MSA (1.0%). Canton-Massillon was the only Ohio MSA that gained value (7.9%) during this period.
- The number of existing homes sold in Ohio decreased by 12.5%, from 286,900 in 2005 to 250,800 in 2007. This compares favorably to both the declining rates for the U.S. (20.1%) and the Midwest region (16.4%).
- Three out of the five states that border Ohio experienced a greater decline in total existing home sales from 2005 to 2007: Pennsylvania (16.1%), Michigan (17.4%), and West Virginia (24.9%). Existing home sales in Kentucky showed a smaller decrease during the same period (4.6%), while sales of existing homes in Indiana increased by 7.2%.

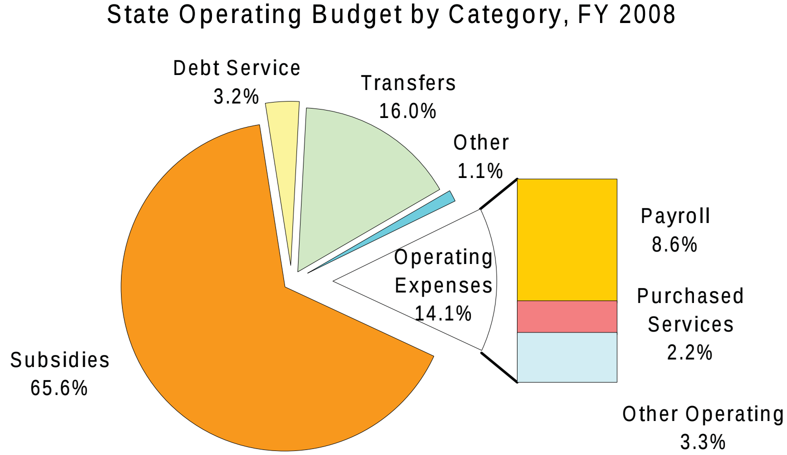
Liquor Sales Decrease at Wholesale but Continue to Rise at Retail



Source: Ohio Department of Commerce

- In FY 2008, wholesale liquor dollar sales – those sales made by contract liquor agencies to retailers, such as restaurants and bars – registered the first annual decrease in over ten years, declining 1.3%, or $3.1 million, from FY 2007. Although it has remained positive until FY 2008, the annual growth rate in wholesale dollar sales has been declining steadily since FY 2004.
- Retail dollar sales – those sales made by state liquor stores directly to consumers – continue to grow. In FY 2008, retail sales increased by 6.5%, or $28.0 million, over FY 2007. Retail dollar sales have increased every year from FY 1999 to FY 2008 with an average annual growth rate of 5.9%.
- Compared to store sales, liquor sales at restaurants and bars are more sensitive to the overall condition of the economy. The weak economy, statewide ban on indoor smoking, and high gasoline prices have combined to turn the growth rate in liquor sales at restaurants and bars negative in FY 2008.
- Due to the growth in retail sales, total liquor sales increased to $697.7 million in FY 2008, an increase of 3.7%, or $25.0 million, over FY 2007. On average, retail and wholesale sales account for 60% and 40%, respectively, of total liquor sales.
- The proceeds of liquor sales are used to pay for operating expenses of the Division of Liquor Control of the Department of Commerce, retire certain economic development and Clean Ohio revitalization bonds, and fund state liquor law enforcement and alcoholism treatment. After these expenses have been paid, the profits are transferred to the GRF. In FY 2008, transfers to GRF from the Liquor Control Fund (Fund 7043) amounted to $167 million.

State Payroll Comprises 8.6% of Total State Operating Budget in FY 2008

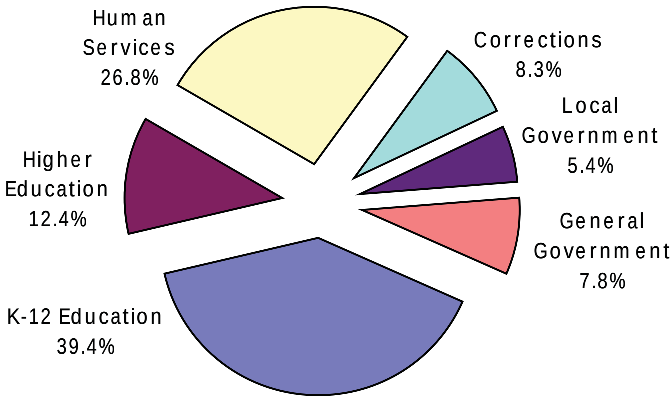


Sources: Ohio Administrative Knowledge System; Ohio Department of Administrative Services

- In FY 2008 state payroll totaled $4.40 billion in all funds, representing 8.6% of the total state operating budget. Of the $4.40 billion in payroll, $2.03 billion (46.1%) came from the GRF and the other $2.37 billion (53.9%) came from various non-GRF funds.
- In addition to payroll, the state spent $1.11 billion for purchased services and $1.67 billion for "other operating" (supplies, maintenance, and equipment) items. Together, these three categories are commonly referred to as state government operating expenses, which totaled $7.17 billion in all funds, representing 14.1% of the total state operating budget in FY 2008.
- Earned wages, the largest share of payroll costs, totaled $2.73 billion in FY 2008. This category includes wages for work performed and excludes paid vacation and sick leave time.
- Employee benefits – such as retirement contributions, health, vision, dental, and life insurance – represent the second largest portion of payroll costs, amounting to $1.08 billion in FY 2008.
- As of June 2008, there were approximately 62,000 state employees. Approximately 42,000 of these were bargaining unit employees.
- The state operating budget for FY 2008 was $51.32 billion in all funds, of which $33.71 billion (65.6%) was distributed as subsidies and $8.23 billion (16.0%) was for "transfers," including items such as tax refunds, federal pass-through funds, and distributions of local taxes collected by the state. The combined share of these two categories accounted for 81.6% of the total budget in FY 2008.

K-12 Education Comprises Largest Share of State Spending

State Spending by Program Area, FY 2008

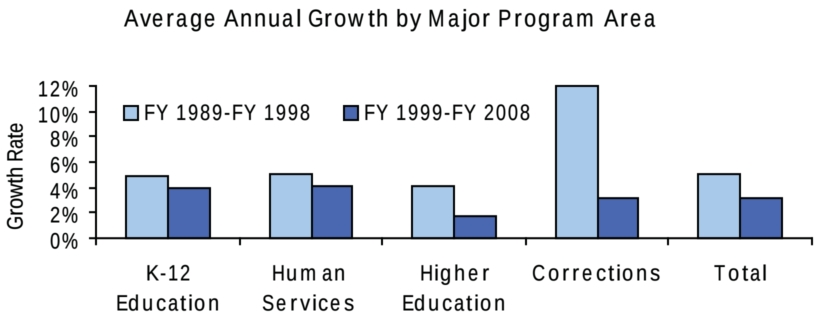


For purposes of this page, state spending includes expenditures made from the GRF (excluding spending reimbursed by the federal government), lottery profits, and local government funds.

Source: Ohio Legislative Service Commission

- State spending totaled $21.94 billion in FY 2008, an increase of 1.4% over FY 2007. Of this total, $8.65 billion (39.4%) went to K-12 Education. The majority ($6.61 billion or 76.4%) of this spending was distributed to schools through a formula based largely on a district's enrollment and property wealth.
- Human Services, the second largest spending area, accounted for $5.88 billion (26.8%) of total spending in FY 2008, of which $3.86 billion (65.6%) was for the state share of Medicaid expenditures.
- Higher Education spending amounted to $2.71 billion (12.4%). Of this total, $1.68 billion (62.0%) was distributed to colleges and universities through a formula based largely on enrollment and courses offered at an institution.
- Corrections spending totaled $1.81 billion (8.3%), of which $1.55 billion (85.6%) was incurred by the Department of Rehabilitation and Correction.
- Spending for the General Government category totaled $1.70 billion (7.8%). Examples of the agencies included in this category are the Department of Natural Resources, the Department of Transportation, and the Governor's Office, as well as the legislative and judiciary branches of the government.
- The remaining $1.19 billion (5.4%) in state spending in FY 2008 was distributed as subsidies to local governments.

State Spending Increased More Slowly in the 2000s than in the 1990s

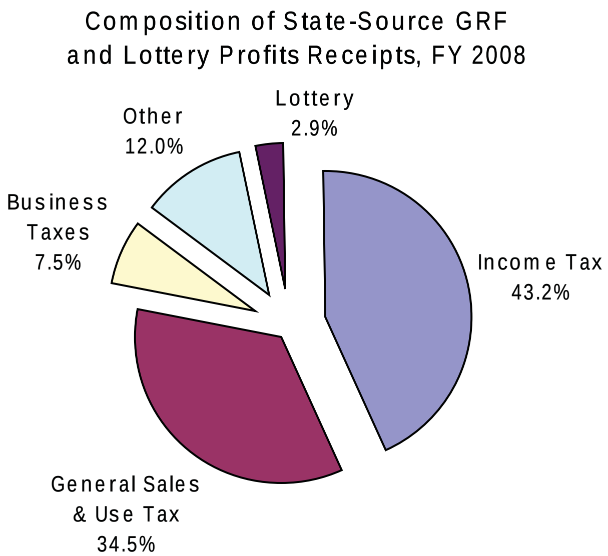


For purposes of this page, state spending includes expenditures made from the GRF (excluding spending reimbursed by the federal government), lottery profits, and local government funds.

Source: Ohio Legislative Service Commission

- Total state spending increased by an average rate of 3.2% per year from FY 1999 to FY 2008 compared to 5.1% per year from FY 1989 to FY 1998. During this 20-year period, total state spending increased 121.3%, from $9.9 billion to $21.9 billion.
- K-12 Education has consistently been the largest spending area. It grew slightly slower than overall spending in the first ten years, averaging 4.9% per year, but faster in the second ten-year period, averaging 4.0% per year. K-12 Education comprised about 35.5% of total spending in the early and mid 1990s. This share began increasing in the late 1990s and reached 39.4% in FY 2008.
- Human Services' average annual growth of 5.1% for the first ten years was on par with overall spending growth. The 4.1% average annual growth for the second ten years exceeded overall spending growth. Spending in this area is heavily influenced by conditions in the overall economy and by Medicaid eligibility policy. Human Services accounted for around 28.0% of total spending in the early 1990s. The share decreased in the mid and late 1990s but increased again in recent years. The share for FY 2008 was 26.8%.
- Higher Education spending growth has been sensitive to changes in the overall state budget. Although its average annual growth rates of 4.1% and 1.8% were lower than overall spending in both periods, Higher Education experienced the highest growth in FY 2008 at 6.3%. Its share of the budget decreased from a high of 15.5% in FY 1989 to a low of 11.6% in FY 2005. The share increased to 12.4% in FY 2008.
- Due primarily to prison population growth, Corrections spending increased 12.0% per year for the first period, more than twice the overall budget growth. Growth in the second period was on par with the overall budget. Corrections' share of the budget increased from 4.7% in FY 1989 to a peak of 8.7% in FY 2000. Since then, the share has decreased somewhat, to 8.3% in FY 2008.

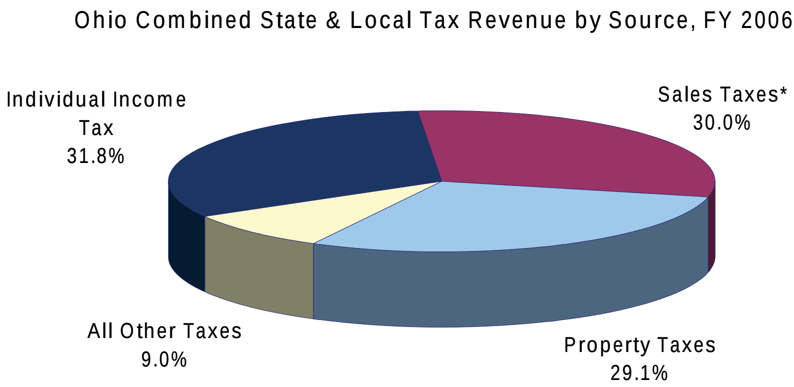
Income Tax and General Sales Tax Dominate State-Source GRF & Lottery Profits Receipts



Source: Ohio Office of Budget and Management

- In FY 2008, total state-source GRF and lottery profits receipts amounted to $22.8 billion. The personal income tax ($9.8 billion) and the general sales and use tax ($7.9 billion) were the two largest revenue sources, accounting for almost 78% of total receipts.
- From FY 1998 to FY 2008, state-source GRF and lottery profits receipts increased by an average of 3.2% per year.
- During the same period, Ohio personal income grew at an average rate of 3.6% per year.
- Over the past decade, the relative importance of income and sales tax receipts increased from 75% of the total to 78%. Slower growth in the "business taxes," including the corporate franchise tax, decreased the relative importance of these taxes from 14% of the total in FY 1998 to 8% in FY 2008. The corporate franchise tax is being phased out from 2006 to 2010, except for certain firms in the financial and insurance sectors.
- Lottery profits, totaling $672 million in FY 2008, are used to help fund state education aid for schools.

Ohio's State and Local Taxes Balanced among Income, Sales, and Property



* Sales taxes include general state and local sales tax and excise taxes on specific products like tobacco, alcohol, motor fuels, and utility services.

Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- In FY 2006, income, sales, and property taxes financed 91% of state and local government expenditures. The contribution of each of these three taxes was about even.
- Ohio's state taxes accounted for 56.7% of combined state and local tax revenue in FY 2006. For the U.S. as a whole, state taxes were 59.5% of combined state and local tax revenue.
- Of Ohio's state tax revenue, 46.2% came from sales and gross receipts taxes and 40.2% came from the individual income tax. For the U.S., 46.8% of state taxes came from sales and gross receipts taxes and 34.6% came from the individual income tax.
- Ohio's local taxes comprised 43.3% of combined state and local tax revenue in FY 2006. For the U.S. as a whole, local taxes comprised 40.5% of combined state and local taxes.
- Of Ohio's local taxes, 67.1% came from property taxes, 20.9% from individual income taxes, and 8.7% from sales taxes. Nationwide, 71.7% of local taxes were from property taxes, 16.3% from sales taxes, and 4.7% from the individual income tax.

Ohio Below National Average in Tax Revenue per Capita, Above National Average in Portion of Personal Income Paid in Taxes

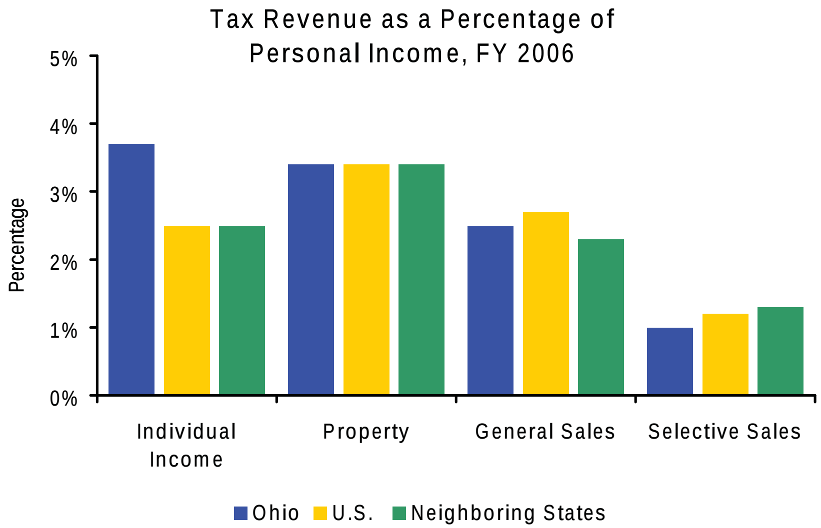
Combined State and Local Taxes, FY 2006

State	Taxes Per Capita	Rank	Taxes as % of Personal Income	Rank
National Average	$4,013		11.2	
Ohio	**$3,773**	**23**	**11.6**	**16**
Neighboring States				
Indiana	$3,655	26	11.6	15
Kentucky	$3,238	40	11.1	24
Michigan	$3,564	30	10.7	31
Pennsylvania	$3,961	19	11.0	25
West Virginia	$3,255	39	11.9	12

Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- Ohio's FY 2006 combined state and local tax burden, measured by taxes per capita ($3,773), was lower than the national average and higher than those of its neighbors, except Pennsylvania. Taxes as a percentage of personal income (11.6%) were higher than the national average and those of its neighbors, except West Virginia and Indiana.
- For FY 2006, Ohio's state taxes were $2,141 per capita, below the national average of $2,396. Local taxes were $1,632 per capita, slightly above the national average of $1,617.
- For FY 2006, Ohio's state taxes were 6.6% of personal income, just below the U.S. average of 6.7%. Ohio's local taxes were 5.0% of personal income, above the national average of 4.5%.
- In FY 2006, New York had the highest per capita combined state and local tax burden at $6,417, while Alabama had the lowest at $2,797.
- Wyoming had the highest level of combined state and local taxes as a percentage of personal income at 15.8% in FY 2006, while New Hampshire had the lowest at 8.9%.

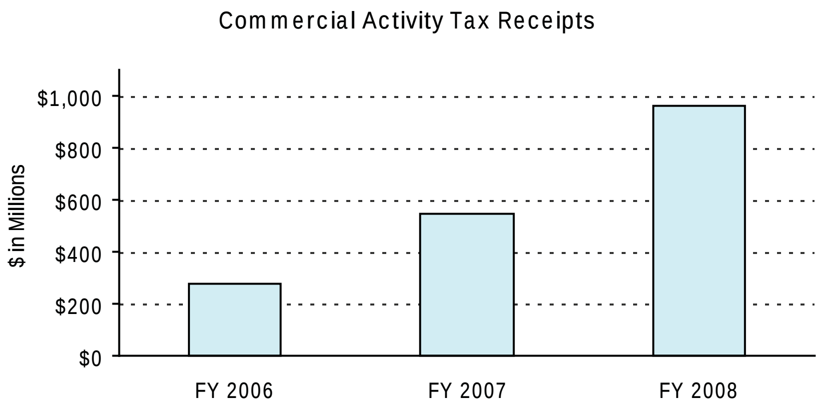
Governments in Ohio Relied More on Income Taxes Compared to Other States in FY 2006



Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- In FY 2006, Ohio's state and local individual income taxes were 3.7% of total personal income. This was higher than the national average (2.5%) and each of Ohio's five neighboring states: Kentucky (3.2%), Pennsylvania (2.8%), West Virginia (2.6%), Indiana (2.5%), and Michigan (2.0%).
- FY 2006 was the first year affected by a five-year phase-in of the 21% reduction in state individual income tax rates enacted by H.B. 66 of the 126th General Assembly. As the reductions continue to be phased in, Ohio's state and local income tax revenues as a percentage of personal income are likely to decline.
- Ohio's property taxes were 3.4% of personal income, on par with the national average. Ohio's percentage was higher than that of Kentucky (2.0%), West Virginia (2.1%), and Pennsylvania (3.2%), but lower than that of Indiana (4.2%) and Michigan (4.0%).
- Ohio's general sales tax receipts were 2.5% of personal income, which was less than the U.S. as a whole (2.7%). Ohio's percentage was lower than that of Indiana (2.7%) but higher than all other neighboring states: Pennsylvania (1.9%), West Virginia (2.3%), Kentucky (2.3%), and Michigan (2.4%).
- Ohio's selective sales tax receipts were 1.0% of personal income, which was lower than the national average and all five neighboring states. Selective sales taxes apply, for example, to motor fuel, alcoholic beverages, tobacco products, and public utilities.

Commercial Activity Tax Phase-In Brings Increased Receipts

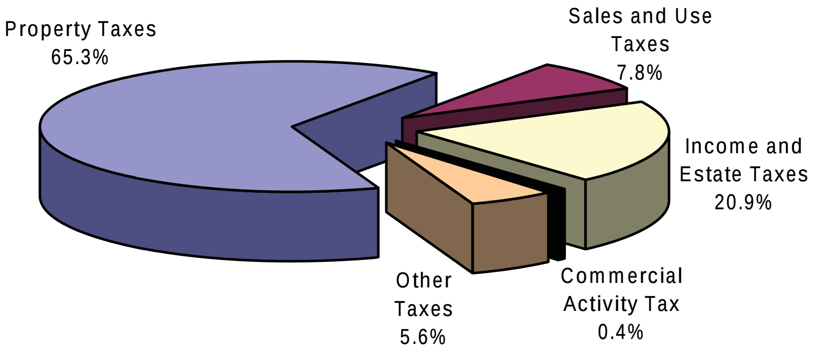


Source: Ohio Department of Taxation

- Commercial activity tax (CAT) receipts totaled $959.6 million in FY 2008, up from $273.4 million in FY 2006 and $549.9 million in FY 2007. Receipts grew substantially over the last three years as a result of the five-year phase-in of the tax. By FY 2010, CAT taxpayers will be paying 100% of their tax liability.
- Enacted by H.B. 66 of the 126th General Assembly, the CAT is a privilege tax on business entities operating in Ohio. The tax applies to any Ohio business with more than $150,000 in annual taxable gross receipts in Ohio, unless the business entity is specifically excluded. For example, financial institutions, public utilities, dealers in intangibles, and insurance companies are exempt from the CAT (though they are subject to other taxes).
- The CAT also applies to out-of-state businesses with taxable Ohio receipts. An out-of-state business is taxable if it has over $50,000 in real or personal property in Ohio, $50,000 in payroll for work in Ohio, $500,000 in taxable gross receipts in Ohio, or 25% of its activity in Ohio.
- For taxable gross receipts between $150,000 and $1 million, businesses pay a fixed amount of $150 per year. The rate for taxable gross receipts in excess of $1 million will be 0.26% when the CAT is fully phased in.
- Revenues from the CAT are earmarked for the GRF and for reimbursing school districts and other local governments for the phase-out of local taxes on general business tangible personal property. School districts receive 70% of total CAT receipts each year. Distributions to the GRF and other local governments vary from year to year.
- The majority ($185.1 million) of CAT receipts were deposited into the GRF in FY 2006. Distributions to the GRF were not made in FY 2007 and FY 2008, and will not resume until FY 2012.

Property Taxes Account for About Two-Thirds of Local Government Tax Revenue

Ohio's Local Tax Revenue by Source, 2006



Sources: Ohio Department of Taxation; Ohio Office of Budget and Management

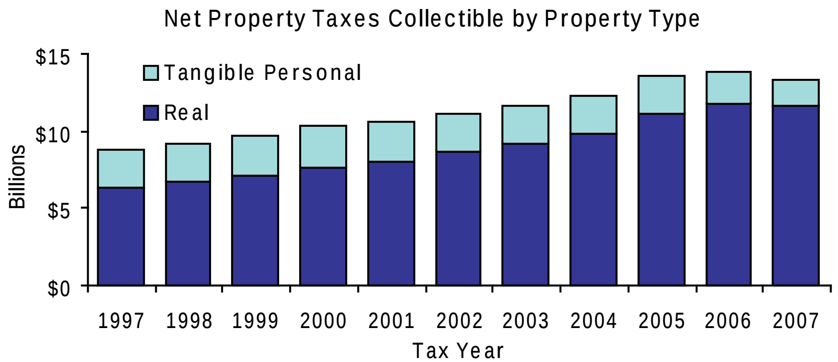
- In 2006, local tax revenue in Ohio totaled $21.2 billion. Property taxes, the main source of local government funding, amounted to $13.9 billion. Income and estate taxes combined generated $4.4 billion. Sales and use taxes provided $1.7 billion. The local share of the new commercial activity tax (CAT) added $0.1 billion. Other taxes (admission, alcohol, cigarette, lodging, motor vehicle fuel, and motor vehicle license) generated $1.2 billion.

- From 1996 to 2006, total local tax revenue grew at an average of 4.8% annually. Growth in property taxes was higher, averaging 5.1% annually. Hence the share of property taxes in the mix of total local government revenue, which was 63.4% in 1996, increased to 65.3% by 2006.

- Taxes on business tangible personal property – equipment, inventories, furniture, and fixtures – are being phased out for general business from 2006 to 2009 and for telephone and inter-exchange telecommunications companies from 2007 to 2011. The phase-out of these taxes, previously about 14% of total property taxes, may decrease somewhat the property tax share of total revenue. State payments to local governments from CAT receipts are being phased in.

- The second largest source of local government tax revenue includes receipts from municipal and school district income taxes and the local share of the estate tax. This category grew at a 4.2% annual rate from 1996 to 2006. Local sales and use taxes grew at a 4.6% annual rate during this period. Other local tax revenues grew at a 3.2% rate.

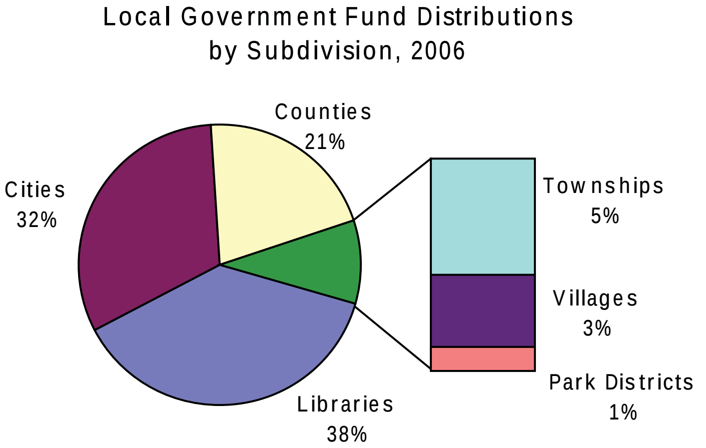
Growth of Property Taxes Halts As Most Tangible Personal Property Taxes Begin Phase-Out



Sources: Ohio Department of Taxation; Ohio Legislative Service Commission

- Net property taxes collectible for tax year (TY) 2007 were $13.3 billion, 4.3% lower than for TY 2006 mainly as a result of lower taxes collectible on tangible personal property.
- Taxation of tangible personal property of general business is being phased out by TY 2009, and that of telephone and inter-exchange telecommunications companies by TY 2011. Public utilities remain subject to the tax.
- Real property taxes collectible fell in TY 2007, after slow growth in TY 2006, as taxes due on business property declined.
- Increases in property taxes in recent years came from higher taxes on real property. From TY 1997 to TY 2007, net taxes collectible on real property rose 85%, while other property taxes fell 35%. Most of the increase in real property taxes resulted from rising property values, not higher effective tax rates.
- Property taxes in Ohio fund local governments, except for a small deduction retained by the state for costs of tax administration. About $2 of every $3 in property taxes collected go to school districts.
- Taxes owed on residential and agricultural real property are net of a 10% reduction, a 2.5% reduction on owner-occupied residences, and a homestead exemption for homeowners who are either age 65 or older or are disabled. The state reimburses local governments for these tax reductions. Prior to TY 2005, taxes owed on business real property were also reduced 10%.
- The homestead exemption was expanded in TY 2007 to eliminate the tax on the first $25,000 of a primary residence's value, without regard to income.
- The assessed value of taxable property in Ohio was $256 billion in TY 2007; real property accounted for 92%. Assessed values are 35% of market values for real property; percentages for other types of property vary.
- Property taxes are payable one year in arrears, except for tangible personal property of general business which is paid in the year taxes are due.

Libraries Receive the Largest Share of Distributions from Local Government Funds

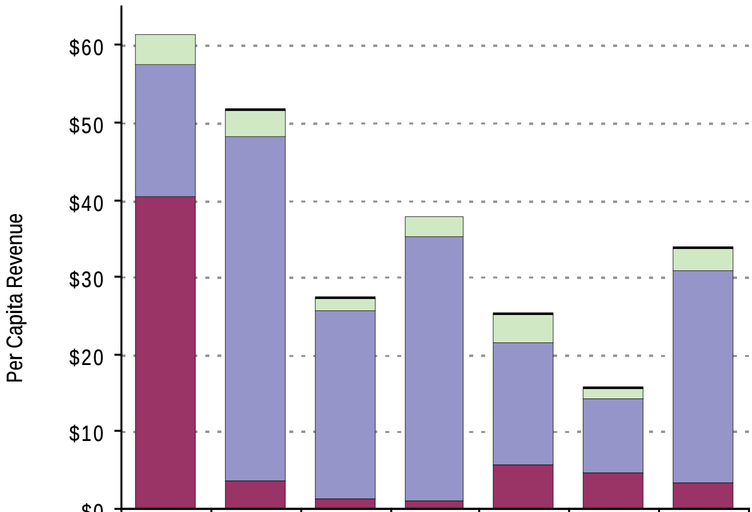


Source: Ohio Department of Taxation

- In 2006, a total of $1.2 billion was distributed to subdivisions in Ohio from the three local government funds that received revenues from state taxes: the Local Government Fund (LGF), the Local Government Revenue Assistance Fund (LGRAF), and the Library and Local Government Support Fund (LLGSF). Of this total, $458.0 million (38%) was distributed to libraries, $393.6 million (32%) to cities, $258.5 million (21%) to counties, $66.2 million (5%) to townships, $39.3 million (3%) to villages, and $12.9 million (1%) to park districts.
- Each county distributes all of the money received from the local government funds to subdivisions within a county, including the county government itself. Distributions to each subdivision within a county are based on state-determined formulas and on rules established by each county budget commission. In addition, each city that levies an income tax receives direct distributions from the LGF.
- The funding of the local government funds from state taxes is generally based on statutory formulas. However, from July 2001 through December 2007, the formulas were suspended and the amount deposited in each year was specified in the state operating budgets.
- Beginning in January 2008, under new statutory funding formulas from H.B. 119 of the 127th General Assembly, 3.68% and 2.22% of total tax revenues credited to the GRF in the preceding month are deposited into the LGF and the LLGSF each month. H.B. 119 also merged the LGRAF into the LGF. In June 2008, S.B.185 of the 127th General Assembly renamed the LLGSF the Public Library Fund (PLF).

Ohio Leads Nation in Funding Public Libraries

Per Capita Operating Revenue of Public Libraries, FY 2005

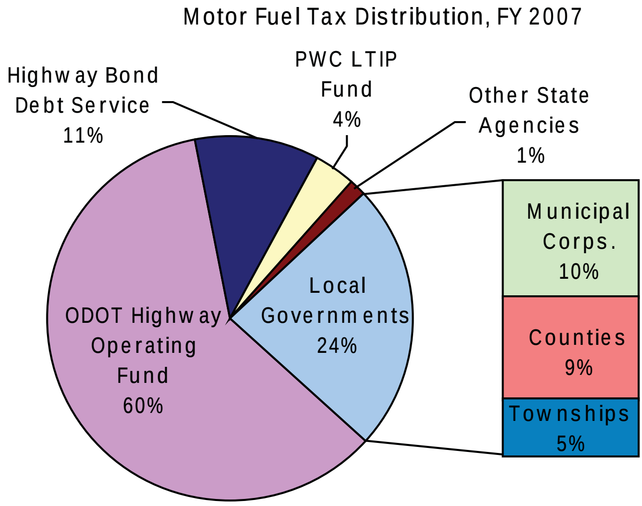


	OH	IN	KY	MI	PA	WV	U.S.
Total	$61.41	$51.69	$27.42	$37.73	$25.51	$15.80	$33.87
Federal	$0.08	$0.09	$0.27	$0.05	$0.29	$0.25	$0.18
Other	$3.85	$3.44	$1.50	$2.57	$3.75	$1.23	$2.85
Local	$17.18	$44.63	$24.48	$33.97	$15.69	$9.56	$27.59
State	$40.30	$3.52	$1.18	$1.14	$5.77	$4.76	$3.26

Source: Institute for Library and Museum Services

- Ohio ranks first in the nation in total per capita operating revenue of public libraries. In FY 2005, the total per capita operating revenue of public libraries in Ohio was $61.41, 81.3% higher than the U.S. average of $33.87.
- A much higher level of state funding is the main reason Ohio's public libraries lead the nation in per capital operating revenue. In Ohio, state funding accounted for 65.6% of the total per capita operating revenue of public libraries. Ohio's per capita state funding of $40.30 was the highest among the states and the District of Columbia. Per capita state funding for the second-ranked state, Hawaii, was $21.05, just 52.3% of Ohio's funding level.
- Ohio currently has 251 public library systems with over 700 individual locations.

Motor Fuel Tax Revenue Supports State and Local Highways and Roads



Sources: Ohio Department of Taxation; American Petroleum Institute

- Revenue from the motor fuel tax (MFT) is distributed to various state agencies and local governments using a statutory formula. The Ohio Department of Transportation's Highway Operating Fund, which finances road and bridge construction and maintenance, receives the majority of MFT revenue (60%) while local governments receive approximately 24%.
- One cent per gallon of the MFT, amounting to 4% of the total distributed in FY 2007, is directed toward the Public Works Commission's Local Transportation Improvement Program (LTIP), which provides additional funding to local governments for road and bridge projects.
- In FY 2007, the state collected $1.85 billion in MFT revenue, an increase of 0.6% above FY 2006 collections of $1.84 billion.
- Motor fuel consumption has been relatively flat over the last four fiscal years. Increases in MFT revenue have resulted from a 6¢ per gallon increase in the state tax rate, which was phased in from FY 2004 through FY 2006.
- Including all state and local excise taxes on motor fuel as of July 1, 2008, Ohio's MFT rate for gasoline and diesel (28¢ per gallon for each) ranks 17th and 19th highest in the nation, respectively.
- Coupled with the federal government's taxes on gasoline (18.4¢ per gallon) and diesel (24.4¢ per gallon), motor fuel purchased by motorists in Ohio includes total taxes of 46.4¢ per gallon on gasoline and 52.4¢ per gallon on diesel.

Ohio's Motor Vehicle License Taxes Generated $464 Million in 2007 for Local Transportation Infrastructure

Distributions to Local Governments for Roads and Bridges, 2007 (Dollars in millions)

Local Government	State Motor Vehicle License Tax	Permissive Local Motor Vehicle License Taxes	Total
Counties	$234.8	$92.6	$327.4
Municipalities	$61.7	$46.2	$107.9
Townships	$15.6	$13.0	$28.6
Total	**$312.1**	**$151.8**	**$463.9**

Source: Ohio Department of Public Safety

- In 2007, a total of $463.9 million in motor vehicle tax revenues was distributed to counties, municipalities, and townships, including $312.1 million in state motor vehicle tax revenues and $151.8 million in local permissive motor vehicle tax revenues.

- The state and local permissive motor vehicle tax revenues distributed to local governments have increased by approximately $50 million over the past ten years. These revenues must be used for purposes related to the planning, construction, and maintenance of roads and bridges.

- All motor vehicles generally must be registered annually, for which drivers pay a state motor vehicle license tax of $34.50 for a passenger car. The tax for other vehicles varies, with commercial trucks and tractors taxed according to weight.

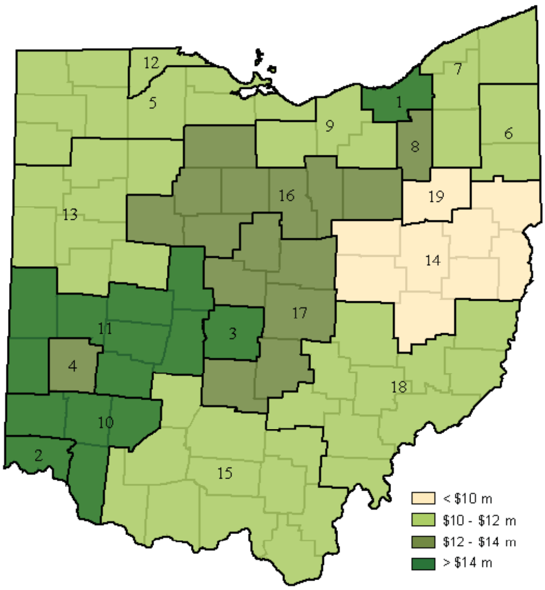
- Permissive motor vehicle taxes are levied by local governments in $5 increments. The total amount cannot exceed $20 per vehicle.
  - Counties may levy up to $15.
  - Municipalities may levy from $5 to $20, depending on the amount levied by the county.
  - Townships may levy $5.

- The total amount of state and local permissive motor vehicle taxes for a passenger car ranges from $34.50 to $54.50.

- In 2007, the state registered more than 12 million vehicles, including 8.3 million passenger cars.

Public Works Commission Awarded $270 Million for Local Infrastructure and Conservation Projects in FY 2007

PWC Project Awards by District, FY 2007



Source: Ohio Public Works Commission

- In FY 2007, the Public Works Commission (PWC) awarded a total of $270.3 million for local projects through three programs: $156.4 million (57.9%) from the State Capital Improvements Program (SCIP), including the SCIP Revolving Loan Program, $73.1 million (27.0%) from the Local Transportation Improvement Program (LTIP), and $40.8 million (15.1%) from the Clean Ohio Conservation Program (COCP). Funds are distributed largely on a per capita basis to each of the 19 PWC districts across the state.

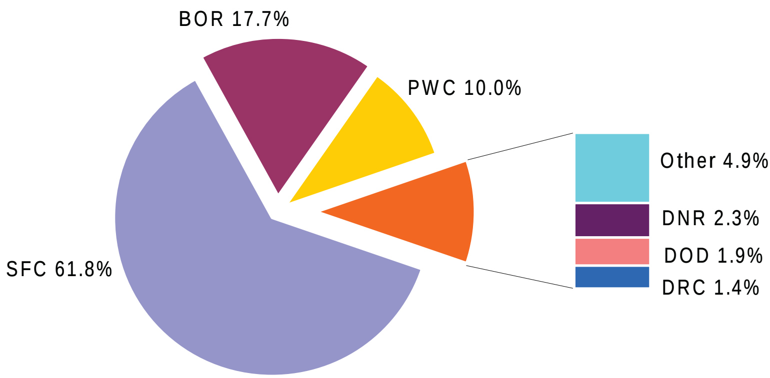
- PWC awards are used to assist local governments with infrastructure needs and open space and conservation projects. While SCIP and COCP are funded by bond proceeds, LTIP is funded by one cent per gallon of the motor fuel tax.

- Cities receive the largest share of the awards under SCIP and LTIP (42.5%), followed by counties (30.5%), villages (16.6%), townships (9.1%), and water/sanitary districts (1.4%).

- A total of $360 million will be available for SCIP during the FY 2009-FY 2010 biennium due to recent enactments of three appropriations bills – the capital reappropriations act (H.B. 496), the economic stimulus act (H.B. 554), and the capital appropriations act (H.B. 562), all of the 127th General Assembly. Each of these three acts contains $120 million in appropriations for SCIP.

School Facilities Commission Comprises Almost 62% of FY 2008 Expenditures Made from Capital Appropriations

Capital Appropriation Expenditures by Agency, FY 2008



Source: Ohio Administrative Knowledge System

- In FY 2008, expenditures made from capital appropriations totaled $1.60 billion.[1] Of this total, $987.2 million (61.8%) was spent by the School Facilities Commission (SFC). These funds support the construction and renovation of public K-12 schools. Lower wealth school districts generally receive a greater share of state assistance than higher wealth districts, and also generally receive state assistance sooner.[2]
- The Board of Regents (BOR) distributed $283.4 million (17.7%) for the construction and renovation of academic facilities at Ohio's public colleges and universities. Capital funding for higher education is distributed largely based on the size and age of buildings and the student enrollment at each institution.
- The Public Works Commission (PWC) distributed $160.1 million (10.0%) for local infrastructure and conservation projects. These funds are largely distributed to the state's 18 PWC districts on a per capita basis.
- Other agencies with large amounts of capital expenditures include the Department of Natural Resources (DNR) at $36.4 million (2.3%), mainly for state and local parks; the Department of Development (DOD) at $30.5 million (1.9%), mainly for brownfield cleanup and redevelopment projects; and the Department of Rehabilitation and Correction (DRC) at $22.1 million (1.4%), for maintaining state adult correctional facilities.

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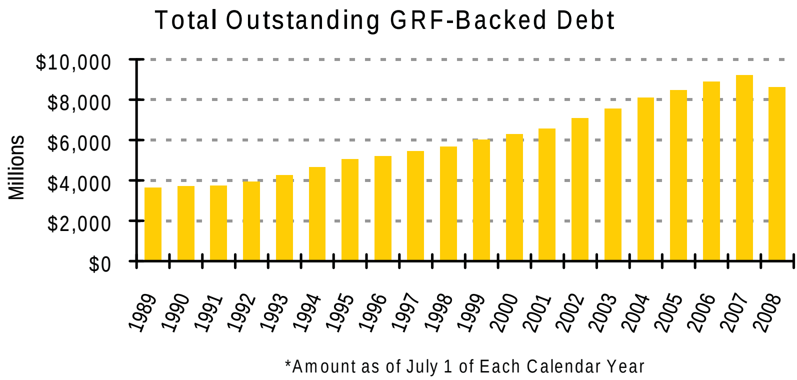
[1] This number excludes capital expenditures made from operating appropriations, such as state and federal funding for highway construction and maintenance.

[2] See page 48 for additional information on SFC's K-12 school facilities assistance program.

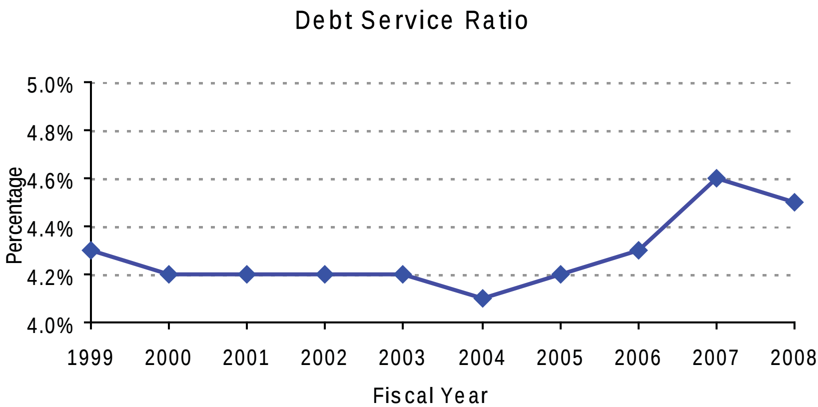
Ohio's Outstanding GRF-Backed Debt Registers Its First Decrease in the Last 20 Years



Source: Ohio Office of Budget and Management

- Ohio's total outstanding debt payable from the GRF amounted to $8.6 billion on July 1, 2008, down from its peak level of $9.2 billion on July 1, 2007, a decrease of 6.3%. This was the first decrease in 20 years. Between 1989 and 2007, total GRF-backed debt increased consistently every year with an average growth rate of 5.3% per year. The overall growth rate during this period was 152.4%.
- The decrease in 2008 was a result of tobacco securitization. In 2007, the state securitized its tobacco settlement receipts under the 1998 Master Settlement Agreement. The proceeds are to be used to fund capital expenditures for higher education and primary and secondary education over three years. These expenditures would otherwise be funded from GRF-backed debt.
- The state's debt payable from the GRF is made up of general obligation (GO) and special obligation (SO) debt. The $8.6 billion in outstanding GRF-backed debt as of July 1, 2008 includes $6.1 billion of GO debt and $2.5 billion of SO debt.
- The issuance of both GO and SO bonds must be authorized by the Ohio Constitution. Whereas debt service payments for GO bonds are secured by the full faith, credit, and taxing power of the state, debt service payments for SO bonds are subject to appropriations of the General Assembly.
- GO bonds have been issued for the following purposes: primary and secondary education; higher education; natural resources; conservation; local infrastructure; coal development; Third Frontier research and development; and the development of sites for industry, commerce, distribution, and research and development.
- On a per capita basis, Ohio's outstanding debt payable from the GRF has grown from $534 in 1999 to $753 in 2008, an increase of 41.0%.
- As of July 1, 2006, Ohio's overall outstanding state debt per capita was $2,156, lower than the national average ($2,915), also lower than any of its neighbors: Kentucky ($2,325), Pennsylvania ($2,590), Indiana ($2,748), Michigan ($2,869), and West Virginia ($2,989).

Ohio's Debt Service Ratio Remains Within the Constitutional Limit



Source: Ohio Office of Budget and Management

- After declining slightly from FY 1999 to FY 2004, Ohio's debt service ratio peaked at 4.6% in FY 2007 and then decreased to 4.5% in FY 2008. This ratio is measured by calculating debt service payable from the GRF as a percentage of the total combined revenue from the GRF and net lottery profits.
- The state's total debt service payable from the GRF, which is made up of interest and principal payments, was $1.23 billion in FY 2008, up from $1.22 billion in FY 2007.
- As a percentage of personal income, the state's total debt service payable from the GRF was 0.3% in FY 2008, similar to the level in FY 2007.
- Beginning in FY 2000, Ohio's Constitution establishes a 5% "cap" on the amount of GRF-backed debt that the state may incur in a given fiscal year. That is, the state cannot issue additional GRF-backed debt if total debt service payments in any future fiscal year exceed 5% of the total GRF and net lottery profits revenue in the year of issuance, unless the 5% cap is waived by a three-fifths vote of each house of the General Assembly.
- As of July 1, 2008, Ohio general obligation bonds received the second highest possible ratings from all three bond rating agencies: AA+ by Fitch, Aa1 by Moody's, and AA+ by Standard & Poor's. Bond ratings indicate a rating agency's opinion on an issuer's ability to manage its debt effectively and make the required payments on schedule.

Over 53 Million Visits Made to Ohio State Parks in 2007

Top Ten Visited State Parks in Ohio in 2007			
State Park	**County**	**Visitor Occasions**	**Acreage (Land & Water)**
Cleveland Lakefront	Cuyahoga	8,500,876	419
Alum Creek	Delaware	2,946,633	8,017
Hocking Hills	Hocking	2,895,878	2,373
Hueston Woods	Preble/Butler	2,694,105	3,561
Headlands Beach	Lake	2,352,938	120
Mosquito Lake	Trumbull	2,296,452	6,483
Caesar Creek	Warren/Clinton/Greene	2,150,402	6,571
Cowan Lake	Clinton	1,811,010	1,775
Indian Lake	Logan	1,695,752	6,600
East Harbor	Ottawa	1,478,061	1,831
Total – Top Ten State Parks		**28,822,107**	**37,750**
Total – All State Parks		**53,577,927**	**174,212**

Source: Ohio Department of Natural Resources

- In 2007, there were a total of 53.6 million visitor occasions to Ohio's 74 state parks, an increase of 6.3% over 2006. The ten most-visited parks accounted for almost 54% (28.8 million) of the total visitor occasions.
- Located in 60 counties across the state and encompassing over 174,000 acres in land and water, Ohio's 74 state parks contain 9 resort lodges, 518 cottages, and 87 campgrounds with 9,379 sites, as well as 80 beaches, 36 visitor and nature centers, 463 picnic areas, and 1,167 miles of trails.
- The number of cottage, getaway rental, and campsite reservations in Ohio's state parks increased by 8.0% in 2007, and the number of nights stayed increased by 6.2%.
- In 2007, state parks generated $28.9 million in revenue, an increase of 8.4% over 2006. The largest source of revenue was camping fees at 39%, followed by self-operated retail (14%), cottage rentals (10%), dock permits (10%), concession agreements (10%), and golf greens fees (6%).
- In FY 2008, the Division of Parks and Recreation in the Department of Natural Resources spent $72.4 million on state park operations. Of this amount, 54% was funded by GRF and the remainder was funded by fees and charges.
- During FY 2008, the Division of Parks and Recreation completed just under $10 million in capital improvement projects, including utility upgrades, wastewater system rehabilitations, lodge/cabin improvements, and other construction and renovation projects.

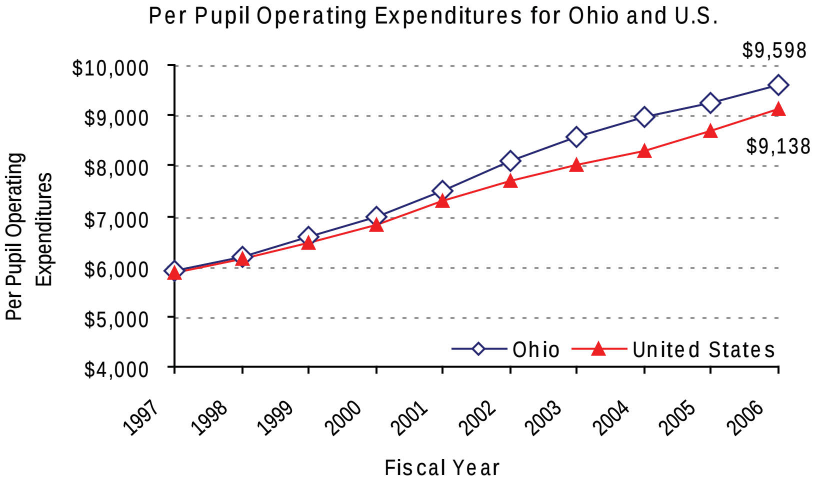
Ohio's 5,340 Public Water Systems Serve 11 Million People Daily

Ohio's Public Water Systems by Category, 2008				
Category	**Surface Water**	**Ground Water**	**Total**	**Population Served Daily**
Community	296	1,000	1,296	10,414,078
Nontransient Noncommunity	9	909	918	229,338
Transient Noncommunity	24	3,102	3,126	457,391
Total	**329**	**5,011**	**5,340**	**11,100,807**

Source: Ohio Environmental Protection Agency

- Ohio's 5,340 public water systems (PWSs) serve about 11.1 million people daily with an average production rate of 1.7 billion gallons per day, resulting in an average daily water use of 153 gallons per person.
- There are three types of PWSs in Ohio:
    - *Community systems* serve at least 15 water connections used by year-around residents or regularly serve at least 25 year-round residents. Examples include cities and mobile home parks.
    - *Nontransient noncommunity systems* serve at least 25 of the same persons over six months per year. Examples include schools and businesses.
    - *Transient noncommunity systems* serve at least 25 different persons over 60 days per year. Examples include parks and highway rest stops.
- Of the 5,340 PWSs, 5,011 (94%) use ground water and the remaining 329 (6%) use surface water.
- In FY 2008, the Ohio EPA issued $276.2 million in low-interest loans to local governments for maintaining PWSs. This included $66.7 million in drinking water loans and $209.5 million in water pollution control loans. These loans are funded by grants from the U.S. EPA and the required matching funds (20%) from the Ohio EPA.
- Drinking water loans were granted for 31 projects to protect the quality and quantity of drinking water in 25 communities. Water pollution control and water quality restoration loans were issued to fund 44 new projects. Also, 11 previously awarded loans received supplemental funding. Overall, projects supported by these water pollution control and water quality restoration loans benefited 47 communities.

Ohio's Public School per Pupil Operating Expenditures Exceed National Average



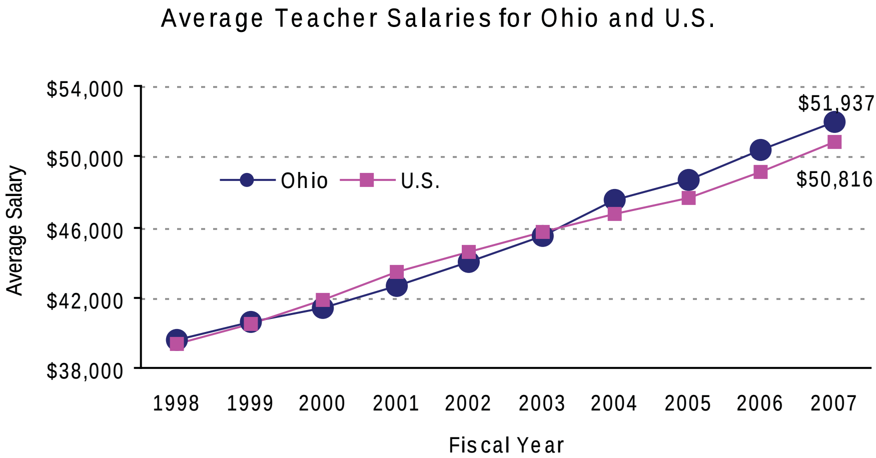
Source: U.S. Census Bureau

- In FY 2006, Ohio's public school per pupil operating expenditures were $9,598, $460 (5.0%) above the national average of $9,138.
- In FY 1997, Ohio's per pupil expenditures were only $15 (0.3%) above the national average. Since then the difference widened, reaching $676 (8.2%) in FY 2004 and narrowing somewhat in FY 2005 and FY 2006.
- During the ten-year period from FY 1997 to FY 2006, Ohio's per pupil operating expenditures increased by $3,701 (62.8%). The national average increased $3,256 (55.4%). During the same period, inflation, as measured by the consumer price index (CPI), was 25.2%.
- In FY 2006, Ohio's per pupil operating expenditures of $9,598 ranked 17th among the 50 states. The following table shows the ranking and per pupil expenditures for Ohio's neighboring states. Ohio's per pupil expenditures were higher than all of these states except Pennsylvania.

Public School Per Pupil Operating Expenditures for Neighboring States, FY 2006

Neighboring State	National Rank	Per Pupil Expenditures
Pennsylvania	11	$11,028
Michigan	18	$9,572
West Virginia	20	$9,352
Indiana	23	$8,793
Kentucky	40	$7,662

Ohio's Average Teacher Salary Maintains Edge over U.S. Average



Sources: National Education Association; Ohio Department of Education

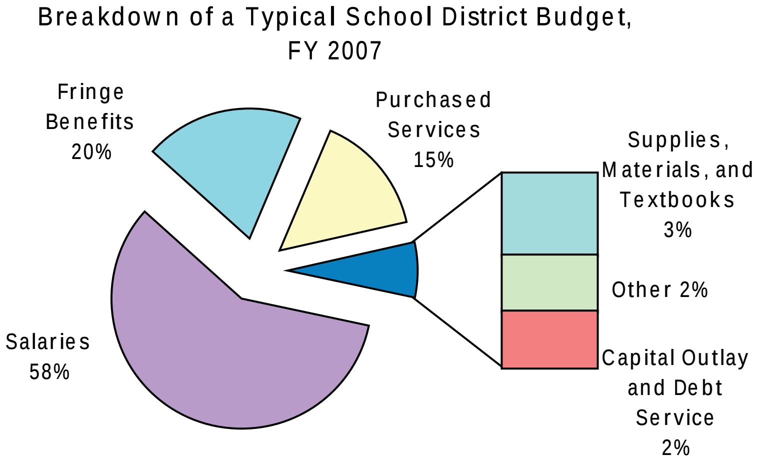
- After trending at or below the national average from FY 1998 to FY 2003, Ohio's average teacher salaries have been above the national average since FY 2004.
- Ohio's average teacher salary for FY 2007 was 2.2% ($1,121) higher than the national average.
- Ohio's average teacher salary increased by 31.2% from $39,596 in FY 1998 to $51,937 in FY 2007. The national average increased by 29.1%, from $39,350 in FY 1998 to $50,816 in FY 2007. During the same period, inflation, as measured by the consumer price index (CPI), was 26.2%.
- In FY 2007, Ohio's average teacher salary of $51,937 ranked 14th in the nation. The following table shows the ranking and average teacher salary for Ohio's neighboring states. Ohio's average teacher salary was higher than all of these states except Pennsylvania and Michigan.

Average Teacher Salaries for Neighboring States, FY 2007

Neighboring State	National Rank	Average Salary
Pennsylvania	10	$54,970
Michigan	11	$54,895
Indiana	23	$47,831
Kentucky	35	$43,646
West Virginia	48	$40,531

- In FY 2008, the average beginning salary in Ohio was $30,962 for teachers with bachelor's degrees and $37,357 for those with master's degrees. Overall, Ohio ranks 35th nationally in average beginning teacher salaries.

School Districts Spend an Average of 78% of Their General Funds on Salaries and Fringe Benefits



Source: Ohio Department of Education

- Salaries and fringe benefits account for approximately 78% of school district general fund budgets statewide in FY 2007. This percentage has decreased over the past five years from 81% in FY 2003.
- The portion of school district budgets spent on fringe benefits has increased from 19% in FY 2003 to 20% in FY 2007, while the portion spent on salaries has decreased from 62% in FY 2003 to 58% in FY 2007.
- In recent years, largely due to the rapid growth in health insurance premiums, the cost of fringe benefits has increased dramatically. This cost amounted to 34% of the cost of salaries in FY 2007, up from 31% in FY 2003.
- As the percentage of district budgets spent on salaries has declined, the percentage spent on purchased services such as pupil transportation, utilities, maintenance and repairs, and other services not provided by district personnel has increased, from 11% in FY 2003 to 15% in FY 2007.
- State law requires each school district to set aside a uniform per pupil amount (equal to 3% of the previous year's base cost formula amount) for textbooks and instructional materials and for capital and maintenance needs. In FY 2009, the required set-aside amount is about $167 per pupil for each category.

Per Pupil Operating Spending Varies across Different Types of Ohio School Districts

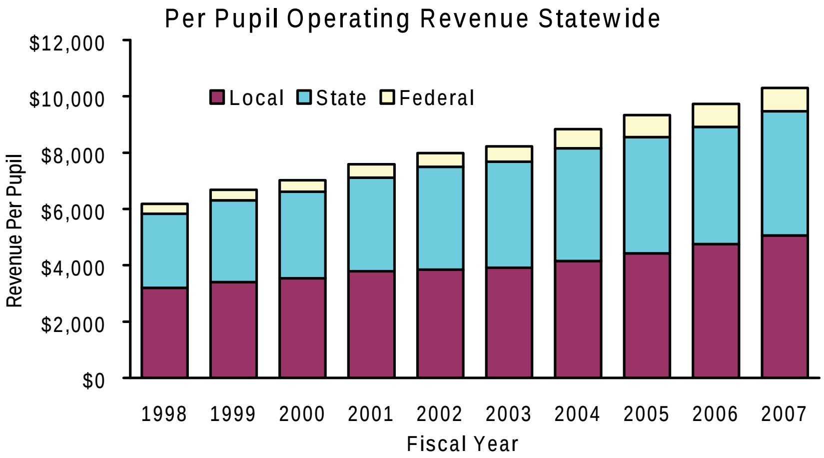
Spending Per Pupil by District Comparison Group, FY 2007				
Comparison Group Description		**Number of Districts**	**Enrollment %**	**Spending Per Pupil**
Rural	Very low socioeconomic status (SES), very high poverty	97	9.0%	$8,643
Small Rural	Low SES, low poverty	161	12.4%	$8,206
Rural Town	Average SES, average poverty	81	7.8%	$8,301
Urban	Low SES, high poverty	102	15.6%	$9,381
Major Urban	Very high poverty	15	16.4%	$12,008
Suburban	High SES, moderate poverty	107	24.1%	$9,302
Suburban	Very high SES, low poverty	46	14.7%	$10,236
State Total*		**609**	**100%**	**$9,622**

* Three small outlier districts are not included.

Source: Ohio Department of Education

- In FY 2007, the average per pupil spending for different district comparison groups varied from a low of $8,206 for small rural, low poverty districts to a high of $12,008 for major urban, very high poverty districts. The state average was $9,622.
- Rural districts tend to have the lowest spending per pupil, averaging $8,367 per pupil for the three rural comparison groups, which is 13.0% ($255) below the state average. These districts include 29.2% of total state enrollment.
- Very high poverty major urban districts and the highest income suburban districts had the highest spending per pupil among all district comparison groups in FY 2007, spending 24.8% ($2,387) and 6.4% ($614), respectively, above the state average.
- About 81.8% of all districts spent between 20% below ($7,697) and 20% above ($11,546) the state average.
- On average, school districts spent 55.7% on instruction, 19.4% on building operations, 11.7% on administration, 10.2% on pupil support, and 3.0% on staff support.
- This spending allocation varies only slightly across district comparison groups. Rural districts tend to spend a higher than average percentage on building operations, which includes pupil transportation, and urban districts tend to spend a higher than average percentage on staff support.

Per Pupil Operating Revenue for Schools Increases 67% since FY 1998

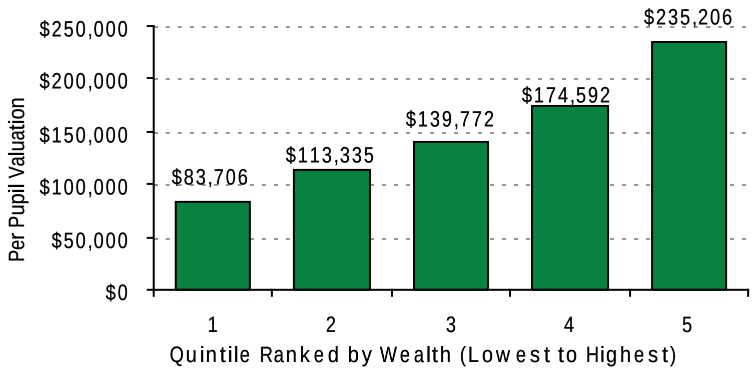


Source: Ohio Department of Education

- Schools' per pupil operating revenue in Ohio from all sources increased 66.5% from $6,185 in FY 1998 to $10,296 in FY 2007.
- During this ten-year period, local revenue per pupil increased 58.4% from $3,193 to $5,059; state revenue per pupil increased 67.2% from $2,639 to $4,412; and federal revenue per pupil increased 133.7% from $353 to $825.
- Local revenues comprised 49.1% of total school revenues in FY 2007. Locally voted property taxes and school district income taxes accounted for 97.2% and 2.8%, respectively, of local revenues.
- State revenues comprised 42.9% of total school revenues in FY 2007. State funding comes mainly from the General Revenue Fund, which receives revenues primarily from the state income and sales taxes. Most state funds are distributed through the school funding formula, while some are distributed through competitive and noncompetitive grants.
    - The school funding formula targets funds so that districts have a similar level of revenues per pupil to provide a common basic education, as defined by the state, regardless of each district's capacity to raise local revenue. The effects of this policy are described in the following pages.
- Federal revenues comprised 8.0% of total school revenues in FY 2007. Federal revenues mainly target special education and disadvantaged students.
    - With passage of the No Child Left Behind Act of 2001, the federal share of total school revenues has increased from an average of 5.9% from FY 1998 to FY 2002 to an average of 7.9% from FY 2003 to FY 2007.

School District Property Values Vary Widely across Ohio

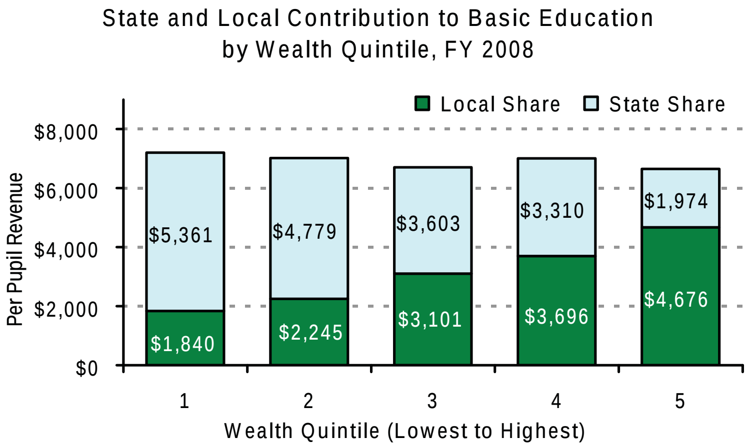
Average Per Pupil Valuation by Wealth Quintile, FY 2008



Sources: Ohio Department of Taxation; Ohio Department of Education

- In FY 2008, approximately 20% of Ohio's students resided in school districts with per pupil property valuations that averaged about $84,000 while another 20% resided in school districts with per pupil property valuations that averaged about $235,000. The statewide average valuation was $148,978 per pupil.
- A 20-mill (2%) property tax levy generates $1,680 per pupil for a district with a valuation per pupil of $84,000 and $4,700 per pupil for a district with a valuation per pupil of $235,000.
- Since locally voted property tax levies represent 97.2% of school district local revenues, per pupil valuation (also called district property wealth) indicates each district's capacity to raise local revenue.
- To create the quintiles used on this and the following three pages, school districts are first ranked from lowest to highest in property valuation per pupil. They are then divided into five groups, each of which includes approximately 20% of total students statewide. As can be seen in the chart above, districts in quintile 1 have the lowest wealth and districts in quintile 5 have the highest wealth.
- Since FY 1991, a major goal of the state's school funding formula is to neutralize the effect of local property wealth disparities on students' access to a common, basic level of education as defined by the state.
- The state's approach is to "equalize" a certain amount of local tax effort up to a state-defined level. To achieve this goal, the formula first assumes a local contribution based on a uniform tax rate (for example, 23 mills or 2.3%). The total amount of the local contribution will depend on the district's wealth – its capacity to raise local revenue. The formula then requires the state to make up the difference – up to the state-defined level – so that each district has an *equal* amount of revenue per pupil for the same tax effort.

State Aid Equalizes School District Revenues for State-Defined Basic Education

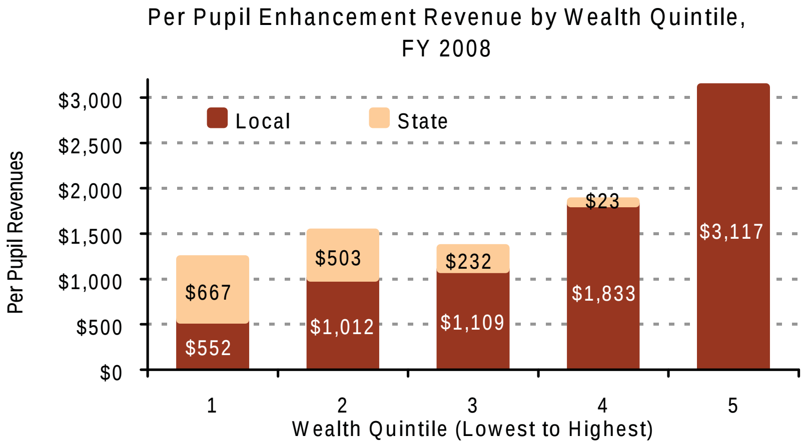


Source: Ohio Department of Education

- Total district basic education revenue per pupil shows little difference across districts in spite of the wide variance in district wealth levels because the relatively low local contributions of lower wealth districts are offset by relatively high state contributions.[1]
- Small variances in average basic education revenue over quintiles are due to differences in the needs of students and districts (for example, disadvantaged or special education students), not to disparities in district wealth.
- The local contribution to the basic education level is determined by assuming a uniform tax effort on the part of taxpayers in each district (a uniform tax rate). This same tax rate raises more revenue in higher wealth districts than in lower wealth districts.
- In FY 2008, the revenue raised for the local contribution varied from an average of $1,840 per pupil in quintile 1 to an average of $4,676 per pupil in quintile 5.
- The state contribution is determined by making up the difference between the local contribution and the state-defined basic education level. In this way the state "equalizes" the tax effort put forth in each district – the state ensures that each district receives the same per pupil revenue up to the basic education revenue level.
- In FY 2008, the revenue from the state contribution varied from an average of $5,361 per pupil in quintile 1 to an average of $1,974 per pupil in quintile 5.
- For the state as a whole, the state share of the basic education revenues in FY 2008 was 55%. This share averaged 74.5% for quintile 1, 68.0% for quintile 2, 53.7% for quintile 3, 47.2% for quintile 4, and 29.7% for quintile 5.

[1] See page 41 for an introduction to this analysis and a description of the quintiles.

Revenue Disparities Based on District Wealth Persist at the Enhancement Education Level

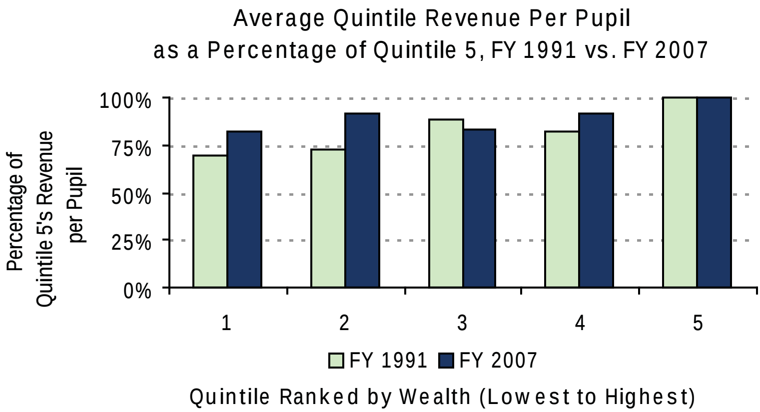


Source: Ohio Department of Education

- Although revenue disparities based on wealth do not exist at the state-defined basic education level, as seen on the prior page, these disparities persist in the revenues at the level above the basic education level. These revenues are called enhancement revenues.[1]
- Local enhancement revenues are determined by a combination of the wealth of the district as well as the ability and willingness of the district's taxpayers to approve taxes above the amount needed for the local share of basic education.
- The biggest disparity occurs between the highest wealth quintile and the other four quintiles. The average per pupil enhancement revenue in quintile 5 ($3,117) is 67.9% more than that in quintile 4 ($1,856). Quintile 5 districts raise all their enhancement revenues locally.
- Although state revenue is concentrated on the state-defined basic education, the state provides lower wealth districts a subsidy called parity aid that supplements locally raised enhancement revenues. In FY 2008, parity aid totaled $478.5 million. It is distributed based on district wealth.
- For the state as a whole, the state share of total enhancement revenues in FY 2008 was 15.6%. This share averaged 54.7% for quintile 1, 33.2% for quintile 2, 17.3% for quintile 3, and 1.2% for quintile 4. Districts in quintile 5 did not qualify for parity aid.
- Parity aid has had a significant equalizing effect on enhancement revenue for districts in the bottom two quintiles as compared to the districts in quintile 4. Without parity aid, average per pupil enhancement revenues for quintiles 1 and 2 would be 30.1% and 55.2%, respectively, of those for quintile 4. With parity aid these percentages increase to 65.7% and 81.6%.

[1] See page 41 for an introduction to this analysis and a description of the quintiles.

Interdistrict Equity Improves since FY 1991

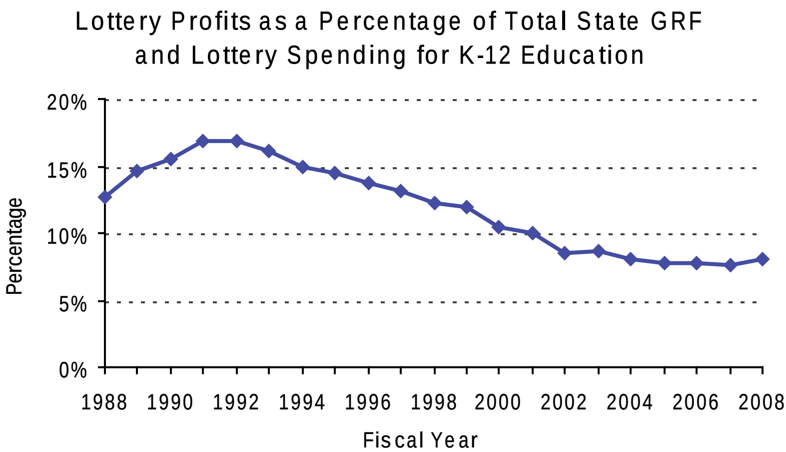


Source: School Foundation Payment Data, Ohio Department of Education

- From FY 1991 to FY 2007, except for quintile 3, the average revenue per pupil of the districts in the lower quintiles got closer to that of the highest wealth districts (those in quintile 5).[1]
- The biggest changes came in the two lowest wealth quintiles. In FY 1991, the districts in quintile 1 received on average 70.0% of the revenue received by the districts in quintile 5. By FY 2007 the districts in quintile 1 received 82.5% of the revenue received by the districts in quintile 5. Likewise the percentage for quintile 2 rose from 72.9% in FY 1991 to 91.4% in FY 2007.
- In FY 2007, the average revenue per pupil for the bottom four quintiles (representing 80% of students) was 86.9% of the average revenue per pupil for the highest wealth quintile, up from 78.5% in FY 1991.
- From FY 1991 to FY 2007, per pupil revenues grew on average by 148.5% ($5,518) in quintile 1, 163.8% ($6,344) in quintile 2, 96.2% ($4,538) in quintile 3, 133.2% ($5,824) in quintile 4, and 110.6% ($5,873) in quintile 5.
- A few very wealthy districts continued to raise revenues well above the state average of about $10,000 per pupil in FY 2007. In fact, two districts raised over $20,000 per pupil.
- In FY 1991, approximately 76% of the variation in per pupil revenue across districts could be explained by the variation in per pupil valuation. In FY 2007, this percentage has dropped to about 30%. This means that the amount of financial resources available for the education of a student now depends less on the wealth of the district where the student lives than it did in FY 1991.

[1] See page 41 for an introduction to this analysis and a description of the quintiles.

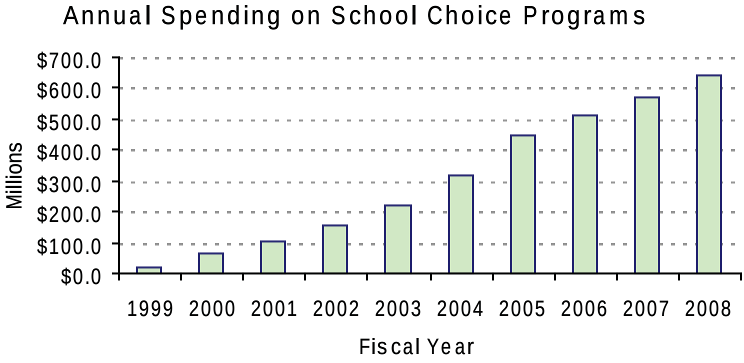
Lottery Profits Comprise a Small Percentage of State Spending on Primary and Secondary Education



Sources: Ohio Lottery Commission; Ohio Legislative Service Commission

- Lottery profits in Ohio have always been a relatively small percentage of total state GRF and lottery spending on primary and secondary education. After reaching a peak of 16.9% in FY 1991, this percentage has decreased to 8.0% in FY 2008.
- In 1973, voters amended the Ohio Constitution to allow the creation of the Ohio lottery. In 1987, voters approved an additional constitutional amendment that permanently earmarked lottery profits for education.
- Generally, lottery profits are combined with the GRF to support education in Ohio.
- The dollar amount of lottery profits increased by $51.0 million in FY 2008. This is the first increase in profits since FY 2003. Overall, the dollar amount of lottery profits has fallen since the 1990s, from a high of $718.7 million in FY 1999 to $688.9 million in FY 2008, a decrease of 4.2%.
- From FY 1988 to FY 2008, total state GRF and lottery spending on primary and secondary education increased by $5,203.1 million (151.1%). Of this growth, $253.3 million (4.9%) was provided by the lottery.
- Lottery sales reached a peak of $2.3 billion in FY 1996 before falling to $1.9 billion in FY 2001. Sales have since increased each year to attain the level of $2.3 billion once again in FY 2008.
- In FY 2007, Ohio's lottery ranked 9th in the nation in total gross sales.

School Choice Program Spending Continues to Increase

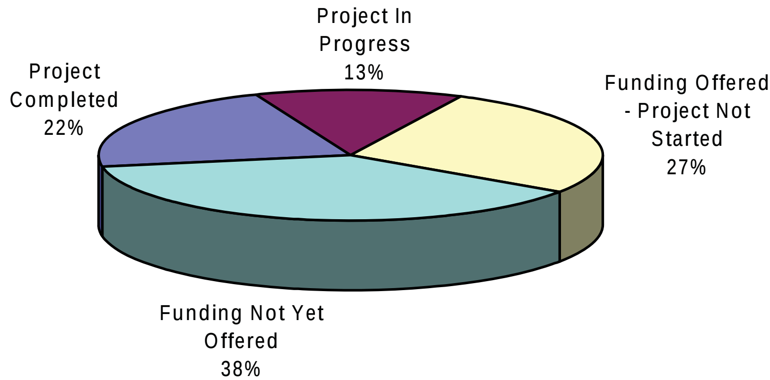


Source: Ohio Department of Education

- Ohio school choice programs include community schools, the Cleveland Scholarship and Tutoring Program (CSTP), the Educational Choice Scholarship Program, and the Autism Scholarship Program. Spending on these programs has increased from $19.7 million in FY 1999 to $641.3 million in FY 2008.
- Unlike traditional public schools, community schools do not have taxing authority and are funded primarily through state education aid transfers. Since the establishment of community schools in FY 1999, the amount of state education aid transfers has increased from $11.0 million to $586.2 million in FY 2008. Community school enrollment has increased from 2,245 to 82,682.
- The CSTP provides state-funded scholarships for students in the Cleveland City School District to attend public schools outside Cleveland and private schools. Since its establishment in FY 1997, the number of CSTP scholarship students has increased from 1,994 to 6,272 in FY 2008. State expenditures for CSTP have increased from $5.0 million to $17.6 million in FY 2008.
- Starting in FY 2007, the Educational Choice Scholarship Program has provided scholarships to students (excluding students in the Cleveland City School District) who attend or would otherwise be entitled to attend a school that has been in academic emergency or academic watch for at least three consecutive years. The number of students receiving scholarships increased from 3,169 in FY 2007 to 7,144 in FY 2008 while state expenditures for the program increased from $10.4 million to $25.5 million during the same period.
- The Autism Scholarship Program, established in FY 2004, permits the parent of a qualified autistic child to send the child to a special education program, instead of the one operated by or for the school district in which the child is entitled to attend school. Since its inception in FY 2004, funding for the program has increased from $3.3 million to $12.1 million in FY 2008. Scholarships are financed by state aid deductions from scholarship recipients' districts of residence.

Full-Facility Fixes Completed or in Progress in 35% of Ohio School Districts

Breakdown of School District Participation in State-Sponsored Full-Facility Fixes, July 2008



Source: Ohio School Facilities Commission

- According to data from the Ohio School Facilities Commission (SFC), at the end of FY 2008, 133 (22%) of the 612 school districts in Ohio had completed projects that fully addressed the districts' facility needs as assessed by SFC. Another 81 (13%) had projects in progress, meaning buildings were in the design or construction phase.

- An additional 166 school districts (27%) have been offered funding, but have not yet started their projects. Most of these have been offered funding recently. Approximately 21 declined the state funding offer or allowed the offer to lapse because they were unable to secure the local share. These districts will be eligible for funding in the future.

- SFC funding is targeted to full-facility fixes (i.e., fixing all buildings in a district) through the Classroom Facilities Assistance Program and the Accelerated Urban Initiative. Funding is provided for partial fixes (i.e., fixing selected buildings in a district) through the Exceptional Needs Program. State-funded partial fixes were also provided to some districts before SFC was established in FY 1997. Of the 398 districts that have not started projects to provide full-facility fixes, 34 have partial fix projects that have been completed or that are in progress.

- The total estimated cost of all projects completed or in progress at the end of FY 2008 was $13.7 billion. Of that total, the state share was $9.0 billion (66%) and the local share was $4.7 billion (34%).

- Through the end of FY 2008, SFC disbursed a total of $6.5 billion for school facilities projects. The General Assembly has appropriated nearly $10.3 billion, including $4.1 billion received from the securitization of revenues derived from the 1998 Tobacco Master Settlement Agreement.

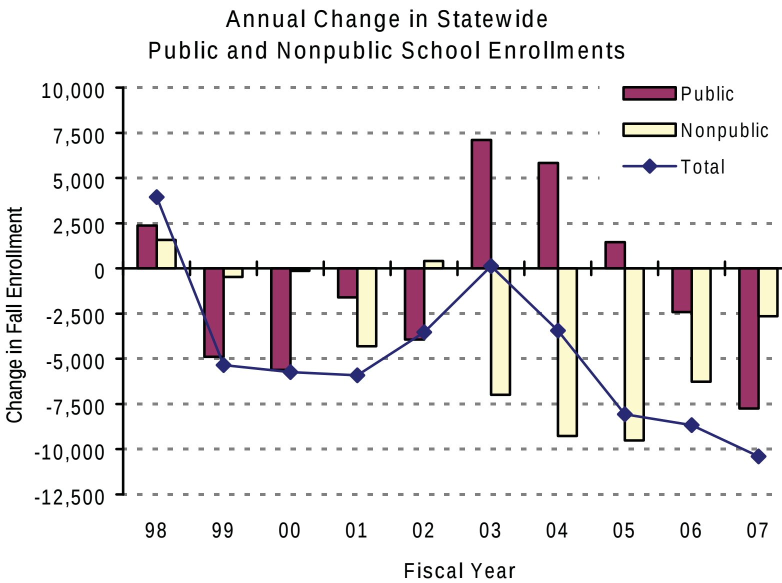
Ohio Schools Show Improvement on Report Card Ratings

Number of Districts by Report Card Rating, FY 2004-FY 2008					
Rating	**2004**	**2005**	**2006**	**2007**	**2008**
Excellent with Distinction	-	-	-	-	74
Excellent	117	111	192	139	152
Effective	229	297	299	347	292
Continuous Improvement	224	175	112	113	83
Academic Watch	34	21	7	11	9
Academic Emergency	4	5	0	0	0

Source: Ohio Department of Education

- In FY 2008, 518 districts (84.9%) were rated effective or higher, compared to 346 districts (56.9%) in FY 2004. The total in FY 2008 includes 74 districts that received the Excellent with Distinction designation that was awarded for the first time in FY 2008.
- A district's report card rating depends on four basic measurements: (1) the number of state academic standards met, (2) the performance index score, (3) whether adequate yearly progress (AYP) has been met, and (4) the value-added designation. The value-added designation is included as part of the report card for the first time in FY 2008.
- Ohio's 30 academic standards include minimum proficient rates on all 28 achievement tests, as well as minimum graduation and student attendance rates. In FY 2004, the state as a whole met 8 out of a possible 18 standards at that time. In FY 2008, the state met 18 of the current 30 standards.
- The performance index, ranging from 0 to 120, is a composite measure of achievement of all students on all achievement tests. The index for the state as a whole improved from 86.6 in FY 2004 to 92.3 in FY 2008.
- AYP, a rating established by the federal No Child Left Behind Act, requires districts to meet annual performance goals for student subgroups. In FY 2004, 689 districts (64.0%) met AYP, compared to 314 districts (51.5%) in FY 2008.
- The new value-added measure tracks an individual student's test scores from one year to another. Districts are rated on how their students' academic growth, as measured by the achievement tests, compares to the expected growth standard set by the state. In FY 2008, 274 districts (44.9%) were above, 142 districts (23.3%) had met, and 194 districts (31.8%) were below the expected growth standard.

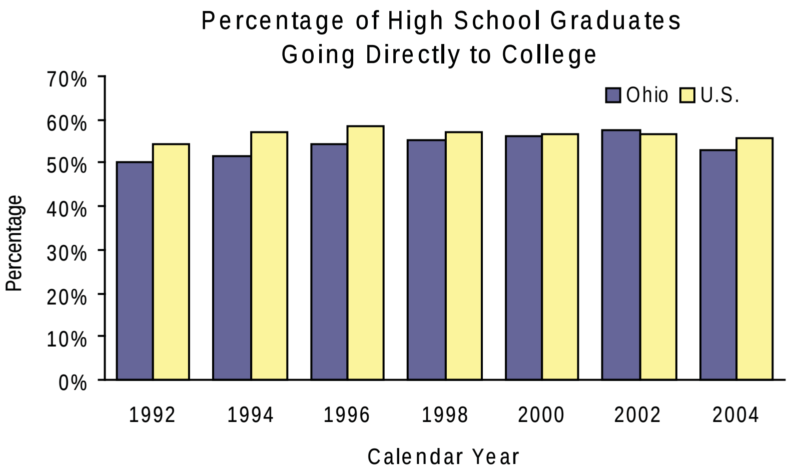
Total School Enrollment Continues to Decline



Source: Ohio Department of Education

- Since FY 1998 total school enrollment has decreased by an average of about 5,700 students (0.3%) per year.
- Total school enrollment decreased from its peak of 2.09 million students in FY 1998 to 2.04 million students in FY 2007, a decrease of 51,000 students (2.4%).
- Of the total enrollment decrease since FY 1998, 76.9% (39,000) occurred in nonpublic schools. This represents a 16.1% decline in nonpublic school enrollment over those ten years, compared to a 0.6% decline in public school enrollment.
- Public school enrollment increased in fiscal years 2003, 2004, and 2005. These increases were offset by decreases in nonpublic school enrollment.
- In FY 2007, nonpublic school enrollment represented approximately 10.0% of total public and nonpublic students in Ohio, compared to 11.7% in FY 1998.
- Although public school enrollment has declined by about 12,000 students from FY 1998 to FY 2007, the number of public school students categorized as needing special education services has increased significantly. Total special education students increased by 59,500 from about 201,500 (10.9% of total) in FY 1998 to 261,000 (14.2% of total) in FY 2007, an increase of 29.5%.

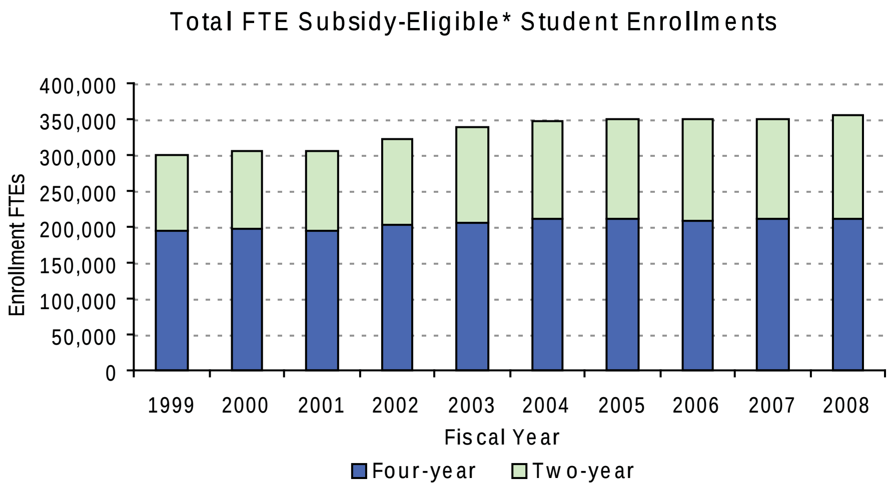
Percentage of Ohio High School Graduates Going Directly to College Falls in 2004



Sources: ACT; College Board; NCHEMS; Ohio Board of Regents

- After 12 years of growth, the percentage of Ohio high school graduates going directly to college fell 4.7 percentage points from 57.5% to 52.8% between FY 2002 and FY 2004. The national average also fell slightly by 0.9 percentage point from 56.6% to 55.7% in the same period.
- From 1992 to 2004, the percentage of Ohio high school graduates going directly to college has been below the national average every year except 2002. In 2004, Ohio's percentage was 2.9 percentage points below the national average.
- These data look only at graduates going directly to college. Some high school graduates delay entry into college. Of Ohio's first-time college freshmen in the fall of 2006, 73.2% had come directly from high school while 26.8% had delayed entry to college for at least one year after high school graduation.
- Graduates who delay entry to college are more likely to attend a two-year institution. In 2006, 69.3% of Ohio's first-time college freshmen who delayed college entry attended two-year institutions compared to 19.9% of those who entered college directly.
- ACT and SAT scores are indicators that help predict how well students will perform in college. Since FY 1992 ACT and SAT scores for Ohio high school seniors have been consistently higher than the national average.
- The average Ohio ACT score was 21.6 in 2007, in comparison with the national average of 21.2. The average Ohio SAT score was 1600 in FY 2007, in comparison with the national average of 1511.

Total Higher Education Enrollment Registered a Small Increase in FY 2008

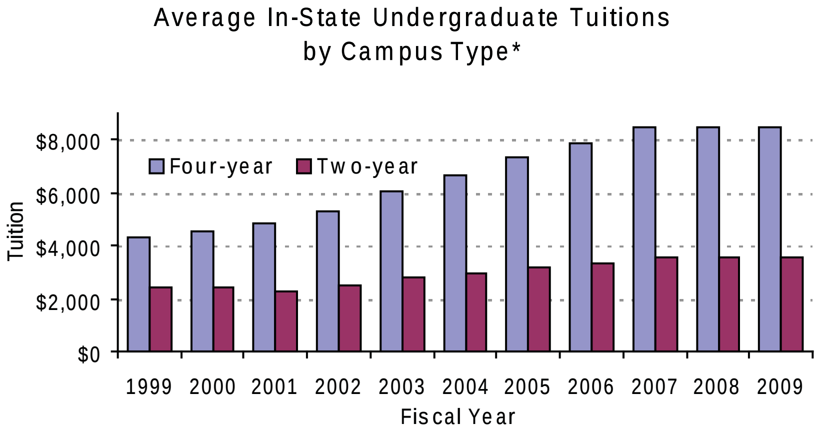


* An FTE (full-time equivalent) student is based on one student taking 15 credit hours per quarter or the equivalent. Subsidy-eligible FTEs include all but out-of-state undergraduate students.

Source: Ohio Board of Regents

- In FY 2008, total student enrollment at public colleges and universities increased by 4,347 FTEs (1.2%). This consists of a 1,200 FTE (0.6%) increase at four-year campuses and 3,147 FTE (2.2%) increase at two-year campuses.
- From FY 1999 to FY 2008, total student enrollment increased by 54,862, or 18.3%. Of this growth, 71.7% occurred at two-year campuses.
- Most of the total enrollment growth during this period occurred in FY 2002 through FY 2004. Of the 41,209 FTE increase between FY 2002 and FY 2004, 26,859 (65.2%) occurred at two-year campuses. The significant enrollment growth at two-year campuses can be attributed partly to the slowdown in the economy and partly to the Access Challenge program, under which additional state funds subsidized tuition restraints at these campuses.
- Increasing higher education headcount enrollment by 230,000 students by 2017 is one of the main goals identified in a March 2008 report entitled "*Strategic Plan for Higher Education, 2008-2017*." This would represent an enrollment increase of about 49% over the next ten years. Of the planned total enrollment increase, 38% is expected to come from students age 25 or older.

Higher Education Tuitions Held Flat in FY 2008 and FY 2009

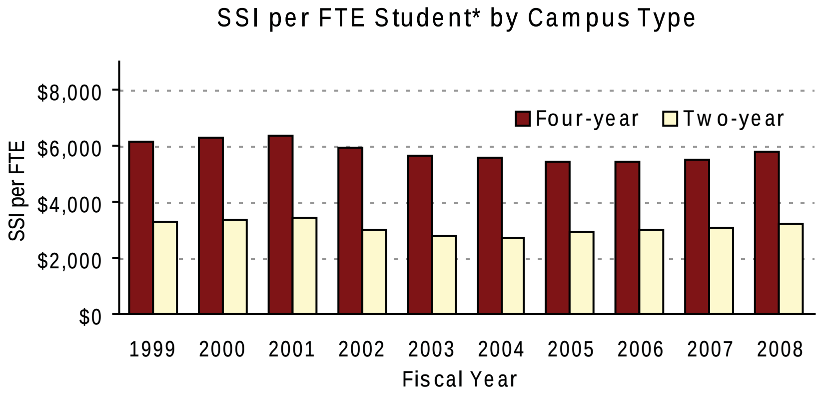


* Averages are weighted by FTE enrollment.

Sources: Ohio Board of Regents; National Center for Education Statistics

- The General Assembly capped in-state undergraduate tuition at Ohio's public colleges and universities in FY 2008 and FY 2009 at FY 2007 levels.
- The General Assembly has imposed caps on annual increases in tuition every year from FY 1999 to FY 2009 with the exception of FY 2002 and FY 2003.
- The largest annual increase in this period occurred in FY 2003 for both four-year (14.3% or $754) and two-year (11.7% or $307) campuses.
- From FY 1999 to FY 2009, in-state undergraduate tuition at four-year campuses increased from $4,306 to $8,446, a change of $4,140 (96.1%). Tuition at two-year campuses increased from $2,425 to $3,566, a change of $1,141 ($47.1%).
- As tuitions at four-year campuses have increased faster than at two-year campuses, the difference between the average tuition at the two types of institutions has grown from $1,881 in FY 1999 to $4,880 in FY 2009.
- In FY 2009, the average tuition at two-year institutions is 42.2% of the average tuition at four-year institutions.
- In FY 2007, the average undergraduate tuitions at two-year and four-year campuses in Ohio exceeded the U.S. average tuitions by 58.5% ($3,325) and 61.0% ($1,231), respectively. Ohio's average four-year tuition was 4th and two-year tuition was 7th highest in the nation.
- One of the Chancellor's strategic goals for higher education is to increase affordability for students by becoming one of the ten lowest-cost states in terms of price for a combined associate and bachelor's degree by FY 2017.

State Share of Instruction per Student Increases in FY 2007 and FY 2008

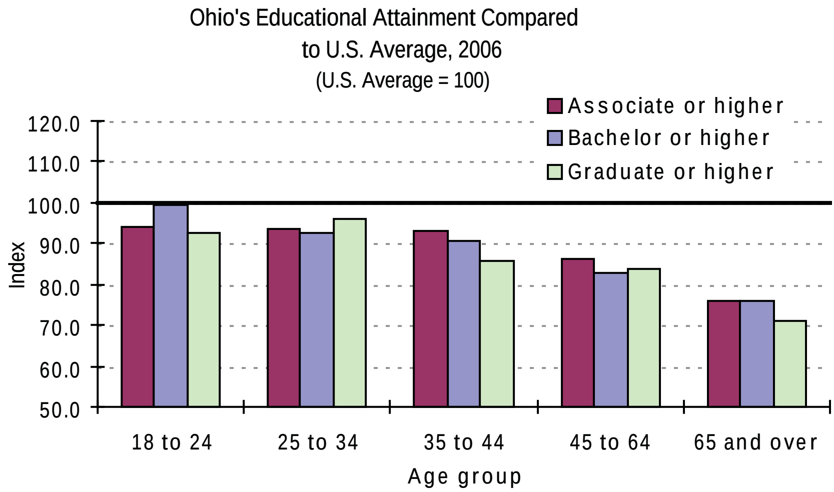


* An FTE (full-time equivalent) student takes the equivalent of 15 credit hours per quarter. Out-of-state undergraduate students are not included as they are not eligible for state subsidy.

Source: Ohio Board of Regents

- After a five-year decline, the State Share of Instruction (SSI) per student for four-year campuses increased in FY 2007 (1.1%) and FY 2008 (5.2%). SSI per student on two-year campuses has increased every year since FY 2005.
- As the economy slowed in the early 2000s, SSI per student declined. This decline was due to a decrease in appropriations (4.3% in FY 2002 and 1.9% in FY 2003) coupled with an increase in enrollment (5.4% in FY 2002 and 4.4% in FY 2003).
- In FY 2008, SSI per student for two-year campuses was 54.9% of SSI per student for four-year campuses. SSI allocations to four-year campuses are higher than those to two-year campuses because four-year campuses offer higher cost baccalaureate, graduate, and professional degree courses.
- SSI is the main state subsidy to public colleges and universities to help support the institutions' core academic activities. Historically, most of the SSI has been allocated among campuses through a formula, largely based on each campus's enrollment and courses offered. In FY 2008, the total SSI subsidy was $1.7 billion.
- For the FY 2008-FY 2009 biennium, SSI funding constitutes 63.2% of the Board of Regents' total GRF budget.
- In addition to the SSI subsidy, $165.4 million was provided to institutions in FY 2008 through Challenge programs and institutional supplements. These targeted funds added an average of $466 per student to the state subsidy in FY 2008.

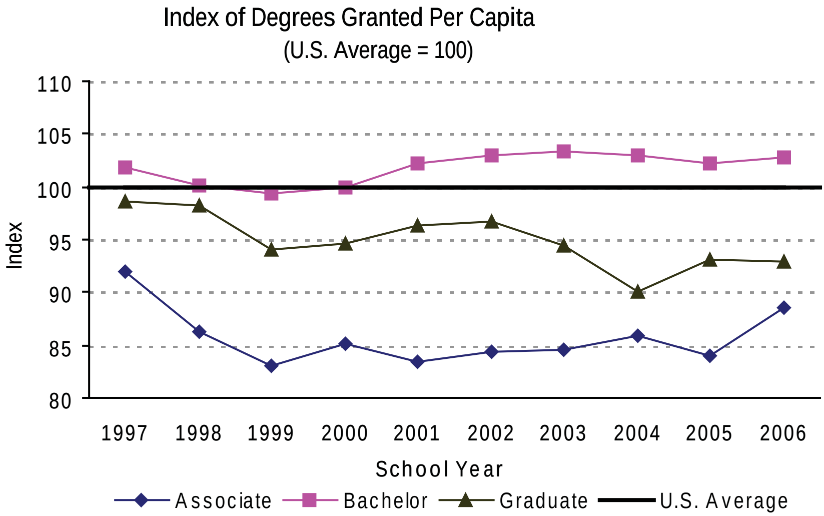
Postsecondary Educational Attainment of Young Ohioans Approaches National Average



Source: U.S. Census Bureau

- This index compares Ohio's educational attainment to the national average. An index score of 95 indicates that Ohio is 5% below the national average.
- Although the percentage of Ohioans with postsecondary degrees is below the national average for all age groups, the percentages for younger Ohioans are closer to the national average than those for older Ohioans.
- For each age group (beginning with 18 to 24 year olds), the index for Ohioans with at least a bachelor's degree is 98.8, 92.4, 90.5, 82.8, and 75.8, respectively. The percentage of Ohioans within each age group who hold at least a bachelor's degree is 8.5%, 26.6%, 26.8%, 23.6%, and 14.1%, respectively, compared to the national average of 8.6%, 28.8%, 29.6%, 28.5%, and 18.6%.
- Compared to all states plus Washington D.C. and Puerto Rico, Ohio ranks 18th for the percentage of people aged 18 to 24 with at least a bachelor's degree, 31st for ages 25 to 34, 34th for ages 35 to 44, 42nd for ages 45 to 64, and 44th for ages 65 and over.
- Ohio's relatively low educational attainment for older age groups as compared to the national average may reflect the state's strong industrial and agricultural economic history during much of the 20th century. These industries typically did not require a college education for many types of jobs.
- Aggregating over all age groups, the percentage of Ohioans with at least a bachelor's degree is 21.1% in 2006. Ohio ranks 38th on this percentage; the national average is 24.5%. Compared with contiguous states, Ohio's percentage is higher than Indiana (19.8%), Kentucky (18.4%), and West Virginia (15.4%), but lower than Pennsylvania (23.6%), and Michigan (22.3%).

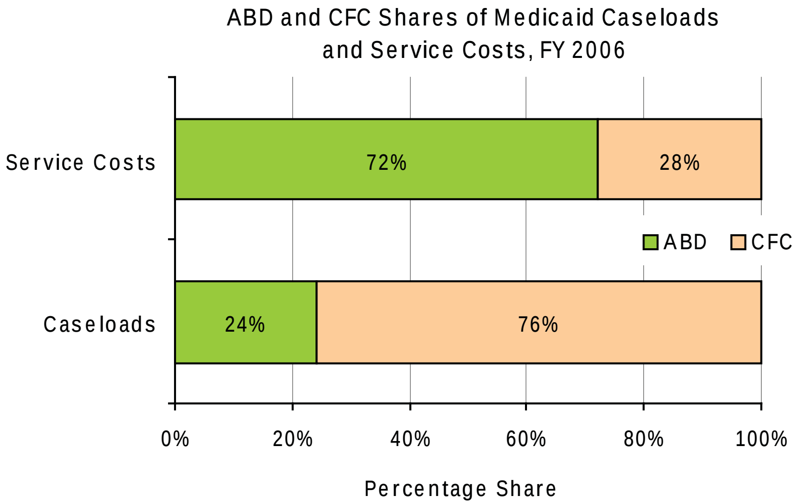
Ohio's Colleges and Universities Exceed National Average in the Granting of Bachelor's Degrees



Sources: NCES; U.S. Census Bureau; NCHEMS

- This index compares degrees granted by Ohio's colleges and universities to the national average on a per capita basis. An index score of 105 indicates that Ohio is 5% above the national average; an index score of 95 indicates that Ohio is 5% below the national average.
- In 2006, the number of bachelor's degrees granted per capita in Ohio was about 2.9% above the national average. Except for 1999, Ohio has been above the national average on this measure for the last ten years.
- In 2006, the numbers of associate degrees and graduate degrees granted per capita in Ohio were about 11.5% and 7.1%, respectively, below the national average. Ohio has been below the national average on these measures for the last ten years.
- In 2006, Ohio ranked 29th highest among the states for associate degrees granted per capita, 27th for bachelor's degrees per capita, and 22nd for graduate degrees per capita. Aggregating all postsecondary degrees granted, Ohio ranked 26th in the nation.
- In 2006, Ohio granted 24,205 associate degrees, 58,522 bachelor's degrees, and 26,290 graduate degrees. Ohio's public institutions accounted for 76.0%, 63.9%, and 63.9%, respectively, of the degrees granted in Ohio in 2006.
- Of all students who pursue an associate degree at an Ohio institution, 26.7% graduated in three years or fewer, compared to 29.1% nationally. For bachelor's degree programs, 55.3% of Ohio students graduated in six years or fewer, compared to 56.3% nationally.

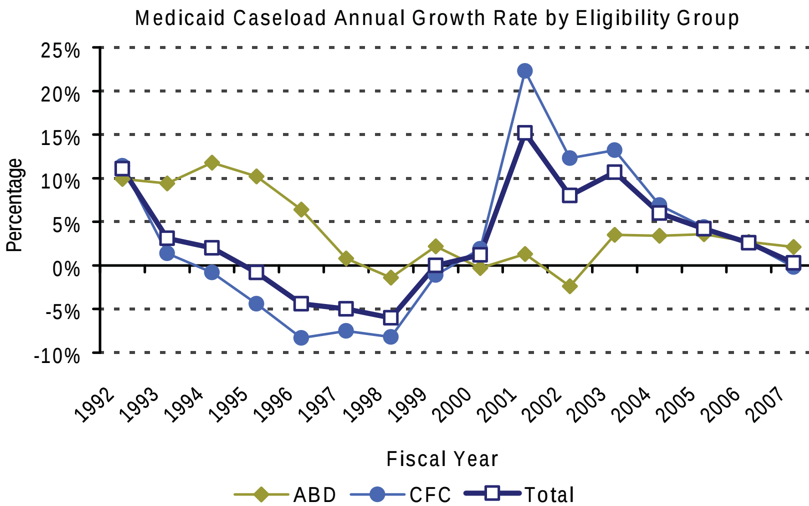
Aged, Blind, and Disabled Account for One-Fourth of Medicaid Caseloads but Three-Quarters of Service Costs



Sources: Ohio Department of Job and Family Services; Health Policy Institute of Ohio

- In FY 2006, the aged, blind, and disabled (ABD) population made up 24% of the Medicaid caseload but accounted for 72% of the service costs. In comparison, the covered families and children (CFC) population made up 76% of the Medicaid caseload but only accounted for 28% of the service costs.
- Medicaid caseloads totaled 1.7 million in FY 2006, of which 0.4 million was ABD and 1.3 million was CFC. Of $13.4 billion in Medicaid service costs in FY 2006, $9.6 billion was incurred for the benefits of the ABD population and $3.8 billion was incurred for the CFC population.
- In Ohio, Medicaid provides health insurance coverage to the ABD and CFC population. The ABD population includes low-income elderly who are age 65 or older and individuals with disabilities. The CFC population includes children and parents from low-income families and low-income pregnant women.
- In FY 2008, the average monthly Medicaid cost was $1,328 for an ABD member compared to $217 for a CFC member.
- The cost of long-term care is one of the reasons for the comparatively higher expense of the ABD population. To illustrate, expenditures on nursing facilities alone, which are almost entirely for the benefit of the ABD population, accounted for 25% of the total Medicaid service expenditure in FY 2007. Moreover, the ABD population heavily utilizes some of the services that have the fastest growing costs, such as prescription drugs.

Medicaid Caseload Growth Rate Jumped in Early 2000s



Source: Ohio Department of Job and Family Services

- Due to the economic downturn and several eligibility expansions for family and child coverage, total Medicaid caseloads grew rapidly in the early 2000s. From FY 2000 to FY 2004, total Medicaid caseloads increased by 46%, from 1.1 million to 1.6 million. After FY 2004, caseloads grew modestly before leveling off at 1.7 million in FY 2007. Overall caseload growth between FY 2000 and FY 2007 was 57%.

- The strong economy during most of the 1990s contributed to slower growth in Medicaid caseloads. From FY 1992 to FY 1999, total caseloads decreased by 11%, from 1.2 million to 1.1 million.

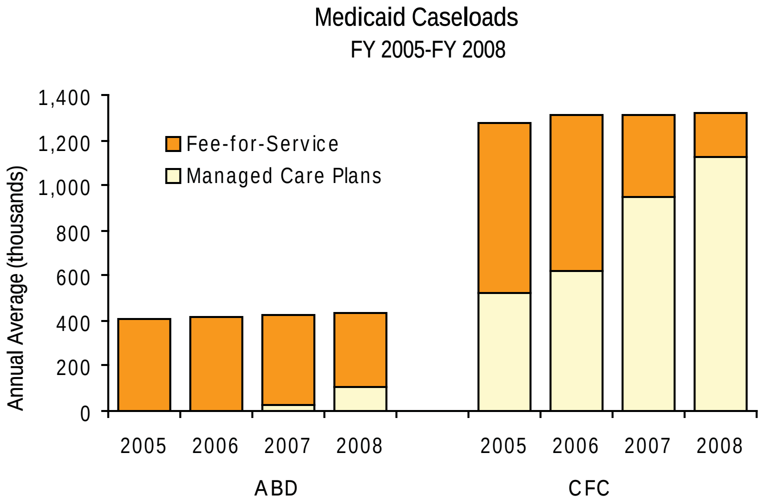
- In Ohio, Medicaid provides health insurance coverage to the *covered families and children* (CFC) and *aged, blind, and disabled* (ABD) populations. CFC includes low-income children and parents and low-income pregnant women. ABD includes low-income individuals who are age 65 or older and persons of all ages with disabilities.

- Due to the decline in the Ohio Works First cash assistance caseload as a result of welfare reform, CFC caseloads declined steadily in the 1990s, reaching a low of 0.7 million in FY 1999. CFC caseloads grew rapidly in the early 2000s, increasing 66% from FY 2000 to FY 2004 when they reached 1.2 million.

- ABD caseloads grew 10% annually, on average, in the first half of the 1990s. Then annual growth slowed to 0.4% on average from FY 1996 to FY 2000, followed by annual growth averaging 2% from FY 2001 to FY 2007.

- On average, CFC caseloads account for three-quarters of the total Medicaid caseloads. Therefore, the overall Medicaid caseload growth rate is more heavily influenced by CFC caseload growth.

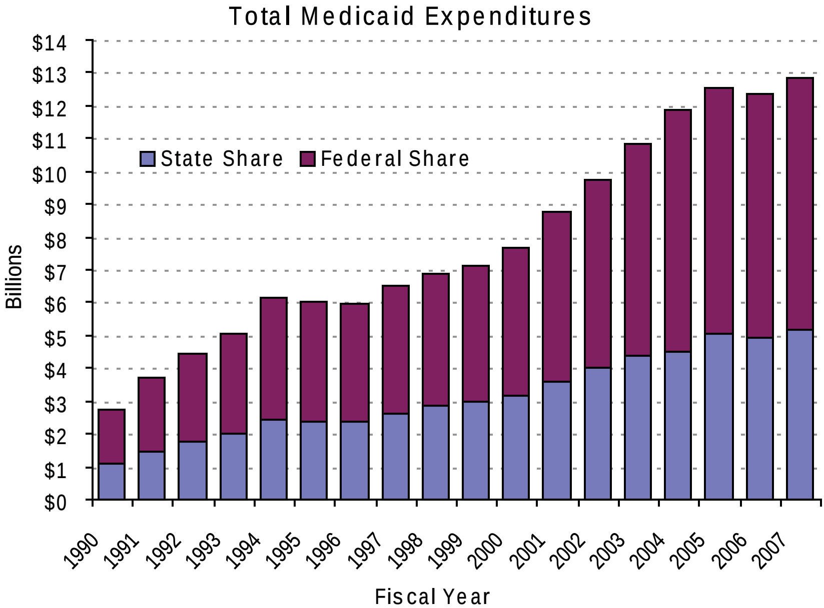
Medicaid Managed Care Caseload Expands



Source: Ohio Department of Job and Family Services

- Due primarily to the statewide expansion implemented in FY 2006, Medicaid managed care caseloads increased by 116% from FY 2005 to FY 2008. The managed care share of total Medicaid caseloads increased from 31% in FY 2005 to 70% in FY 2008.
- For the covered families and children (CFC) category, the managed care caseload increased from 522,000 in FY 2005 to 1.1 million in FY 2008, increasing CFC's managed care share from 41% to 85%. For the aged, blind, and disabled (ABD) category, the caseload increased from 1,000 to 105,000; its share increased from less than 0.3% to 24%.
- H.B. 66 of the 126th General Assembly required that the CFC population and certain ABD populations be enrolled in managed care plans.
- Ohio Medicaid began to use managed care in 1978. Prior to the mandated expansions in H.B. 66, Medicaid managed care was limited to large metro areas and exclusively focused on the CFC population.
- Under the traditional fee-for-service system, Medicaid reimburses health care professionals and institutions for providing approved medical services and products based on set fees for the specific types of services rendered.
- Under the alternative managed care system, a Medicaid enrollee typically receives all care through a single point of entry. The state pays a fixed monthly premium per beneficiary for any health care included in the benefit package, regardless of the amount of services actually used.

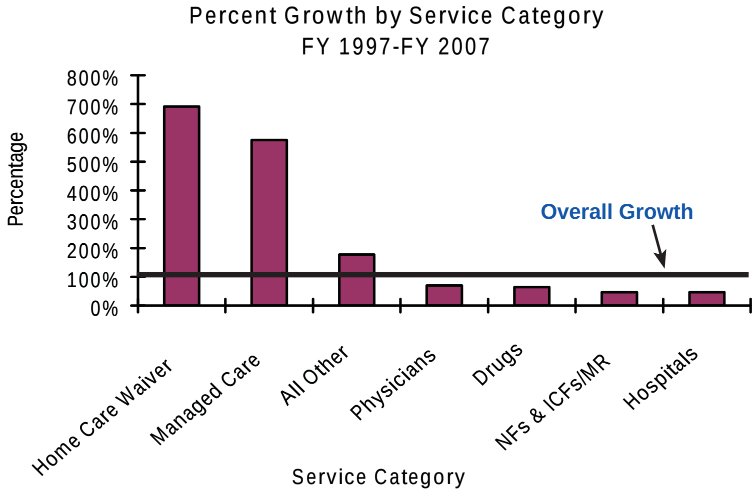
Medicaid Expenditures in FY 2007 Almost Five Times Greater than in FY 1990



Source: Centers for Medicare & Medicaid Services

- Ohio's Medicaid expenditures in FY 2007 totaled $12.9 billion, 4.8 times greater than FY 1990 expenditures of $2.7 billion. Eligibility expansions and higher health care costs contributed to the spending growth. The average annual growth rate over this period was 9.5%.
- Spending decreased slightly in FY 2006 due to the implementation of pharmacy benefits under Medicare Part D, beginning January 1, 2006. As a result of Medicare Part D, Medicaid no longer pays for prescription drugs for individuals qualified for both Medicaid and Medicare.
- Medicaid expenditure growth rose dramatically in the early 1990s and early 2000s, averaging 22.9% per year from FY 1990 to FY 1994 and 11.6% per year from FY 2000 to FY 2004. The rapid growth was a result of an economic downturn, poor labor market conditions, high health care costs, and eligibility expansions.
- On average the federal government pays for 60% of Medicaid expenditures in Ohio and the state pays the remaining 40%. The federal share changes every year and is based upon the most recent per capita income for Ohio relative to that of the entire nation.

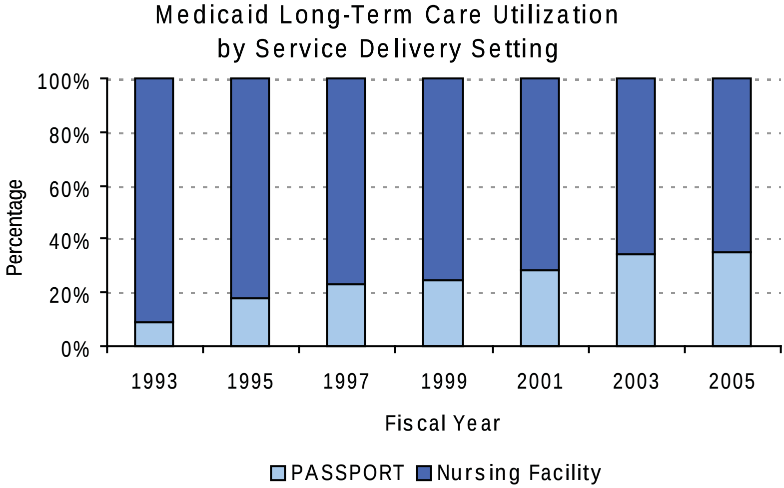
Medicaid Spending Growth Has Been Concentrated in Home Care Waiver and Managed Care



Source: Ohio Department of Job and Family Services

- Since FY 1997 Ohio's Medicaid spending growth has been concentrated in two categories: Home Care Waiver and Managed Care. While overall growth for Medicaid was 110% from FY 1997 to FY 2007, spending for Home Care Waiver and Managed Care grew by 691% and 575%, respectively.
- Implemented in the FY 1997-FY 1998 biennium, Home Care is a Medicaid waiver program providing home and community-based services to individuals with serious disabilities and unstable medical conditions who would otherwise be eligible for Medicaid coverage in a nursing home or hospital.
- H.B. 66 of the 126th General Assembly required that specific Medicaid populations be enrolled in managed care beginning in FY 2006, which is largely responsible for the growth of this category.
- Although spending for nursing facilities (NFs) and intermediate care facilities for the mentally retarded (ICFs/MR) grew slower than overall Medicaid spending, spending for NFs and ICFs/MR continues to be one of the major Medicaid spending categories. While mandated managed care expansions have limited the growth in hospital service spending, this also is still a major Medicaid spending category. (See below.)
- In FY 1997 Medicaid spending totaled $5.0 billion, broken down as follows: NFs and ICFs/MR (42%), Hospitals (24%), Drugs (11%), Managed Care (8%), Other (8%), Physicians (6%), and Home Care Waivers (1%).
- In FY 2007 Medicaid spending totaled $10.6 billion, broken down as follows: NFs and ICFs/MR (29%), Managed Care (26%), Hospitals (17%), Other (11%), Drugs (9%), Physicians (5%), and Home Care Waivers (3%).

Over One-Third of Elderly Medicaid Long-Term Care Consumers Utilized PASSPORT Services in FY 2005



Source: Scripps Gerontology Center, Miami University

- In FY 2005, 35% of Medicaid long-term care consumers age 60 or older was served by PASSPORT compared to 9% in FY 1993, an increase of 26 percentage points. In contrast, the nursing facility share decreased from 90% in FY 1993 to 65%, a decrease of 25 percentage points.

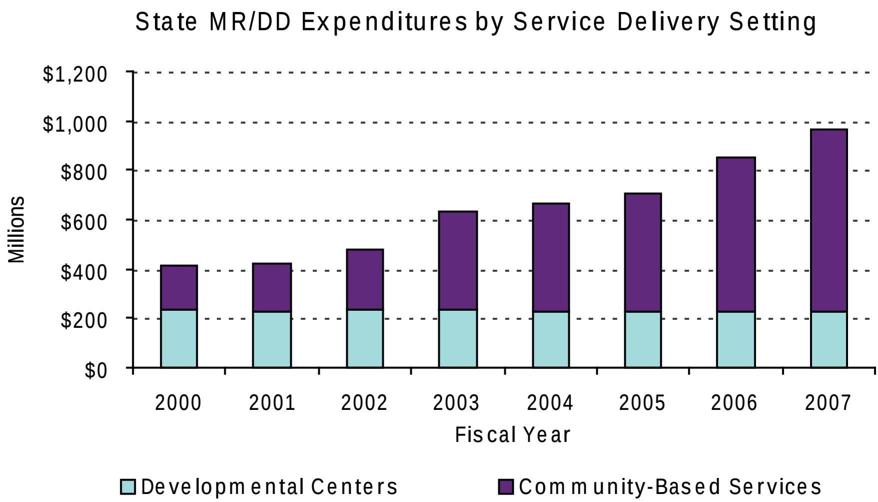
- PASSPORT is a Medicaid waiver program that provides home and community-based instead of institutional-based services to elderly Ohioans. Examples of services provided include: personal care, home delivered meals, adult day care, and homemaker services. In FY 2005, approximately 31,000 elderly Ohioans received PASSPORT services.

- In FY 2005, the average per diem for PASSPORT services was $48 while the average for nursing facilities was $164. The cost variance is primarily due to the differences in the levels of consumers' disabilities and the types of services required. Additionally, PASSPORT services are home and community-based and do not include room and board.

- In FY 2005, nursing facility admissions and discharges (including Medicaid and non-Medicaid funded nursing facility residents) totaled 190,150 and 190,534, respectively. Many individuals who enter a nursing facility stay for less than six months to receive rehabilitative or recovery care.

- Spending on Medicaid long-term care for the elderly totaled $3.0 billion in FY 2005, of which the state share was $1.2 billion and the federal share was $1.8 billion.

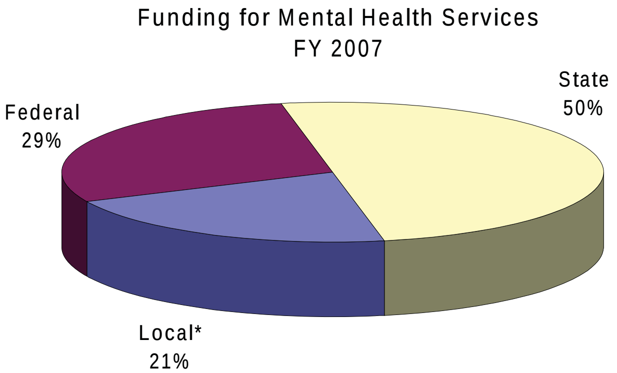
Three-Quarters of State MR/DD Spending in FY 2007 Was for Community-Based Medicaid Services



Source: Ohio Department of Mental Retardation and Developmental Disabilities

- In FY 2007, the Ohio Department of Mental Retardation and Developmental Disabilities (MR/DD) spent a total of $963.4 million for individuals with MR/DD. Of this amount, 76.3% ($735.1 million) was for community-based services provided under two Medicaid waivers, which allow an individual to receive community-based instead of institutional-based services, and the remaining 23.7% was for services provided through the ten regional developmental centers. In FY 2000, the comparable proportions were 42.9% and 57.1%.
- From FY 2000 to FY 2007, community-based waiver service expenditures increased 313.0% ($557.1 million) with an average annual growth rate of 23.7%. During the same period, developmental center expenditures decreased 3.8% ($9.1 million).
- The total number of individuals receiving community-based services grew from about 5,600 people in FY 2000 to more than 16,000 in FY 2007, attributable to Medicaid redesign, allowing individuals to receive community-based services through waivers. During the same period, the number of individuals served through developmental centers decreased by 388, to 1,602 in FY 2007.
- The March 2007 Martin Settlement, which ended a class action lawsuit that sought to allow individuals with MR/DD to receive community-based services, requires the Ohio Department of MR/DD to make community-based services available to 1,500 additional individuals during the FY 2008-FY 2009 biennium. This settlement is likely to further spur growth in community-based services.

State Provides Half of Total Funding for Mental Health Services

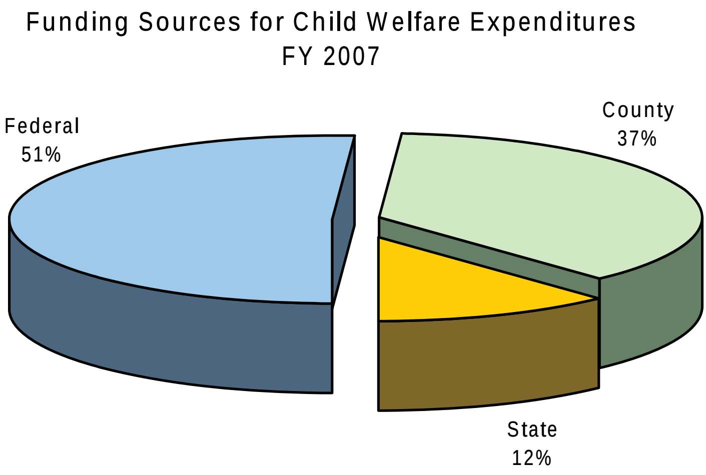


**Local funding includes levy money for other services (i.e., alcohol and drug addiction services).*

Source: Ohio Department of Mental Health

- In FY 2007, mental health services spending totaled $1.21 billion in Ohio. Of this amount, state funding comprised $612 million (50%). General revenue funds accounted for the largest portion of state dollars ($572 million).
- The federal government provided $346 million (29%) in FY 2007. Of this amount, Medicaid reimbursement accounted for $256 million.
- Local mental health board levies provided the remaining $252 million (21%).
- Ohio has a total of 50 mental health boards, 45 of which are alcohol and drug addiction, and mental health services boards (often referred to as ADAMH boards). The remaining five are community mental health services boards. In FY 2007, the 50 local boards served 310,000 individuals.
- The Department of Mental Health currently operates five Behavioral Healthcare Organizations (BHOs), which provide inpatient services at seven hospital sites. Two former hospital sites, the Cambridge campus of Appalachian Behavioral Healthcare and the Dayton campus of Twin Valley Behavioral Healthcare, closed on June 30, 2008. Approximately 50 beds from Cambridge were relocated to the Athens campus and 110 beds from Dayton were relocated to BHOs in Cincinnati, Columbus, and Toledo.

Federal Funds Account for More than Half of Child Welfare Expenditures



Source: Ohio Department of Job and Family Services

- Spending for child welfare totaled $742.4 million in FY 2007. Federal government support, which represents the largest source of child welfare funding, totaled $375.4 million (51%). Counties, which are responsible for administering child welfare programs, provided $275.7 million (37%). The state provided the remaining $87.3 million (12%).
- Child welfare services include child abuse prevention and protection, adoption, foster care, and other social services. These services are provided directly by the county departments of job and family services and by public children services agencies. The Ohio Department of Job and Family Services provides program planning, technical assistance, training, and monitoring.
- Foster care accounted for the largest portion of child welfare spending, comprising $336.6 million (45%) in FY 2007. In that year about 26,500 children were enrolled in the foster care system; there were about 11,000 licensed foster care homes.
- S.B. 163 of the 127th General Assembly became effective on April 29, 2008. Based on recommendations from the Fiesel Case Review report, this law adds safeguards to the foster parent approval process. H.B. 119, the budget bill for the FY 2008-FY 2009 biennium, includes $10.4 million in each fiscal year for foster care reform activities. Of that amount, $9.1 million each year is intended to support county child welfare agencies in improving child welfare and safety. The remaining $1.3 million each year is allocated for hiring state-level foster care audit workers.

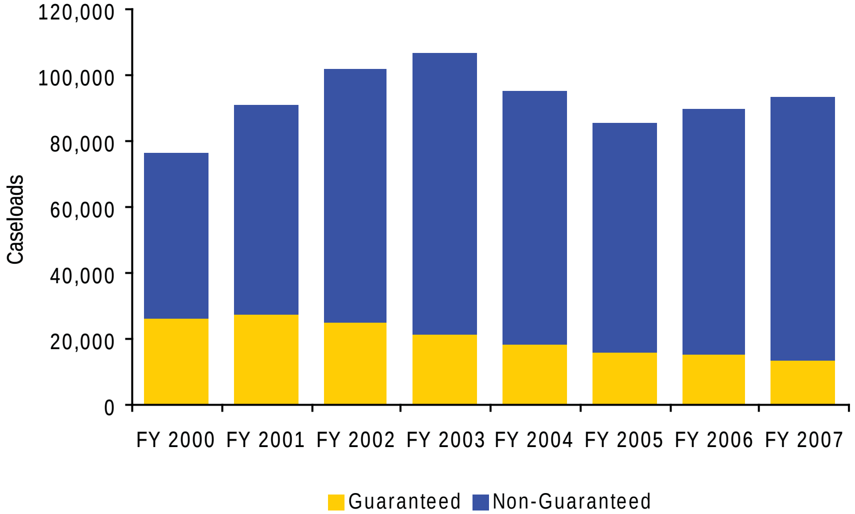
Ohio's Early Prenatal Care and Infant Mortality Rates Exceed the National Averages

Ohio Infant Health Statistics		
Category	**Ohio**	**U.S.**
Early prenatal care, 2002-2004 (% of live births receiving care in the first trimester)	87.8%	83.8%
Caucasian	89.8%	88.9%
African American/Black	78.8%	76.1%
Hispanic	78.7%	77.1%
Infant mortality rate (deaths per 1,000 live births), 2002-2004	7.7	6.9
Caucasian	6.3	5.7
African American/Black	15.6	13.7
Hispanic	7.9	5.6
Percentage of low birth weight births, 2005	8.7%	8.2%
Percentage of preterm births, 2005	13.3%	12.8%
Estimated childhood vaccination rate, 2006 (% of children 19-35 months receiving childhood vaccination)	75.0%	77.0%
Percentage of children born in 2004 ever breastfed	59.6%	73.8%

Source: U.S. Centers for Disease Control and Prevention

- For the 2002-2004 period, 87.8% of Ohio women received prenatal care in the first trimester compared to the national average of 83.8%. However, as with the national trend, the early prenatal care rate for Ohio's Caucasian women (89.8%) was higher than those of African American/Black (78.8%) and Hispanic (78.7%) women. Ohio's rates for all three ethnic groups were higher than their respective national averages.
- During the same period, Ohio's overall infant mortality rate of 7.7 (the number of infant deaths per 1,000 live births) was higher than the national rate of 6.9. Similar to the national trend, the rate for African American/Black infants (15.6) in Ohio was more than twice the rate for Caucasian infants (6.3).
- As measured by the percentage of 19 to 35-month old children receiving the standard series of childhood vaccinations, Ohio's rate of 75% in 2006 was two percentage points lower than the national average of 77%.
- Breast milk is considered to be beneficial for the health of infants while nursing and at later stages of their lives. Of the children born in Ohio in 2004, 59.6% have ever been breastfed, compared to the national average of 73.8%. The Centers for Disease Control and Prevention ranks Ohio 44th in breastfeeding rates.

Growth in Child Care Caseloads Varies between Two Publicly Funded Eligibility Groups



Source: Ohio Department of Job and Family Services

- Except for FY 2004 and FY 2005, the caseloads for the "non-guaranteed" category of publicly funded child care have increased every year from FY 2000 to FY 2007, whereas guaranteed caseloads have decreased every year during the same period. The non-guaranteed category includes families that are not enrolled in the Ohio Works First (OWF) program but have incomes below the threshold established by the state. The guaranteed category includes families enrolled in or transitioning out of OWF.

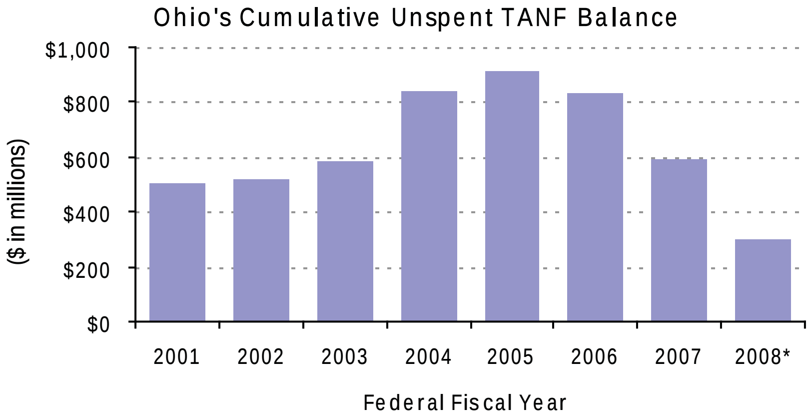
- Non-guaranteed caseloads generally fluctuate with changes made to the income eligibility threshold. From FY 2000 to FY 2003 caseloads for this category increased 69% from about 50,200 to 85,000. In an effort to control costs the state reduced eligibility from 185% to 150% of the federal poverty guidelines (FPG); caseloads subsequently dropped 18% to about 70,000 in FY 2005. The state then increased eligibility back to 185% of FPG, and caseloads have since grown 15% to about 80,300 in FY 2007.

- As OWF caseloads for cash assistance have continued to decline as a result of welfare reform, the number of families receiving guaranteed child care subsidies has also continued to decline, decreasing by 50% from about 26,100 in FY 2000 to about 13,100 in FY 2007.

- Due to increases in the non-guaranteed category, total child care caseloads increased by 9.4%, from about 85,400 in FY 2005 to about 93,400 in FY 2007.

- In FY 2007, Ohio spent $467.7 million on child care subsidies. Funding sources include the state GRF, the federal Temporary Assistance for Needy Families (TANF) block grant, and other federal grants.

TANF Surplus Declines Rapidly from Its Peak in Federal Fiscal Year 2005



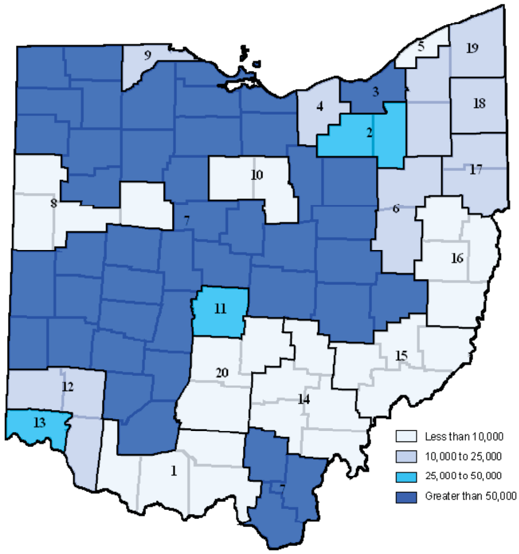
* Amount for federal fiscal year 2008 is an estimate

Source: Ohio Department of Job and Family Services

- Ohio's cumulative Temporary Assistance for Needy Families (TANF) surplus (unobligated and unliquidated dollars from previous grant years) reached a peak of $913 million at the end of federal fiscal year 2005 (September 30, 2005). Since then, Ohio's TANF surplus has declined steadily every year, to less than $300 million at the end of state fiscal year 2008 (June 30, 2008).
- The federal government allows states to reserve any unobligated and unliquidated TANF grant funds at the end of a grant year. The surplus is held by the federal government and is available for future spending on benefits that meet the federal definition of "assistance." In Ohio, the only benefit that meets that definition is cash assistance under the Ohio Works First (OWF) program.
- Ohio accrued a relatively large surplus between federal fiscal years 2000 and 2005 due to a number of factors including under-spending by counties. Since 2005 the state has made programmatic changes and eliminated county under-spending.
- In recent years, in addition to spending TANF surplus on cash assistance, the state has also increased TANF block grant spending on child care, short-term support services, and various other programs and projects.

Local Workforce Investment Boards Served 487,000 Ohioans in FY 2008

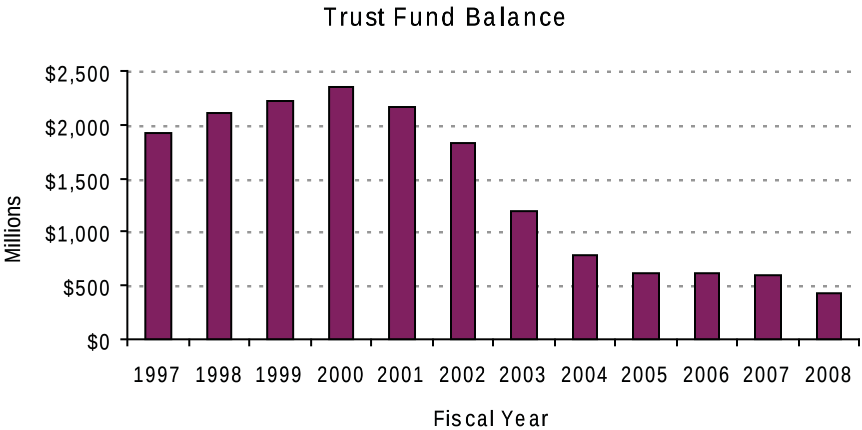
Number of Participants who Received Employment Services by Workforce Investment Area



Source: Ohio Department of Job and Family Services

- In FY 2008, about 487,000 individuals participated in Ohio's Workforce Development Program through the One-Stop system that is governed by 20 workforce investment boards. The system, which includes 31 full-service and 59 satellite workforce development One-Stop sites, provides services such as training referrals, job listings, employment search assistance and referral, and career counseling and brings employers and individual job seekers together in one place.
- Ohio's One-Stop system is funded with federal Workforce Investment Act and Wagner-Peyser dollars. In FY 2008, Ohio had a total of $267 million available from these two sources. Of the total, an estimated $179 million was spent in FY 2008. Remaining funds are available for use in FY 2009.
- A March 27, 2008 executive order realigned state oversight responsibilities for Ohio's workforce development programs. Beginning July 1, 2008, the Department of Development oversees programs related to business, the Board of Regents oversees programs related to skill development and training, and the Department of Job and Family Services oversees all programs related to helping individuals obtain employment.

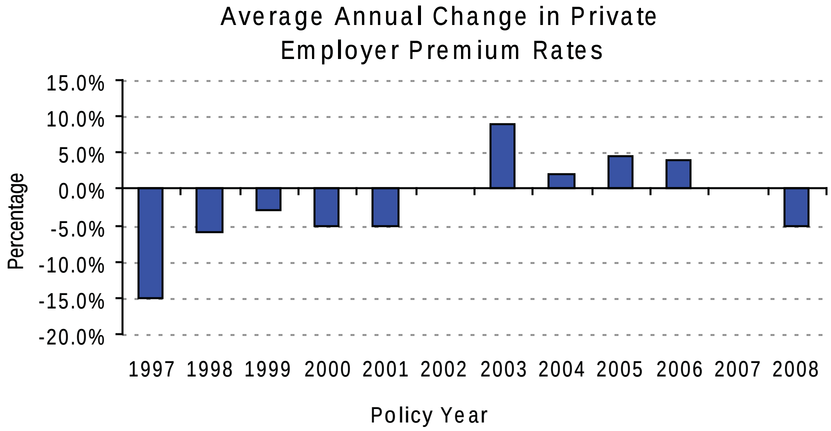
Unemployment Compensation Trust Fund Balance Decreases Almost 82% in Nine Years



Sources: Ohio Department of Job and Family Services; U.S. Department of Labor

- The Unemployment Compensation Trust Fund balance decreased 81.8%, from its peak of $2.35 billion at the end of FY 2000 to $427.6 million at the end of FY 2008.
- From FY 1997 through FY 2000, trust fund revenues exceeded expenditures every year; as a result, the fund balance increased $434.6 million. Since then trust fund expenditures have exceeded revenues consistently, leading to the significant decrease in the fund balance.
- Heavy job losses in the manufacturing sector have contributed to Ohio's growing unemployment rates. Between FY 2000 and FY 2008, manufacturing employment declined by approximately 250,000, accounting for 24% of the total employment loss during this period.
- The Unemployment Compensation Program is a federal and state partnership where the federal government establishes certain rules and the state determines benefit and funding levels. The Ohio Department of Job and Family Services is Ohio's program administrator.
- Unemployment benefits are funded by a tax on employers in Ohio. Ohio employers pay this tax on the first $9,000 of each employee's wages. In calendar year 2008, the tax rates range from 0.5% to 9.2%.
- Compared to its neighboring states, Ohio's taxable wage base is currently the same as in Michigan ($9,000), but higher than in Indiana ($7,000), Kentucky ($8,000), Pennsylvania ($8,000), and West Virginia ($8,000).
- Ohio's average tax rate on the taxable wage base, however, is lower than that of all neighboring states. In the third quarter of 2007, the average tax rate for Ohio was 2.52%, compared with 2.64% in Kentucky, 2.77% in Indiana, 2.78% in West Virginia, 4.72% in Michigan, and 5.04% in Pennsylvania.

BWC Reduces Workers' Compensation Premium Rates for Private Employers for the First Time since 2001

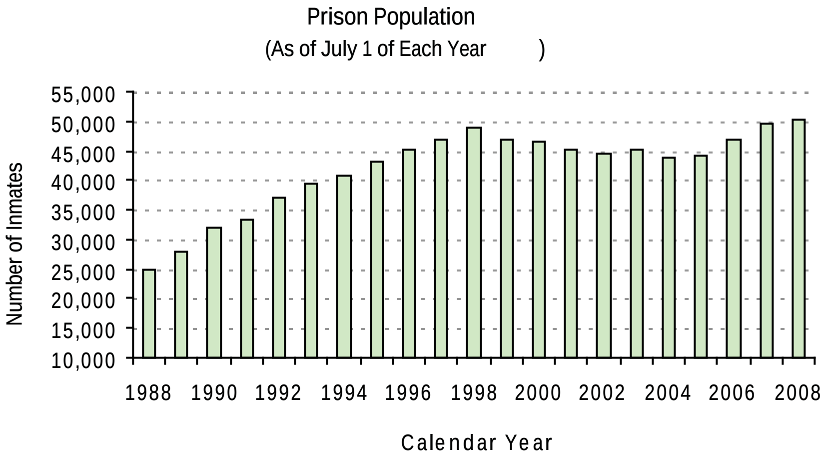


Source: Ohio Bureau of Workers' Compensation

- On July 1, 2008, the Bureau of Workers' Compensation (BWC) reduced Ohio private employers' premium rates by an average of 5%. This is the first rate reduction since policy year (PY) 2001.[1]
- BWC administers the largest exclusive workers' compensation system in the U.S. under which the state provides coverage for all public and private employers except those who qualify as self-insured. As of June 30, 2008, BWC had total assets of $22.5 billion and total liabilities of $20.3 billion.
- When premium income and investment returns exceed the needed reserves, BWC returns surplus funds to Ohio employers in the form of one-time dividends. From PY 1996 to PY 2001, BWC reduced premium rates every year, returning $9.3 billion to Ohio employers. On July 1, 2003, citing a slowing economy and rising medical costs, BWC increased premium rates by an average of 9% and continued increasing rates through PY 2006.
- From FY 2006 to FY 2008, premium collections exceeded benefits paid by a total of $1.27 billion, partly attributable to a decline in claims and medical costs associated with these claims.
- In FY 2008, BWC paid $2.06 billion in total benefits. Of this amount, $1.22 billion (59.3%) was for compensation benefits and $839 million (40.7%) was for medical benefits.

[1] As with the state fiscal year, the policy year (PY) runs from July 1 to June 30. However, the naming convention differs. For example, the period of July 1, 2008 through June 30, 2009 is FY 2009 but PY 2008.

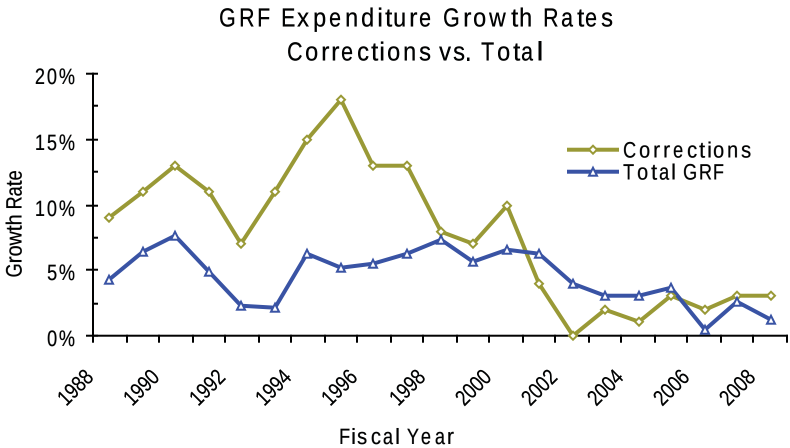
Prison Population Increases



Sources: Ohio Department of Rehabilitation and Correction; U.S. Bureau of Justice Statistics

- From 1988 to 1998, Ohio's prison population almost doubled, increasing from 24,750 to about 49,000. The prison population subsequently decreased 10.1% to about 44,000 by 2005, before increasing again in 2006 and 2007.
- As of July 1, 2008, Ohio's prison population totaled about 50,400, an increase of 1,400, or 2.9%, over 1998.
- As of December 31, 2006, Ohio had the 7th largest prison population in the nation, behind California, Texas, Florida, New York, Georgia, and Michigan; Illinois, Pennsylvania, and North Carolina ranked just below Ohio. These top ten states accounted for 49.9% of the total prison population in the nation.
- Among the ten states with the largest prison populations, Ohio had the second highest annual prison population growth rate in 2006, behind Georgia. Ohio's rate in 2006 was almost three times higher than the national average prison population growth rate.
- Ohio's ratio of inmates per corrections officer peaked at 8.8:1 in 1993. The ratio subsequently decreased steadily to 5.7:1 in 2005. As of July 1, 2008, the ratio stood at 6.8:1.

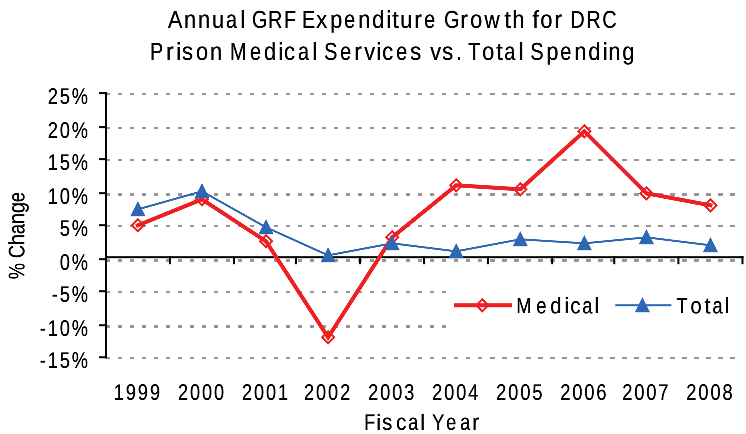
Corrections Expenditure Growth Outpaces Total GRF in 15 of the Last 20 Years



Source: Ohio Legislative Service Commission

- State GRF spending on corrections, which includes both the Department of Rehabilitation and Correction (DRC) and the Department of Youth Services (DYS) outpaced overall GRF spending growth in 15 of the last 20 years. Corrections spending growth was lower than the GRF as a whole from FY 2001 to FY 2005 due primarily to the recession and subsequent budget reductions.
- From FY 1988 to FY 1998, corrections spending increased on average by 11.9% per year in spite of the recession in the early 1990s, compared with 3.4% for total GRF. Ohio's prison population almost doubled during this ten-year period. DRC's GRF spending exceeded $1 billion for the first time in FY 1998.
- From FY 1999 to FY 2005, corrections spending grew on average by 3.8% per year compared with 4.6% for total GRF. From FY 2006 to FY 2008, corrections spending increased by 2.7% annually compared with 1.4% for total GRF.
- In FY 1988, the state's adult prison system consisted of 22 correctional institutions, with 24,750 inmates and about 7,500 employees. By the end of FY 2008, the system consisted of 32 correctional institutions with about 50,400 inmates and 14,000 employees.
- DRC accounts for the majority of GRF corrections spending. In FY 1988, corrections spending totaled $422.2 million, with $336.6 million (79.7%) for DRC and $85.6 million (20.3%) for DYS. In FY 2008, corrections spending totaled $1.81 billion, with $1.54 billion (85.4%) for DRC and the remaining $263.5 million (14.6%) for DYS.

Spending on Prison Medical Services Outpaces Total DRC Spending in Recent Years



Source: Ohio Department of Rehabilitation and Correction

- Between FY 2004 and FY 2008, GRF spending for inmate medical services outpaced the Department of Rehabilitation and Correction's (DRC) total GRF spending. During this period the growth rates for inmate medical service spending were 11.0%, 10.6%, 19.4%, 9.9%, and 8.0%, respectively, compared with 0.9%, 3.0%, 2.4%, 3.1%, and 2.1% for total GRF spending.
- From FY 1999 to FY 2003, inmate medical spending growth generally mirrored DRC's total GRF spending growth except in FY 2002. The 12% decrease in inmate medical spending in FY 2002 was primarily due to budget reductions and accounting system changes.
- DRC's operations are primarily funded by the GRF. In FY 2008, DRC's operating spending totaled $1.72 billion, of which $1.55 billion (89.8%) came from the GRF.
- From FY 1999 to FY 2008, GRF spending for inmate medical services went from $111.3 million to $198.0 million, an increase of 78%. A contract with the Ohio State University Medical Center for inpatient care accounts for about one-third of total inmate medical spending.
- The main contributing factors behind the rapid growth in inmate medical spending include general medical inflation, aging inmate population, and the phased-in implementation of the October 2005 *Fussell v. Wilkinson* settlement. This settlement ended a lawsuit alleging that the correctional healthcare system in Ohio was constitutionally inadequate. The implementation of the settlement increases inmate medical spending by about $23 million per year.

A Snapshot of the Ohio Department of Rehabilitation and Correction, July 2008

Number of Institutions:	32*
Total Inmate Population:	50,404
Total Budget:	$1.76 billion in FY 2008

Inmate Population Profile

Male:	92.3%
Female:	7.7%
White:	49.4%
Black:	47.5%
Hispanic:	2.3%
Other:	0.8%
Average Inmate Age:	35.9

Staff Profile

Total Staff:	13,987
Male/Female:	67.9% / 22.1%
White/Black/Other:	79.4% / 18.4% / 2.2%
Total Corrections Officers (COs):	7,149
Male/Female COs:	80.0% / 20.0%
Inmate-to-CO Ratio:	6.8 to 1
Total Parole Officers:	501

Average Time Served (CY 2006)

All Offenses:	2.20 years
Murder:	22.78 years
Felony 1:	9.34 years
Felony 2:	4.79 years
Felony 3:	2.33 years
Felony 4:	0.95 years
Felony 5:	0.62 years
Drug Offenses:	1.01 years

Average Cost Per Inmate (FY 2008)

Total Daily/Annual:	$68.56 / $25,024
Daily Medical (FY 2007):	$10.48
Daily Mental Health (FY 2007):	$3.92
Cost Per Meal:	$0.92

Inmate Commitments by County

Cuyahoga:	19.5%
Hamilton:	10.7%
Franklin:	7.6%

Population by Custody Level

Minimum Security:	32.2%
Medium Security:	42.0%
Close Security:	22.4%
Maximum Security:	2.9%
Super Maximum Security:	0.1%
Death Row:	0.4%

Inmates Committed (FY 2007)

Total:	29,069
Drug Offenses:	8,970
Violent Offenses:	6,478
Sex Offenses:	1,816

Death Row

Death Row Inmates:	182
Executions Since February 1999:	26

* Two of the 32 state institutions are operated under contract with a private vendor.

Source: Ohio Department of Rehabilitation and Correction

A Snapshot of the Ohio Department of Youth Services, July 2008

Number of Institutions: 9*

Youth Population: 1,479

Total Budget: $293.6 million in FY 2008

Admissions by Gender and Race

Male:	92.3%
Female:	7.7%
White:	33.8%
Black:	58.2%
Hispanic:	2.7%
Other:	5.3%

Commitments by Offense (% of total)

Homicide:	0.8%
Sexual Offenses:	11.3%
Personal:	35.3%
Property:	31.6%
Drug:	7.9%
Other:	13.1%

Admissions by Age (% of total)

Age 13:	2.0%
Age 14:	6.2%
Age 15:	16.2%
Age 16:	28.5%
Age 17:	36.5%
Age 18:	8.4%
Age 19:	1.8%
Age 20:	0.5%

Average Age at Admission: 16.8 years

Staff Profile

Total Staff:	2,238
Male:	56.9%
Female:	43.1%
White:	54.3%
Black:	28.2%
Other:	17.5%
Total Juvenile Correction Officers:	846
Male:	75.7%
Female:	24.3%
Total Juvenile Parole Officers:	92
Annual Cost per Employee:	$71,842

Average Length of Stay

FY 2007:	11.5 months

Admissions by Reason

New Commitments/ Recommitments:	1,309
Revocation of Parole:	317

Average Daily Population

Institutional:	1,735
Parole:	1,501

Average Per Diem Cost to House, Care, and Treat Juvenile

FY 2008 (estimate):	$236.06
FY 2007:	$215.64

Juvenile Court Program Subsidies – FY 2008 (estimate)

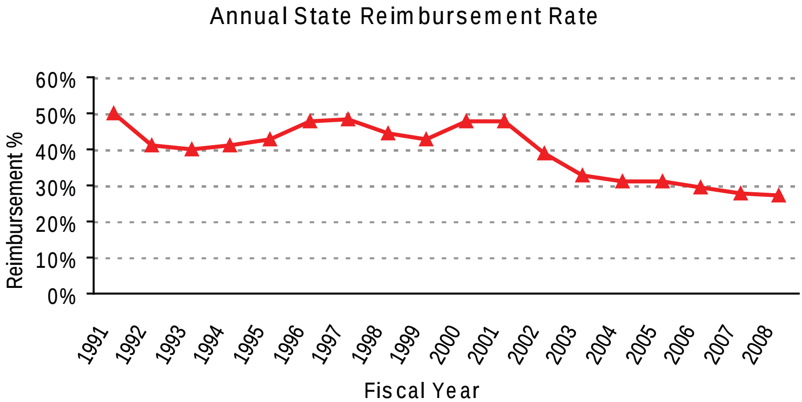
RECLAIM Ohio:	$30.6 million
Juvenile Court:	$18.6 million
Correctional Facilities:**	$19.2 million

* Includes the Lighthouse Youth Center at Paint Creek, a private nonprofit residential treatment facility.

** These moneys subsidize nearly 100% of the operational costs of 12 community correctional facilities (CCFs), which are run by counties and used to treat lower-level felony delinquent youth who otherwise would be committed to one of the Department's juvenile correctional facilities.

Source: Ohio Department of Youth Services

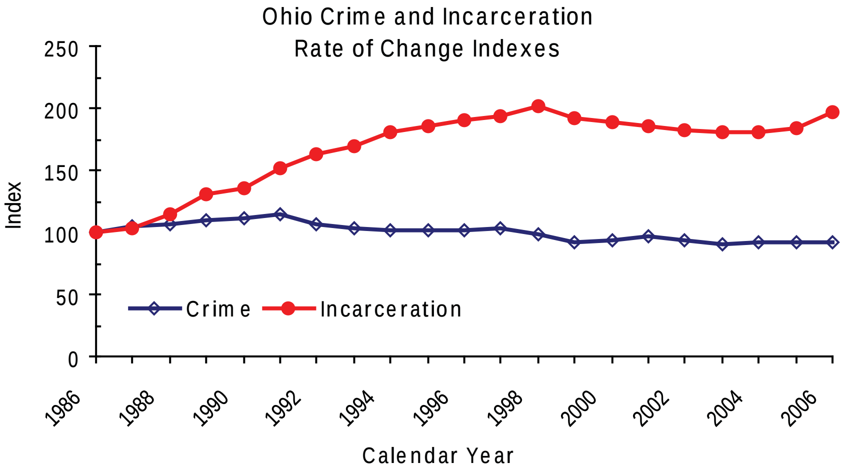
State Reimbursement Rate for County Indigent Defense Costs Decreases



Source: Office of the Ohio Public Defender

- In FY 1991, the state reimbursed counties for 50% of their allowable indigent defense costs. Between FY 1992 through FY 2001, the reimbursement rate ranged between 40% and 48%. Since FY 2002 the reimbursement rate has been declining. By the close of FY 2008, the rate stood at 28%.
- In Ohio, counties are required to provide and pay for legal counsel for indigent persons, when a right to counsel exists. Subject to available appropriations, the state reimburses counties up to 50% of allowable costs. If the amount appropriated is insufficient to pay the full 50%, available funds are pro rated to the counties.
- The cost of providing indigent defense services at the county level has steadily grown. In FY 1991, the cost to the state and counties of providing such services totaled $37.2 million. In FY 2008, the cost totaled $113.0 million, an increase of 204% ($75.8 million).
- The board of county commissioners in each county determines the method of providing indigent defense services. Currently, counties use one of four methods: court appointed counsel (40), county public defenders (28), contract with the state's Office of the Ohio Public Defender (11), or contract with nonprofit corporations (9).
- Between FY 1992 and FY 2008, the total number of cases subject to the state's indigent defense reimbursement provisions increased by almost 90%, from 216,530 to 407,612.

Ohio's Crime Rate Levels Off while Incarceration Rate Rises in Recent Years

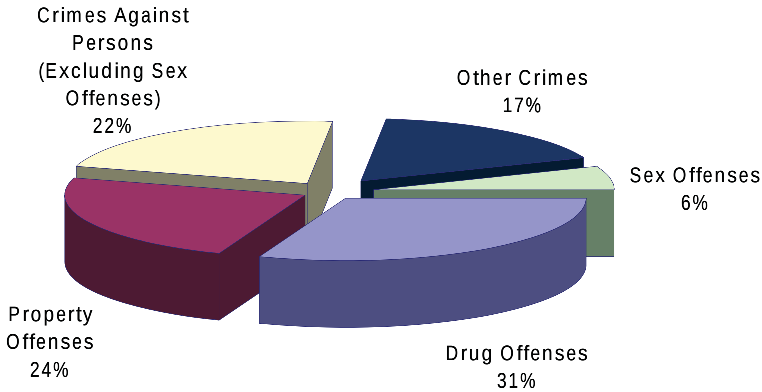


Source: U.S. Department of Justice, Bureau of Justice Statistics

- These two indexes compare a given year's crime and incarceration rates in Ohio to the rates for the base year 1986. A crime index of 105 in a given year indicates that the state's crime rate in that year is 5% higher than in 1986.
- Over the past two decades, Ohio's crime rate increased by 15% from 1986 to 1991 and then started a generally slow drop before leveling off around 2003. In 2006, Ohio's crime rate was 8% lower than 20 years ago.
- In contrast, Ohio's incarceration rate has exhibited considerably more variation: rising rapidly through 1998, declining through 2003, and increasing again in 2005. Ohio's incarceration rate increased by 4% and 12%, respectively, in 2005 and 2006.
- The crime and incarceration rates used in this page are measured by the number of violent and property crimes and the number of offenders sentenced to prison for more than one year per 100,000 residents, respectively.
- In 2006, Ohio's crime rate was 4,029 crimes per 100,000 residents, 5.8% higher than the national average of 3,808. In that year, the national crime rates ranged from a high of 5,129 in Arizona to a low of 1,791 in South Dakota.
- In 2006, Ohio's incarceration rate was 428 per 100,000 residents, 14.6% lower than the national average of 501. In that year, the national incarceration rates ranged from a high of 846 in Louisiana to a low of 151 in Maine.

Most Crimes That Put Offenders into Prison Fall into Three Main Categories

Prison Commitments by Offense Category, FY 2007



Source: Ohio Department of Rehabilitation and Correction

- In FY 2007, a total of 29,069 offenders were committed to prison, of which 76.8% (22,311) were committed under the three general classifications of drug offenses, property offenses, and crimes against persons (excluding sex offenses).
- Drug offenders (8,970) were the largest group, accounting for 30.9% of total commitments in FY 2007. Of this total, 5,191, or 57.9%, were convicted for the offense of drug possession (formerly defined as drug abuse). Commitments for drug offenses sharply accelerated in FY 1989 before leveling off at around 30% of total prison commitments in the early 1990s.
- Property crime offenders (6,863) were the second largest group at 23.6% in FY 2007. Of this total, 4,271, or 62.2%, were convicted for the offenses of burglary (2,241) or theft (2,030). In the early 1980s, property crime offenders constituted around 50% of total commitments, a figure that had steadily declined before leveling off at around 25% of total commitments in the early 2000s.
- More violent offenders (6,478) committed for crimes against persons (excluding sex offenses) were the third largest group in FY 2007 at 22.3%. Of this total, 2,035, or 31.4%, were convicted for the offense of robbery. The number and percentage of this group of offenders declined in the 1980s, began to slowly increase in the 1990s, and then leveled off in the late 1990s, at around 25% of total commitments.
- Sex offenses for which offenders were committed to prison in FY 2007 included rape (489), registration violations (427), unlawful sexual contact with a minor (319), gross sexual imposition (277), and sexual battery (169). Sex offenders have historically accounted for around 6% of total commitments.
- Other Crimes for which offenders were committed to prison in FY 2007 included firearms (1,213), escape (698), resisting arrest (633), forgery (624), and driving under the influence (504).

Ohio's Judicial System At a Glance

Supreme Court

- Chief Justice and six justices
- State constitutional questions
- Appeals from 12 district courts of appeals
- Appeals from Board of Tax Appeals and Public Utilities Commission
- All death sentences

Court of Appeals

- 12 district courts; 68 judges
- Appellate review of judgments of common pleas, municipal, and county courts
- Appeals from Board of Tax Appeals

Court of Claims

- 1 court; judges assigned by Chief Justice
- Suits against state for personal injury, property damage, contract dispute, and wrongful death

Court of Common Pleas

- 88 courts (1 in each county); 391 judges

General Division

- Civil and criminal cases

Domestic Relations Division

- Divorces, dissolutions, and custody cases

Probate Division

- Estates, mental illness, and adoption cases

Juvenile Division

- Paternity actions and most filings involving minors

Municipal Court

- 127 courts; 210 judges
- Misdemeanor offenses and traffic cases
- Civil actions up to $15,000

County Court

- 39 courts; 45 judges
- Misdemeanor offenses and traffic cases
- Civil actions up to $15,000

Mayor's Court

- 334 courts; 334 mayors or magistrates
- Violations of local ordinances and state traffic laws

Source: Ohio Supreme Court

Seventy-Two Percent of New Cases Were Filed in Municipal Courts in 2007

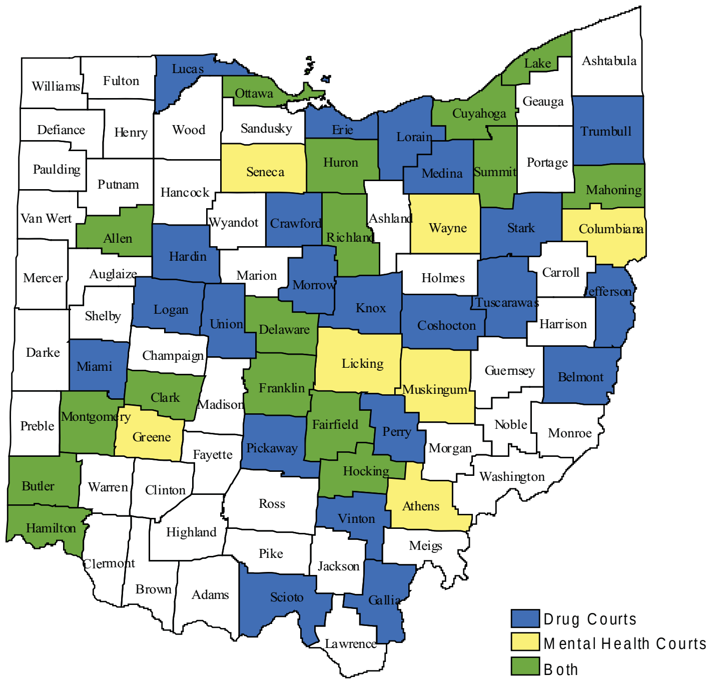
Type of Court	Number of New Cases Filed	As a % of Total
Supreme Court	2,459	0.08%
Courts of Appeals	10,512	0.33%
Court of Claims	878	0.03%
Courts of Common Pleas	671,141	20.95%
General Division	*261,678*	*8.17%*
Domestic Relations Division	*74,157*	*2.32%*
Probate Division	*87,993*	*2.75%*
Juvenile Division	*247,313*	*7.72%*
Municipal Courts	2,309,566	72.10%
County Courts	208,645	6.51%
Total	**3,203,201**	**100.00%**

Source: Ohio Supreme Court

- In 2007, a total of 3.2 million new cases were filed in various courts in Ohio. Of this total, 2.3 million (72.1%) were filed in municipal courts. County courts, which handle similar cases, accounted for another 208,645 (6.5%). A county court exists when an area of the county is not served by a municipal court.
- Of the total number of new filings in 2007, 21.0% were filed in 88 courts of common pleas. All but five courts of common pleas have specialized divisions to hear cases involving different subject matter. Adams, Morgan, Morrow, Noble, and Wyandot counties' courts of common pleas have no specialized divisions.
- In 2007, a total of 261,678 new cases statewide were filed in courts of common pleas, general division, of which 83,230 (31.8%) involved foreclosure, an increase of 5% over 2006. From 1997 to 2007, the number of new foreclosure filings statewide increased by 280%.
- Of the 3.2 million new filings in 2007, 45% involved traffic law violations, which are generally under the jurisdiction of municipal and county courts.
- The total annual number of new filings statewide has been relatively stable over the last four years, ranging between 3.1 million and 3.2 million per year.
- The Supreme Court, the courts of appeals, and the courts of common pleas are created by the Ohio Constitution. The Court of Claims, county courts, and municipal courts are created by statute.

Specialized Dockets Implemented in Ohio Courts

Location of Drug and Mental Health Courts by County



Source: Ohio Supreme Court

- As of July 2008, Ohio had 73 drug courts (30 adult, 28 juvenile, and 15 family drug courts that deal with parents charged with abuse, neglect, and/or dependency) located in 38 counties, and 30 mental health courts (4 common pleas courts, 9 juvenile courts, and 17 municipal courts) located in 23 counties.
- Other less numerous specialized docket courts in operation in 2008 included: 6 re-entry courts, located in Allen, Lucas, Mahoning, Richland, Stark, Summit, and Lucas counties; 4 DUI (driving under the influence) courts, located in Akron and in Athens, Clermont, and Richland counties; 3 sex offender courts, located in Allen, Delaware, and Logan counties; 2 child support enforcement courts, located in Butler and Montgomery counties; and 1 domestic violence court located in Mansfield.
- The overall goal of a specialized docket program is to reduce recidivism by providing wrap-around treatment services, intensive monitoring of offender progress, and prompt sanctions when offenders fail to follow the terms of their probation or treatment.

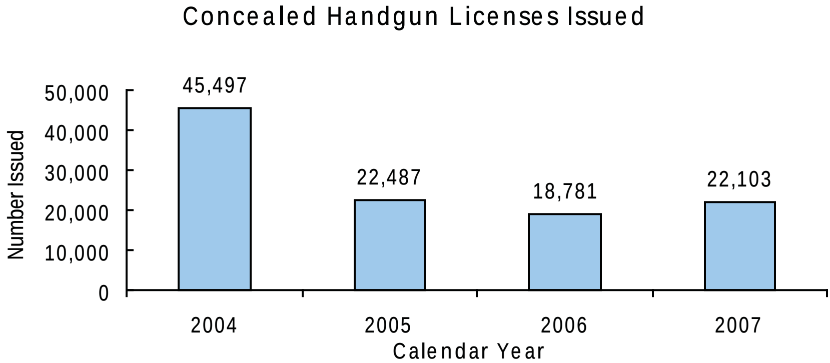
A Statistical Profile of Law Enforcement Agencies and Peace Officers in Ohio

Ohio Law Enforcement Agencies and Peace Officers, 2006				
Type of Agency	Number of Agencies	Number of Peace Officers		
		Full-Time	Non-Full-Time	Total
Municipal/Township Police Department	784	16,612	4,902	21,514
Sheriff's Office	88	5,681	3,732	9,413
College/University Agency	34	540	344	884
State Agency	11	497	75	572
Park Agency	32	373	142	515
Hospital/Behavioral Health Agency	24	343	88	431
Airport/Transit Authority	4	172	11	183
Other	7	132	32	164
Totals	**984**	**24,350**	**9,326**	**33,676**

Source: Office of the Ohio Attorney General

- In 2006, there were 33,676 peace officers in Ohio. Of this total, 21,514 (63.9%) served in either a municipal or township police department, and 9,413 (27.9%) served in a county sheriff's office.
- In 2006, the number of law enforcement agencies in Ohio totaled 984, of which 784 (79.7%) were categorized as municipal or township police departments, and 88 (8.9%) were county sheriff's offices.
- Of the 33,676 peace officers, 24,350 (72.3%) were considered to be full-time officers. Municipal or township police departments employed 16,612 (68.2%) and county sheriff's offices employed 5,681 (23.3%) full-time officers.
- The remaining 9,326 (27.7%) non-full-time officers included: part-time officers (3,476), special officers (2,700), auxiliary officers (1,841), and reserve officers (1,379). Over 90% of these peace officers were employed by either a municipal or township police department or a county sheriff's office.
- In 2006, counties with the highest total number of peace officers were: Cuyahoga (4,525), Franklin (3,746), and Hamilton (2,748). Those with the fewest number of officers were Noble (16), Monroe (31), and Morgan (46).
- For 2006, Ohio's citizen to full-time peace officer ratio is estimated at 472 citizens per officer (472:1).

Ohio Permits Carrying a Concealed Handgun



Source: Office of the Ohio Attorney General

- In 2007, the third full year of the implementation of the Ohio Concealed Handgun Law, county sheriffs issued 22,103 licenses, an increase of nearly 18% from 2006, and similar to the number of licenses issued in 2005, the first full year of the Law's implementation.
- Ohio experienced an initial surge in the issuance of concealed carry licenses when the law took effect in April 2004. From April to December 2004, the number of licenses issued was about twice the number of licenses issued in each of the three subsequent years.
- In 2007, sheriffs issued 66 temporary emergency licenses, which allow a person who submits evidence of imminent danger to receive an immediate nonrenewable 90-day license; issuances for 2004 through 2006 were 65, 76, and 67, respectively.
- Sheriffs must immediately suspend any license upon notification that the licensee has been arrested or charged with certain offenses or if the licensee is the subject of a protection order issued by a court. In 2007, 502 licenses were suspended; suspensions for 2004 through 2006 were 78, 219, and 352, respectively.
- Sheriffs must revoke the license of any person who no longer meets the eligibility requirements to carry a concealed handgun. In 2007, 171 licenses were revoked; revocations for 2004 through 2006 were 42, 75, and 194, respectively.
- Sheriffs must deny an application by any person who fails to meet the eligibility criteria. In 2007, 434 applications were denied; denials for 2004 through 2006 were 436, 427, and 384, respectively.
- Persons who apply for a license are required to provide: a completed application form, a license fee of $55, an additional fee of $24 if an FBI record check is necessary, a color photograph, a certification of firearms competency and reading of Ohio's Concealed Handgun Law handbook, and fingerprints necessary to conduct a background check.

Ohio Implements the Adam Walsh Child Protection and Safety Act

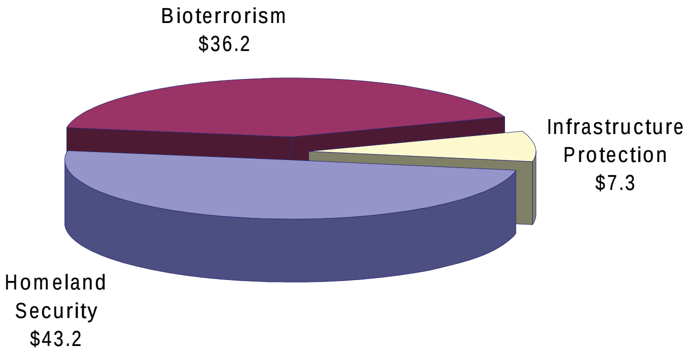
Number of Sexual Offenders in Ohio as of July 2008			
Category of Offense and Registration Requirements	**Juvenile Offenders**	**Adult Offenders**	**Total Offenders**
Tier I Offender must register with county sheriff at least once annually for a period of 15 years	211	3,146	3,357
Tier II Offender must register with county sheriff every 180 days for a period of 25 years	313	7,815	8,128
Tier III Offender must register with county sheriff every 90 days for life	473	14,141	14,614
Awaiting Determination	43	2,015	2,058
Total	**1,040**	**27,117**	**28,157**

Source: Ohio Attorney General's Office

- With the enactment of S.B. 10 of the 127th General Assembly, Ohio became one of the first states to conform its Sex Offender Registration and Notification (SORN) Law to the requirements of the federal Adam Walsh Child Protection and Safety Act of 2006.
- S.B. 10 replaced the state's prior sex offender classification system, including such designations as sexual predator and sexually oriented offender, with a system that classifies offenders as Tier I, Tier II, or Tier III sex offenders/child-victim offenders.
- Offenders are classified based on the severity of the offense(s) for which they were convicted. Each tier of offenses has its own registration and public notification requirements. Generally, Tier I offenders are those who have been convicted of the "least serious" offenses, while Tier III offenders are those who have been convicted of the "most serious" offenses.
- S.B. 10 also applied to sex offenders whose convictions predated its enactment. As a result, the Office of the Ohio Attorney General was required to reclassify approximately 25,000 previously registered sex offenders.
- Under the new system, 7,779 offenders who were classified as "sexually oriented" offenders under the prior system were reclassified as Tier III offenders. These offenders are now required to register with the county sheriff every 90 days for life. Under the prior system, some "sexually oriented" offenders were exempted from any registration requirements, and for those who were required to register, registration was limited to ten years.

Ohio Awarded Nearly $87 Million in Federal Grants Related to Homeland Security in FFY 2008

Federal Homeland Security Grants Awarded to Ohio in FFY 2008
(Dollars in Millions)



Sources: U.S. Department of Homeland Security; Federal Funds Information for States

- In federal fiscal year (FFY) 2008, Ohio, including certain local governments, was awarded a total of $86.7 million in various federal government grants related to homeland security and bioterrorism, as detailed below.
- Nearly half ($43.2 million) of this FFY 2008 grant money was awarded to Ohio from four U.S. Department of Homeland Security (DHS) grant programs as follows:
    - $24.5 million from the State Homeland Security Program to build capabilities at the state and local levels that prepare for and mitigate the effects of a terrorist attack.
    - $16.3 million from the Urban Area Security Initiative Program to Hamilton, Franklin, Cuyahoga, and Lucas counties to focus on enhancing regional preparedness in major metropolitan areas.
    - $1.9 million from the Metropolitan Medical Response System Program to support local comprehensive regional mass casualty incident response capabilities in Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo.
    - $0.4 million from the Citizen Corps Program to bring leaders together to support community involvement in emergency management activities.
- About 42% ($36.2 million) of the FFY 2008 grant money was from two programs aimed at helping state and local governments and hospitals respond to bioterrorism and other public health emergencies.
- The remaining 8% ($7.3 million) was for infrastructure protection grants, including port security ($5.7 million), buffer zone protection ($1.2 million), and transit security ($400,000).

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