LBO Budget Footnotes

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Highlights

– Russ Keller, Chief Economist

GRF tax revenue in September was $239.8 million above the Office of Budget and Management (OBM) estimate, due to surpluses from the personal income tax (PIT) and nonauto sales and use tax. PIT payments from both wage and nonwage sources outperformed estimate this past month, while the nonauto sales tax receipts reflected the 14-day expanded sales tax holiday occurring in August, whose impact on tax revenues was somewhat less than anticipated. Other tax revenue sources were largely on par for the month.

On September 18, the Federal Reserve lowered its target interest rate range by 0.25 percentage point to 4.00% to 4.25%. Financial markets anticipate additional rate cuts later this year. Year-over-year inflation, as measured by the Consumer Price Index, increased to 2.9% in August, the second-highest level since January. Ohio's total nonfarm payroll employment in the state rose by 9,900 in August, and the state unemployment rate in August remained unchanged at 5.0%.

Through September 2025, GRF sources totaled $12.50 billion:

- ❖ PIT and commercial activity tax (CAT) collections were above their YTD estimates by $144.2 million and $75.1 million, respectively.

Through September 2025, GRF uses totaled $14.99 billion:

- ❖ Transfers out totaled $951.3 million, of which the largest was a $600 million transfer related to school funding.

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

State Sources	Actual	Estimate*	Variance	Percent
Tax Revenue				
Auto Sales	$173,212	$154,900	$18,312	11.8%
Nonauto Sales and Use	$765,221	$700,700	$64,521	9.2%
Total Sales and Use	*$938,433*	*$855,600*	*$82,833*	*9.7%*
Personal Income	$1,145,291	$1,028,100	$117,191	11.4%
Commercial Activity Tax	$13,886	$1,800	$12,086	671.4%
Cigarette	$61,863	$61,300	$563	0.9%
Kilowatt-Hour Excise	$35,091	$33,200	$1,891	5.7%
Foreign Insurance	$13,434	$7,700	$5,734	74.5%
Domestic Insurance	$51	$4,800	-$4,749	-98.9%
Financial Institution	-$4,001	-$9,200	$5,199	56.5%
Public Utility	$17,961	$0	$17,961	---
Natural Gas Consumption	$4	$0	$4	---
Alcoholic Beverage	$6,362	$4,400	$1,962	44.6%
Liquor Gallonage	$4,567	$4,700	-$133	-2.8%
Adult Use Cannabis	$4,548	$4,800	-$252	-5.2%
Petroleum Activity Tax	$2,146	$2,600	-$454	-17.5%
Corporate Franchise	$0	$0	$0	---
Business and Property	$0	$0	$0	---
Estate	$0	$0	$0	---
Total Tax Revenue	**$2,239,638**	**$1,999,800**	**$239,838**	**12.0%**
Nontax Revenue				
Earnings on Investments	$0	$0	$0	---
Licenses and Fees	$2,157	$1,641	$516	31.5%
Other Revenue	$80,835	$92,964	-$12,130	-13.0%
Total Nontax Revenue	**$82,992**	**$94,606**	**-$11,614**	**-12.3%**
Transfers In	**$2,858**	**$2,547**	**$312**	**12.2%**
Total State Sources	**$2,325,489**	**$2,096,952**	**$228,536**	**10.9%**
Federal Grants	**$1,369,828**	**$1,467,096**	**-$97,268**	**-6.6%**
Total GRF Sources	**$3,695,317**	**$3,564,049**	**$131,268**	**3.7%**

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

Table 2: General Revenue Fund Sources
Actual vs. Estimate ($ in thousands)
FY 2026 as of September 30, 2025
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on October 1, 2025)

State Sources	Actual	Estimate*	Variance	Percent	FY 2025**	Percent
Tax Revenue						
Auto Sales	$530,505	$530,400	$105	0.0%	$503,656	5.3%
Nonauto Sales and Use	$2,796,138	$2,730,700	$65,438	2.4%	$2,773,069	0.8%
Total Sales and Use	*$3,326,643*	*$3,261,100*	*$65,543*	*2.0%*	*$3,276,725*	*1.5%*
Personal Income	$2,862,130	$2,717,900	$144,230	5.3%	$2,563,149	11.7%
Commercial Activity Tax	$586,053	$511,000	$75,053	14.7%	$542,578	8.0%
Cigarette	$153,819	$156,000	-$2,181	-1.4%	$158,351	-2.9%
Kilowatt-Hour Excise	$94,858	$93,700	$1,158	1.2%	$86,779	9.3%
Foreign Insurance	$13,709	$8,000	$5,709	71.4%	$7,432	84.5%
Domestic Insurance	$243	$5,500	-$5,257	-95.6%	$5,668	-95.7%
Financial Institution	-$4,098	-$8,300	$4,202	50.6%	-$15,676	---
Public Utility	$43,291	$39,800	$3,491	8.8%	$46,357	-6.6%
Natural Gas Consumption	$14,549	$14,000	$549	3.9%	$11,984	21.4%
Alcoholic Beverage	$20,190	$19,200	$990	5.2%	$18,477	9.3%
Liquor Gallonage	$13,579	$13,900	-$321	-2.3%	$14,047	-3.3%
Adult Use Cannabis	$8,908	$9,700	-$793	-8.2%	$0	---
Petroleum Activity Tax	$2,146	$2,600	-$454	-17.5%	$3,035	-29.3%
Corporate Franchise	$14	$0	$14	---	$26	-45.9%
Business and Property	$0	$0	$0	---	$0	---
Estate	$0	$0	$0	---	$3	-100.0%
Total Tax Revenue	**$7,136,033**	**$6,844,100**	**$291,933**	**4.3%**	**$6,718,936**	**6.2%**
Nontax Revenue						
Earnings on Investments	$0	$0	$0	---	$0	-94.0%
Licenses and Fees	$7,655	$10,411	-$2,757	-26.5%	$9,607	-20.3%
Other Revenue	$84,332	$95,977	-$11,645	-12.1%	$120,022	-29.7%
Total Nontax Revenue	**$91,987**	**$106,388**	**-$14,402**	**-13.5%**	**$129,629**	**-29.0%**
Transfers In	**$361,362**	**$360,963**	**$399**	**0.1%**	**$597**	**60412.8%**
Total State Sources	**$7,589,382**	**$7,311,452**	**$277,930**	**3.8%**	**$6,849,162**	**10.8%**
Federal Grants	**$4,906,749**	**$5,023,907**	**-$117,158**	**-2.3%**	**$4,308,833**	**13.9%**
Total GRF SOURCES	**$12,496,130**	**$12,335,359**	**$160,772**	**1.3%**	**$11,157,995**	**12.0%**

*Estimates of the Office of Budget and Management.
**Cumulative totals through the same month in FY 2025.
Detail may not sum to total due to rounding.

Revenues[1]

– Russ Keller, Chief Economist

Overview

September GRF total tax revenue was above OBM's estimate by $239.8 million (12.0%). Revenues exceeded the estimate from the PIT by $117.2 million and the sales and use tax by $82.8 million. Other taxes exceeded their estimate in a month when no tax payment was due, including the public utility tax and the CAT, which reported surpluses of $18.0 million and $12.1 million, respectively. Federal grants were below estimate by $97.3 million, and total GRF sources for September were above estimate by $131.3 million.

Total GRF revenue consists of tax revenue, the largest single revenue category, together with nontax revenue, transfers in from other state funds, and federal grants. The first three of those categories added together constitute state source revenue. Federal grants are mostly reimbursements for the federal share of Medicaid spending. Table 1 above shows GRF sources for the month of September compared to estimates, while Table 2 shows GRF sources for the fiscal year-to-date (YTD) compared to both estimates and FY 2025 revenue.

GRF tax receipts in the first three months of FY 2026 were $7.14 billion, $291.9 million (4.3%) above estimate. Most tax sources ended the first quarter of FY 2026 on par with YTD estimates, but the PIT and nonauto sales tax significantly outperformed the OBM estimates. Both employer PIT withholding and individuals' quarterly income tax payments exceeded their YTD estimate, whereas the nonauto sales tax surplus was attributable to the August sales tax holiday not eliciting the anticipated consumer response. The positive variance in tax receipts was partially offset by a $117.2 million (2.3%) shortfall in YTD federal grant revenue. Total YTD GRF sources were $160.8 million (1.3%) higher than OBM's estimate.

FY 2026 GRF tax revenue through September was higher than in FY 2025 by $417.1 million (6.2%). The increase was driven primarily by PIT, which increased by $299.0 million (11.7%); the sales and use tax, which increased by $49.9 million (1.5%); and CAT, which increased by $43.5 million (8.0%) in spite of a recent policy change that trimmed taxable income. The financial institutions tax (FIT) also improved its collections by $11.6 million above the prior-year amount, but FIT results are generally inconsistent at the outset of a fiscal year because taxpayers submit their remaining annual payments, if any, ahead of the October 15 deadline.

YTD nontax revenue to the GRF in FY 2026 was lower than a year earlier by $37.6 million (29.0%), while GRF revenue from federal grants was higher than in the year-earlier period by $597.9 million (13.9%). Total GRF revenue was higher than a year earlier by $1.34 billion (12.0%).

[1] This report compares actual monthly and year-to-date GRF revenue sources to OBM's estimates. If actual receipts were higher than estimate, that GRF source is deemed to have a positive variance. Alternatively, a GRF source is deemed to have a negative variance if actual receipts were lower than estimate.

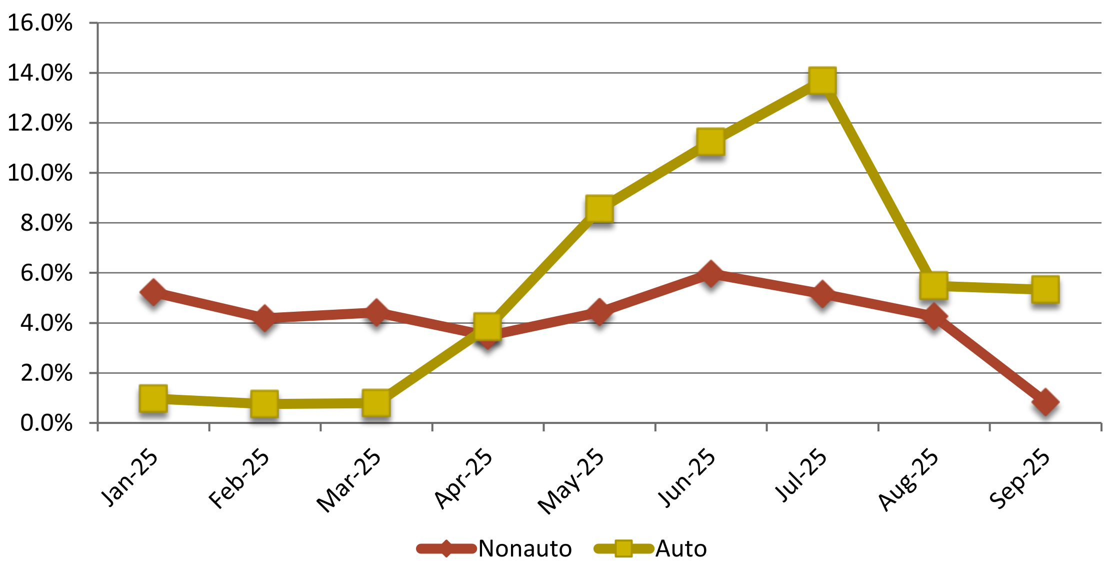
Sales and Use Tax

September GRF receipts from the sales and use tax were $938.4 million, and for the first three months of FY 2026, revenue from the tax was $3.33 billion. The September collections reversed the YTD variance from negative to positive, as the tax ended September $65.5 million (2.0%) above its YTD estimate.

The sales and use tax is the state's largest tax revenue source. The tax base for this tax is mostly goods but includes some services. It excludes some household basics like food consumed off the premises where sold, rent, mortgage payments, and utilities. Inflation tends to increase tax revenue, unless consumers reduce the volume of their purchases enough to offset price increases. Businesses do not pay sales tax on items they purchase for resale, but they do pay sales and use tax on products they consume in their business operations.

For analysis and forecasting, revenue from the sales and use tax is separated into two parts: auto and nonauto. Auto sales and use tax collections generally are from the sale of motor vehicles, but auto taxes arising from leases are paid at the lease signing and are mostly recorded under the nonauto tax instead of the auto tax. Chart 1, below, separately shows year-over-year growth in both auto and nonauto sales and use tax collections since January 2025. The data are shown using a three-month moving average[2] to smooth out some of the variability that would appear if year-over-year growth were shown for each individual month.

Chart 1: Auto and Nonauto Sales and Use Tax Receipts Trend
Actual vs. Prior Year
(Three-month Moving Average)



[2] A three-month moving average means, for example, that the most recent data point shown is the percentage growth from revenue received during July 2024 through September 2024 to revenue received during July 2025 through September 2025.

Nonauto Sales and Use Tax

September GRF receipts of $765.2 million were $64.5 million (9.2%) above the OBM estimate and $49.8 million (6.1%) below revenue in September 2024. YTD revenues were $2.80 billion, $65.4 million (2.4%) above estimate and $23.1 million (0.8%) higher than receipts a year earlier.

As seen in Chart 1, nonauto sales tax receipts were 5.2% above the prior-year pace in January, which marks the final month of seasonal holiday spending. Growth curtailed in the winter months, matching longstanding patterns in consumer spending, before its trajectory turned upward, and growth reached its recent peak during the summer months. Declines indicated by the red smoothed line in September, compared with a year earlier, reflect the effects of the August 2025 sales tax holiday and the associated lag in receipt of those tax collections from vendors, as well as three-month averaging. The sales tax holiday originated in 2015, but it expanded in 2024 to include additional items beyond the scope of traditional back-to-school shopping. The 2025 iteration was four days longer than the prior-year holiday, and it was expected to have a larger impact on consumer savings and state tax collections in FY 2026.

Auto Sales and Use Tax

September receipts from the auto component of the sales and use tax were $173.2 million, $18.3 million (11.8%) above estimate and $17.9 million (11.5%) above receipts in August 2024. Tax receipts in the first quarter of FY 2026 totaling $530.5 million were above the estimate by $0.1 million (0.0%) and above year-earlier revenues by $26.9 million (5.3%). Auto sales tax collections generally reflect purchases made in the same month revenue is received, as local authorities remit them on a weekly basis. National data on unit sales of new light vehicles (automobiles and light trucks) increased in September, driven by a rush to buy electric vehicles before a federal tax credit expired on September 30. Nearly every major automaker reported sales increases in the recently completed quarter compared to the same period a year ago.

Chart 1, above, shows the year-over-year change in the three-month moving average of auto sales and use tax collections since January 2025. Auto sales and use tax receipts are volatile from one month to the next and subject to pronounced seasonal swings. Beginning in spring, the pace of vehicle purchases increased, which was likely boosted by anticipated trade tariffs, as buyers sought to secure vehicles before potential price increases. The purchasing trend stabilized during the summer but remains comfortably ahead of the prior-year pace.

Total spending on cars and light trucks in Ohio increased 7.1% in the first three months of FY 2026, compared with a year earlier, as shown by Ohio Bureau of Motor Vehicles figures. The increase was led by spending on new vehicles, as indicated in the table below. New vehicle prices increased only 2.1%, so growth in the auto sales tax base was driven more by higher unit sales. Prices paid for used vehicles were up slightly, on average, continuing the pattern in which used vehicle prices have been largely stagnant for the past 18 months. Unit purchases of used vehicles in the first quarter of FY 2026 were higher than a year earlier, albeit not growing as fast as new vehicle sales.

July-September 2025 New and Used Cars and Light Trucks Titled			
Type	Number of Titles	Spending ($ in millions)	Average Purchase Price
New Vehicles	98,977	$4,895	$49,458
Used Vehicles	402,656	$5,499	$13,656
Total	501,633	$10,394	$20,720
Change from July-September 2024			
New Vehicles	8.5%	10.7%	2.1%
Used Vehicles	4.0%	4.1%	0.2%
Total	4.8%	7.1%	2.2%

Personal Income Tax

September GRF revenue from the PIT of $1.15 billion was $117.2 million (11.4%) above estimate. GRF PIT revenue received in the first quarter of this fiscal year totaled $2.86 billion, $144.2 million (5.3%) above estimate and $299.0 million (11.7%) higher than a year earlier. Gross PIT tax collections include withholding payments, pass-through entity (PTE) annual returns and estimated payments, IT-1040 estimated payments,[3] payments accompanying the filing of annual returns, trust payments, and miscellaneous payments. Refunds are subtracted from these gross collections, and a portion of revenue is transferred to the Local Government Fund (LGF). What remains is GRF PIT revenue.

The table below provides details on YTD revenue from PIT components in FY 2026 relative to OBM estimates and year-earlier revenues. Gross collections were $129.5 million (4.2%) above anticipated revenue, and $187.0 million (6.2%) above year-earlier revenues. Withholding, the largest category, was $59.2 million (2.3%) above anticipated revenue, and $120.7 million (4.7%) above a year earlier, likely reflecting continued employment and wage growth, as withholding rates have been unchanged. Quarterly estimated payments submitted by individuals and PTEs exceeded both their YTD estimate and the prior-year levels by significant margins. Refunds were lower than in the year-earlier period ($123.6 million, 40.0%), whereas LGF distributions were higher ($11.7 million, 8.9%).

[3] Taxpayers who expect to be underwithheld by more than $500 make quarterly estimated payments. Quarterly estimated payments are generally due in April, June, and September of an individual's tax year and January of the following year.

YTD Personal Income Tax Revenue Variance and Annual Change by Component				
Category	Variance from Estimate		Change from FY 2025	
	Amount ($ in millions)	Percent (%)	Amount ($ in millions)	Percent (%)
Withholding	$59.2	2.3%	$120.7	4.7%
PTE Annual Returns	-$3.9	-7.2%	-$4.4	-4.4%
PTE Estimated Payments	$39.0	23.3%	$40.0	24.0%
IT-1040 Estimated Payments	$30.6	19.9%	$21.5	13.2%
Annual Return Payments	$5.4	12.7%	$10.3	27.4%
Trust Payments	$0.3	3.0%	$0.1	1.0%
Miscellaneous Payments	-$1.1	-5.4%	-$1.1	-5.0%
Gross Collections	**$129.5**	**4.2%**	**$187.0**	**6.2%**
Less Refunds	-$15.3	-7.6%	-$123.6	-40.0%
Less LGF Distribution	$0.6	0.4%	$11.7	8.9%
GRF PIT Revenue	**$144.2**	**5.3%**	**$299.0**	**11.7%**

Cigarette and Other Tobacco Products Tax

September revenue from the cigarette and other tobacco products (OTP) tax totaling $61.9 million was above estimate by $0.6 million (0.9%). Revenue in the first three months of FY 2026 from the tax was $153.8 million, $2.2 million (1.4%) below estimate. The fiscal YTD total included $120.9 million from cigarette sales and $32.9 million from OTP.

FY 2026 YTD revenue was $4.5 million (2.9%) lower than in the first quarter of FY 2025. OTP sales increased by $1.6 million (5.0%) while receipts from cigarette sales decreased by $6.1 million (4.8%). The increase in OTP revenue may be due in part to rising OTP prices, as the tax is an ad valorem tax, generally 17% of the wholesale price paid by wholesalers for the product. Tobacco product manufacturers' costs increased 5.5% over the past year, and producer prices are often passed along to the wholesale purchasers. Thus, revenue from that portion of the tax base tends to be boosted by price increases.

Taxation of cigarettes, on the other hand, is based on unit sales. Revenue from cigarette sales has declined by at least 6% in each of the past four years, a pattern that has accelerated compared to the prepandemic trend. Tobacco manufacturers regard this as a secular decline spurred by some consumers shifting away from cigarettes in favor of smokeless tobacco (e.g., vapor products).

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

Program Category	Actual	Estimate*	Variance	Percent
Primary and Secondary Education	$787,270	$768,147	$19,124	2.5%
Higher Education	$274,878	$273,703	$1,175	0.4%
Other Education	$21,706	$8,458	$13,248	156.6%
Total Education	**$1,083,854**	**$1,050,308**	**$33,546**	**3.2%**
Medicaid	$2,341,812	$2,251,155	$90,657	4.0%
Health and Human Services	$182,047	$204,181	-$22,134	-10.8%
Total Health and Human Services	**$2,523,859**	**$2,455,336**	**$68,523**	**2.8%**
Justice and Public Protection	$265,098	$238,489	$26,610	11.2%
General Government	$39,734	$58,485	-$18,751	-32.1%
Total Government Operations	**$304,833**	**$296,974**	**$7,859**	**2.6%**
Property Tax Reimbursements	$645,443	$388,569	$256,874	66.1%
Debt Service	$82,224	$205,382	-$123,158	-60.0%
Total Other Expenditures	**$727,667**	**$593,951**	**$133,716**	**22.5%**
Total Program Expenditures	**$4,640,213**	**$4,396,569**	**$243,644**	**5.5%**
Transfers Out	**$1,029**	**$1,000**	**$29**	**2.9%**
Total GRF Uses	**$4,641,242**	**$4,397,569**	**$243,673**	**5.5%**

*September 2025 estimates of the Office of Budget and Management.
Detail may not sum to total due to rounding.

Table 4: General Revenue Fund Uses
Actual vs. Estimate
FY 2026 as of September 30, 2025
($ in thousands)
(Actual based on OAKS reports run October 7, 2025)

Program Category	Actual	Estimate*	Variance	Percent	FY 2025**	Percent
Primary and Secondary Education	$2,622,520	$2,611,756	$10,764	0.4%	$2,622,949	0.0%
Higher Education	$662,422	$719,572	-$57,150	-7.9%	$677,614	-2.2%
Other Education	$51,102	$43,478	$7,624	17.5%	$39,670	28.8%
Total Education	**$3,336,045**	**$3,374,806**	**-$38,761**	**-1.1%**	**$3,340,232**	**-0.1%**
Medicaid	$7,677,530	$7,655,850	$21,680	0.3%	$6,819,903	12.6%
Health and Human Services	$632,194	$654,786	-$22,592	-3.5%	$504,712	25.3%
Total Health and Human Services	**$8,309,724**	**$8,310,636**	**-$912**	**0.0%**	**$7,324,615**	**13.4%**
Justice and Public Protection	$946,997	$938,714	$8,283	0.9%	$864,229	9.6%
General Government	$146,265	$178,092	-$31,827	-17.9%	$193,888	-24.6%
Total Government Operations	**$1,093,262**	**$1,116,806**	**-$23,544**	**-2.1%**	**$1,058,117**	**3.3%**
Property Tax Reimbursements	$779,829	$517,163	$262,666	50.8%	$620,015	25.8%
Debt Service	$521,160	$522,051	-$891	-0.2%	$660,653	-21.1%
Total Other Expenditures	**$1,300,989**	**$1,039,214**	**$261,775**	**25.2%**	**$1,280,668**	**1.6%**
Total Program Expenditures	**$14,040,020**	**$13,841,463**	**$198,558**	**1.4%**	**$13,003,632**	**8.0%**
Transfers Out	**$951,259**	**$950,133**	**$1,126**	**0.1%**	**$729,850**	**30.3%**
Total GRF Uses	**$14,991,279**	**$14,791,595**	**$199,684**	**1.3%**	**$13,733,483**	**9.2%**

*September 2025 estimates of the Office of Budget and Management.
**Cumulative totals through the same month in FY 2025.
Detail may not sum to total due to rounding.

Table 5: Medicaid Expenditures by Department
Actual vs. Estimate
($ in thousands)
(Actuals based on OAKS report run on October 7, 2025)

	Month of September 2025				Year to Date through September 2025			
Department	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Medicaid								
GRF	$2,228,126	$2,142,895	$85,231	4.0%	$7,349,616	$7,330,407	$19,209	0.3%
Non-GRF	$1,196,750	$1,665,479	-$468,729	-28.1%	$2,272,846	$2,332,605	-$59,759	-2.6%
All Funds	$3,424,877	$3,808,374	-$383,497	-10.1%	$9,622,462	$9,663,013	-$40,551	-0.4%
Developmental Disabilities								
GRF	$98,970	$95,688	$3,282	3.4%	$289,763	$288,273	$1,490	0.5%
Non-GRF	$380,066	$401,876	-$21,810	-5.4%	$1,065,576	$1,079,308	-$13,733	-1.3%
All Funds	$479,036	$497,564	-$18,528	-3.7%	$1,355,339	$1,367,581	-$12,242	-0.9%
Job and Family Services								
GRF	$13,758	$11,474	$2,285	19.9%	$34,948	$33,690	$1,258	3.7%
Non-GRF	$13,581	$16,508	-$2,926	-17.7%	$46,147	$49,811	-$3,664	-7.4%
All Funds	$27,340	$27,981	-$642	-2.3%	$81,095	$83,502	-$2,406	-2.9%
Other								
GRF	$957	$1,098	-$141	-12.9%	$3,203	$3,480	-$277	-8.0%
Non-GRF	$1,853	$4,206	-$2,353	-56.0%	$12,840	$14,088	-$1,248	-8.9%
All Funds	$2,809	$5,304	-$2,495	-47.0%	$16,044	$17,568	-$1,524	-8.7%
All Departments:								
GRF	**$2,341,812**	**$2,251,155**	**$90,657**	**4.0%**	**$7,677,530**	**$7,655,850**	**$21,680**	**0.3%**
Non-GRF	**$1,592,250**	**$2,088,068**	**-$495,818**	**-23.7%**	**$3,397,409**	**$3,475,813**	**-$78,404**	**-2.3%**
All Funds	**$3,934,062**	**$4,339,223**	**-$405,161**	**-9.3%**	**$11,074,940**	**$11,131,663**	**-$56,724**	**-0.5%**

*September 2025 estimates from the Department of Medicaid.
Detail may not sum to total due to rounding.

Expenditures[4]

– Brandon Minster, Senior Economist

– Kyuhan Choi, Economist

Overview

For the first three months of FY 2026, GRF program expenditures totaled $14.04 billion. These expenditures were $198.6 million (1.4%) above OBM's estimates. GRF uses also include transfers out, which totaled $951.3 million and were about $1.1 million (0.1%) above estimate for the YTD. Total GRF uses for these three months, therefore, totaled $14.99 billion, which was $199.7 million (1.3%) above the estimate.

Among program categories, Property Tax Reimbursements had the largest positive and overall YTD variance ($262.7 million, 50.8%), followed by Medicaid ($21.7 million, 0.3%), Primary and Secondary Education ($10.8 million, 0.4%), Justice and Public Protection ($8.3 million, 0.9%), and Other Education ($7.6 million, 17.5%). The largest negative YTD variance was Higher Education ($57.2 million, 7.9%), followed by General Government ($31.8 million, 17.9%), and Health and Human Services ($22.6 million, 3.5%). Debt Service ($0.9 million, 0.2%) had the smallest negative YTD variance among all program categories, marking a significant change from last month, when it had the largest overall YTD variance. Medicaid's GRF and non-GRF variances and the GRF variance in Property Tax Reimbursements and Debt Service are discussed below.

Medicaid

Medicaid is a joint federal-state program. It is mainly funded by the GRF but is also supported by several non-GRF funds. GRF Medicaid expenditures were above their monthly estimate in September by $90.7 million (4.0%) and above their yearly estimate by $21.7 million (0.3%). Unlike GRF expenditures, non-GRF Medicaid expenditures were below their monthly estimate by $495.8 million (23.7%) and below their yearly estimate by $78.4 million (2.3%). Including both the GRF and non-GRF, all funds Medicaid expenditures were $405.2 million (9.3%) below estimate in September and below the FY 2026 estimate by $56.7 million (0.5%).

Table 5 shows GRF and non-GRF Medicaid expenditures for the Ohio Department of Medicaid (ODM), the Ohio Department of Developmental Disabilities (DODD), and seven other "sister" agencies that also take part in administering Ohio Medicaid. ODM and DODD account for about 99% of the total Medicaid budget. Therefore, they generally also account for most of the variances in Medicaid expenditures. ODM had an all funds negative variance in September of $383.5 million (10.1%), and a FY 2026 all-funds negative variance of $40.6 million (0.4%). DODD had a September all funds negative variance of $18.5 million (3.7%) and a FY 2026 all-funds negative variance of $12.2 million (0.9%). The other seven "sister" agencies – Job and Family Services (ODJFS), Health (ODH), Aging (ODA), Behavioral Health (DBH), State Board of Pharmacy, Education and Workforce (DEW), and Children and Youth (DCY) – account for the remaining 1%

[4] This report compares actual monthly and YTD expenditures from the GRF to OBM's estimates. If a program category's actual expenditures were higher than estimate, that program category is deemed to have a positive variance. The program category is deemed to have a negative variance when its actual expenditures were lower than estimate.

of the total Medicaid budget. Unlike ODM and DODD, the seven “sister” agencies incur only administrative spending.

Property Tax Reimbursements

This category of GRF expenditures reimburses school districts and other local governments for their property tax losses due to property tax rollbacks and the homestead exemption. Reimbursements are made twice a year as counties request them. Since payments are made at the request of the counties, this category often has variances at the beginning of a cycle that are offset as the semiannual payment cycle draws to a close.

In September, this category had a positive variance of $256.9 million (66.1%) resulting in a positive YTD variance of $262.7 million (50.8%). In recent years, property taxes have grown faster than the historical norm. The faster growth in property taxes appears to have contributed to this variance, as evidenced by appropriation increases in this category totaling $17.4 million in FY 2024 and $72.0 million in FY 2025. If additional amounts are required to fulfill these GRF obligations for payments to school districts and local governments, the General Assembly appropriated additional amounts, as necessary, in the main operating budget.

Debt Service

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

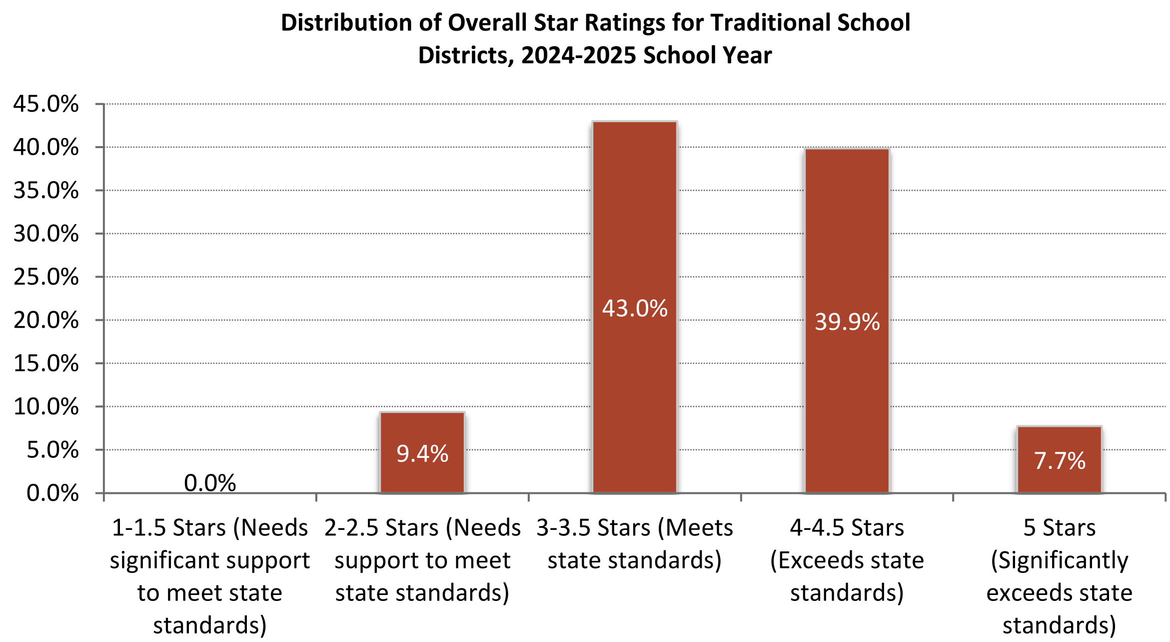
The September expenditures in this category were below the monthly estimate by $123.2 million (60.0%). This negative variance primarily reflects appropriation line item (ALI) 230908, Common Schools General Obligation Bond Debt Service. A debt service payment of $122.7 million that was originally projected for September was disbursed early in August, resulting in a corresponding negative variance for September. Consequently, the YTD variance is $0.9 million (0.2%) below the OBM estimate.

Issue Updates

Ninety-one Percent of School Districts Met or Exceeded State Standards on 2024-2025 School Year Report Cards

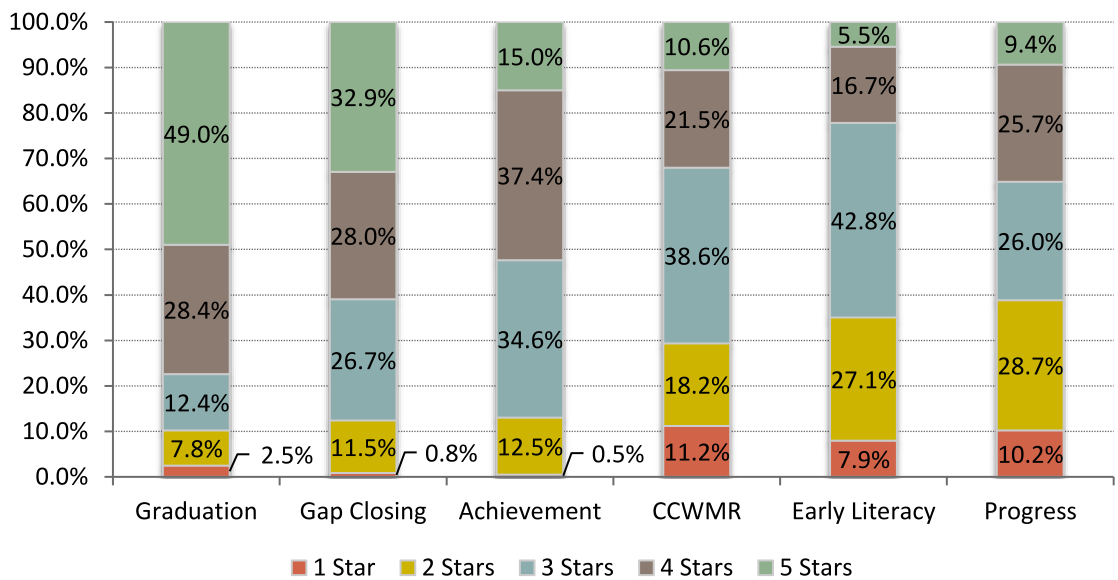
– Patrick Campbell, Budget Analyst

DEW released its annual report cards for the 2024-2025 school year on September 15. Beginning in the 2022-2023 school year, DEW has issued overall grades to 607 school districts across the state using a one-to-five-star rating system. Of these 607 districts, 550 (90.6%) met or exceeded state standards by receiving three or more stars for the 2024-2025 school year, compared to 543 districts (89.5%) for the 2023-2024 school year. Further, 47 districts (7.7%) received five stars, the highest possible rating, compared to 68 districts (11.2%) in the 2023-2024 school year. No districts received the lowest ratings of one or one and a half stars. The chart below shows the distribution of 2024-2025 school year report card ratings.



The overall star rating is based on the results of six weighted components: achievement (25.0% of the overall rating), progress (25.0%), graduation rate (12.5%), gap closing (12.5%), early literacy (12.5%), and college, career, workforce, and military readiness (CCWMR) (12.5%). The 2024-2025 school year is the first year that the overall star rating calculation includes the CCWMR component. According to DEW, if a district does not receive a rating for one or more of these six components, the remaining components contribute proportionately to the overall rating. The chart below illustrates the share of school districts receiving each rating on each component. As the chart shows, school districts fared best on the graduation component, with 89.8% rated three stars or more and 77.4% rated four or more stars. Based on the share of districts rated three or more stars, districts also fared well on the gap closing (87.6%) and achievement (87.0%) components. The gap closing component uses various indicators to measure the closing of achievement gaps between different student subgroups. The achievement component measures performance on Ohio's state tests in math, English language arts, science, and social studies. Districts struggled most on the progress component, which measures academic growth of students from year to year; the early literacy component, which measures third grade reading proficiency, promotion to fourth grade, and improvement of struggling readers in grades K-3; and the CCWMR component, which assesses the percentage of students in a graduation class who meet post-secondary readiness within four years. Statewide, on the progress, early literacy, and CCWMR components, 61.1%, 65.0%, and 70.6% of districts were rated three or more stars, respectively.

District Report Card Ratings by Component, 2024-2025 School Year



Controlling Board Approves $356.9 Million in Facility Plans for Four School Districts in FY 2026

– Jason Glover, Senior Budget Analyst

On July 21, 2025, the Controlling Board approved a request from the Ohio Facilities Construction Commission (OFCC) for projects that address the facilities needs of four school districts under the Classroom Facilities Assistance Program (CFAP), OFCC's main school facilities assistance program. As shown in the following table, the total master facility plan costs of these projects, as assessed by OFCC, is $356.9 million. Of that total, the state share is $148.5 million (42%) and the local share is $208.3 million (58%).

FY 2026 Approved School Facility Plans				
District	**County**	**Total Plan Costs**	**State Share**	**State Share %**
New Philadelphia City School District	Tuscarawas	$145,486,265	$80,017,446	55%
Ontario Local School District	Richland	$47,696,839	$19,078,736	40%
West Clermont Local School District	Clermont	$132,034,727	$39,610,418	30%
Wooster City School District	Wayne	$31,643,388	$9,809,450	31%
	Total	**$356,861,219**	**$148,516,050**	**42%**

Source: Ohio Facilities Construction Commission

In FY 2025, OFCC disbursed $411.4 million for school facilities assistance projects, over 73% ($303.4 million) of which was spent on CFAP projects. Federal funding under the American Rescue Plan Act supported construction projects at career-technical schools ($99.5 million), grants to establish community innovation centers in the Appalachian region of the state ($2.4 million), and radios in schools under the Multi-Agency Radio Communications System-in-Schools Program ($0.7 million). The remainder, $5.5 million, supported high performing community schools ($5.2 million) and OFCC's Vocational Facilities Assistance Program (VFAP) for joint vocational school districts (JVSDs, $0.3 million). H.B. 2 of the 135th General Assembly appropriated $607 million for classroom facilities assistance projects for the FY 2025-FY 2026 capital biennium, the bulk of which is supported through the sale of bonds.

Through the end of FY 2025, OFCC reports they have completed projects that fully addressed the facilities' needs in 49% of districts statewide, including 304 school districts and 16 JVSDs. Another 10% of districts, including 64 school districts and two JVSDs, have buildings in the design or construction phase or had some work performed through another OFCC program and 24% of districts, including 148 school districts and 13 JVSDs, have been offered funding but have deferred the offer, allowed it to lapse because they were unable to raise the required local share, or are in the process of seeking the required local share. The remaining 17% of districts, including 93 school districts and 18 JVSDs, have not yet been offered CFAP or VFAP funding.

DEW Has Awarded $2.4 Million Under the Military Veterans Educator Program

– Ryan Brown, Senior Budget Analyst

As of late August 2025, DEW has awarded a total of $2.4 million under the Military Veterans Educator Program (MVEP) since the program's inception in FY 2024. The program, administered in consultation with the Ohio Department of Veteran Services (ODVS), assists military individuals in beginning careers as educators through a multi-pronged approach. The table below summarizes total awards across each of the five MVEP program functions. Additional details on each function follow the table.

Military Veterans Educator Program Awards by Program Function		
Program Function	**Total Awards**	**Share of Total**
EmpowerVetEd Higher Education Grants	$1,558,118	66.2%
Fellowship Pilot Program	$482,389	20.5%
Retention Reimbursements	$190,493	8.1%
Recruitment Bonus	$103,500	4.4%
Educator License Subsidies	$19,875	0.8%
Total	**$2,354,375**	**100%**

The EmpowerVetEd Program, the largest in terms of awards, provides grants for higher education institutions to provide financial incentives and assistance for military individuals enrolling in or completing educator preparation programs. DEW, in partnership with ODVS, awarded a total of $1.6 million to the educator preparation programs at 11 higher education institutions through a competitive grant process.

The next largest program function is the Ohio Military Veterans Educators Fellowship Pilot Program, for which DEW, in consultation with ODVS, awarded $482,389 to the University of Akron in December 2024. Branded by the University as Operation Teach, the program aims to recruit and train eligible military individuals to become licensed teachers in Ohio's low-performing public schools. It offers an expedited pathway to complete required coursework and develop the skills needed to obtain a teaching license and secure placement. The University is currently in the initial implementation phase and will submit its first grant activity report in November 2025.

Activities across the remaining three program functions varied based on the number of participants and claims submitted. DEW pays a $1,500 recruitment bonus to public schools for each eligible military individual hired. DEW pays the bonuses to a district or school after each successful hire following the district or school's submission of documentation to DEW and DEW verification of the new hire's eligibility. DEW does not restrict how a district or school may use the bonus payments. DEW has distributed $103,500 in bonuses for 69 military individuals hired. DEW also reimburses public schools for new hire bonuses that the schools pay to eligible military individuals. To incentivize retention of the new hires, DEW reimburses the bonus cost once the individual completes one year of employment. Specifically, DEW reimburses district or school costs for a $3,000 bonus paid to each qualifying teacher plus costs associated with Medicare and state retirement system contributions, for a total reimbursement of $3,464 per teacher. DEW has reimbursed $190,493 for 55 new hire bonuses. DEW also pays subsidies for military individuals completing college coursework or professional development to obtain an alternative military educator license. A total of $19,975 has been claimed by 32 individuals.

The program is funded by GRF ALI 200448, Educator and Principal Preparation. Funding for the program was initially appropriated in H.B. 33 of the 135th General Assembly, the budget act for FY 2024 and FY 2025. H.B. 96 continues the MVEP, earmarking $1.6 million in each of FY 2026 and FY 2027 for the program.

$3.0 Million in Keeping Families Together Funds Available

– Nelson V. Lindgren, Senior Economist

On August 4, 2025, DODD announced that $3.0 million was made available to county DD boards to help multisystem youth stay in their homes. The funds will be awarded as part of the Keeping Families Together (KFT) grant program. KFT funds are used to provide services in the following categories: provider and family supports, environmental needs, service access, county DD board support, and crisis and emergency options. Specific examples of activities that can be provided with these dollars include the following: specialized training for providers, incentives to providers to recruit direct support professionals, household repairs, in-home support or training for families, respite services (maximum of 14 consecutive days), training to help county DD boards support complex cases, sensory equipment, after-school or camp programs, transportation, extended residential stays (maximum of 90 consecutive days), and vehicle modifications.

Multi-system youth are children who require services from more than one child-serving system, including children services, developmental disabilities, mental health, or juvenile justice systems. Many of these youth may have complex physical, emotional, and behavioral needs. KFT funds are one part of DODD's efforts to provide high quality care for these youth and to help them remain in their homes and local communities. Other DODD efforts include (1) crisis intervention training to ensure that community providers and families can support multi-system youth and (2) the Systems of Care Project ECHO, which supports professionals involved in the care of these youth through presentations, mentorship, and case-based learning. Additionally, the OhioRISE program, which is administered by the Ohio Department of Medicaid, is a managed care program that has served youth with complex behavioral health needs since its launch in July 2022.

Controlling Board Approves Cribs for Kids Funding

– Jacquelyn Schroeder, Senior Budget Analyst

On August 25, 2025, the Controlling Board approved a request for approximately $1.3 million in federal funds for DCY to contract with Cribs for Kids, Inc. to provide cribs, safe sleep kits, and educational materials to Ohio families. Approximately 11,100 safe sleep kits will be provided, at no cost, to eligible families through Cribs for Kids grantees. To be eligible, a family must have an income below 185% of the federal poverty guidelines for 2025 ($49,303 for a family of three). A mother must also be at least 32 weeks pregnant or have an infant less than one year old. Additionally, funds will be used to distribute 2,000 safe sleep kits to foster care families in Ohio who provide care for infants. Each safe sleep kit includes a portable crib, a fitted sheet, a sleep sack, a Sleep Baby Safe and Snug board book, and educational materials. The Cribs for Kids survival kits encourage parents to follow safe sleep recommendations, otherwise known as the "ABCs of Safe Sleep" – Alone, on their Backs, and in a Crib. Sleep-related deaths are among the most preventable causes of infant mortality. The goal of the Cribs for Kids Program is to reduce these deaths by targeting those infants most at-risk.

S.B. 276 of the 130th General Assembly established an infant safe sleep screening procedure for hospitals and birthing centers to use to determine if an infant has a safe crib in which to sleep at the infant's residence. If the hospital or birthing center determines that a safe crib is not available, the facility must make a good faith effort to arrange for the acquisition of one at no cost to the family. To meet this requirement a facility may: obtain a safe crib for the family using its own resources; obtain assistance from government entities or others to procure a safe crib or to provide funds to purchase one; or refer the parent or caregiver to a government or other entity, including the Cribs for Kids Program, to obtain a safe crib free of charge. The state has offered survival kits since the enactment of S.B. 276 in 2015.

Cribs for Kids, Inc., is a nonprofit organization that provides safe sleep services throughout the nation. The organization partners with a variety of entities, including local health departments, health care providers, and community programs, to deliver these services.

Controlling Board Approves $335,000 for the Sexual Assault Kit Tracking System

– Jessica Murphy, Senior Budget Analyst

On July 21, 2025, the Controlling Board approved a contract renewal between the Ohio Attorney General and CGI Technologies and Solutions, Inc. for the hosting, maintenance, and support of the Sexual Assault Kit Tracking System (SAKTS). The approved contract totals $335,000: $165,000 for FY 2026 and $170,000 for FY 2027.

S.B. 201 of the 132nd General Assembly (effective March 2019) required the Attorney General to create and manage a statewide system for processing and tracking sexual assault examination kits. The online portal, hosted on the Attorney General's website, allows survivors to anonymously check the status of their kits, including testing updates and the location of the kits. Medical facilities, law enforcement agencies, and crime labs can log updates when they collect evidence, analyze it, store a kit or take other actions, as required under the statute and administrative rule (R.C. 109.68 and O.A.C. 109:7-1-07). Since its implementation in March 2020, more than 16,225 kits have been tracked.

The SAKTS was originally procured through a competitive solicitation in 2019, with Harris, MacKessey & Brennan, LLC being awarded the initial three-year contract to develop and support the application software. Following a merger, CGI Technologies and Solutions assumed responsibility for the system's annual support, maintenance, and hosting services for the second and third year of that contract.

The initial contract for the build out of the SAKTS and first year of maintenance was funded by federal Victims of Crime (VOCA) grant money. The funding for the current request comes from GRF, ALI 055441, Victims of Crime.

ODNR Completes Maumee River Island Restorations Under H2Ohio

– Tom Wert, Senior Budget Analyst

On September 16, 2025, the Ohio Department of Natural Resources (ODNR), in partnership with the Toledo-Lucas County Port Authority and the U.S. Environmental Protection Agency, announced the completion of restoration projects on Clark Island and Delaware/Horseshoe Island in the Maumee River. The projects are part of the H2Ohio initiative, a statewide water quality program launched in FY 2020.

Both islands had experienced significant erosion, contributing to increased sediment and nutrient flows downstream to Lake Erie. Restoration was achieved using a natural sediment capture process. Reef structures were installed around the original island footprints to stabilize shorelines and trap sediment moving through the river, allowing the islands to rebuild naturally. This approach is expected to improve water quality, reduce shoreline erosion, and provide resilient habitat for fish and wildlife. The restored areas will also enhance outdoor recreational opportunities along the river corridor.

ODNR invested more than $8.7 million in state funds from the H2Ohio Fund (Fund 6H20) for engineering, design, and construction of the projects. Fund 6H20 is supported primarily through cash transfers from the GRF and is used by ODNR to finance wetland restoration, agricultural best management practices, and water infrastructure upgrades statewide.

Ohio EPA Awards $5.9 Million in Recycling and Litter Prevention Grants for 2025

– Robert Meeker, Senior Budget Analyst

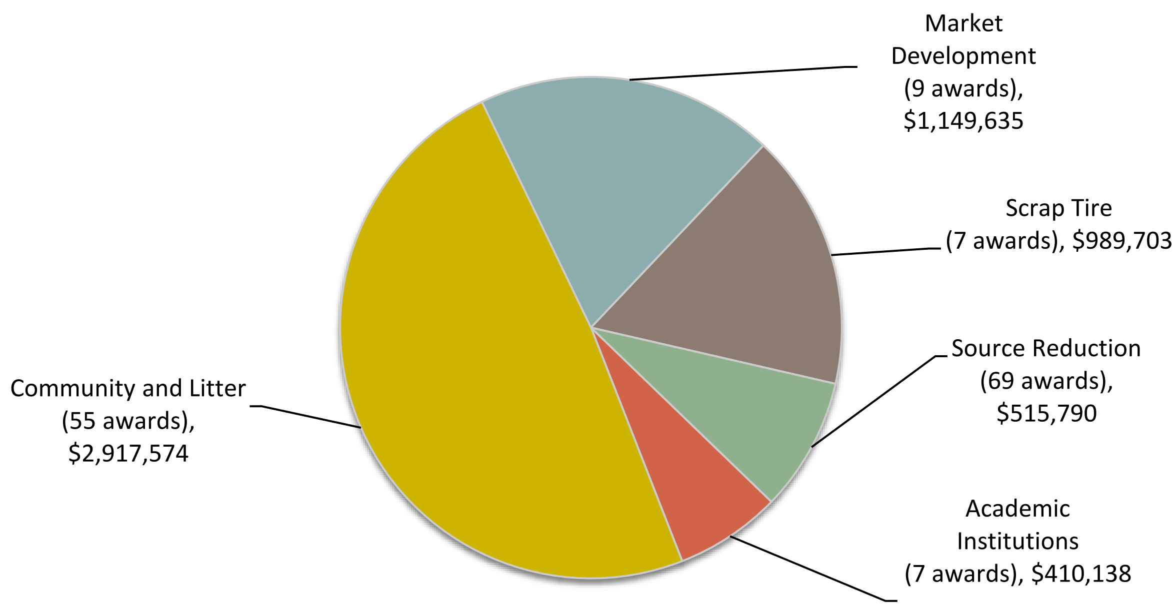
In June 2025, the Ohio Environmental Protection Agency (Ohio EPA) announced the award of 147 competitive grants totaling $5.9 million for recycling and litter prevention projects across the state. Ohio EPA's Recycling and Litter Prevention Program supports communities, businesses and academic institutions that initiate or expand recycling programs, encourage sustainable practices, stimulate economic growth, and support litter prevention efforts. The 2025 grant awards range from $640 for the See3D, Inc. (Hamilton County) for continuing recycling efforts to $300,000 for the Medina City School District (Medina County) for a project to resurface a high school running track using recycled scrap tire material. Of the 147 awards, nine were for $200,000 or more. More than $2.9 million, or 48.8% of total funding, was awarded for community and litter prevention efforts to 55 applicants.

The Recycling and Litter Prevention Grant Program is typically offered annually. For this grant period, five different grant programs were made available to communities, local governments, businesses, and nonprofit organizations. Those programs are summarized as follows, along with the eligibility classes:

- **Community and Litter Grant** – purchase equipment for the collection and processing of recyclables and construction and demolition debris as well as implementing litter collection events, outreach, and education (local governments and nonprofits);
- **Academic Institution Grant** – support recycling efforts as well as outreach and education, recycling equipment, and conference sponsorships (public and private K-12 schools, colleges, and universities);
- **Market Development Grant** – create or expand recycling processing capacity and recycled material production, including equipment specifically needed to remanufacture recyclable materials into bulk raw material or finished product (businesses, with a government sponsor);
- **Scrap Tire Grant** – create or expand scrap tire processing capacity and product manufacturing (businesses, with a government sponsor); and projects that incorporate the use of ground tire rubber (local governments and nonprofits); and

- **Source Reduction** – purchase equipment promoting reuse practices such as water bottle refilling stations, dishwashers, and hand dryers (local governments, nonprofits, public and private K-12 schools, colleges, and universities).

2025
Litter and Recycling Grant Awards by Program



ODOT Awards Approximately $12.7 Million in Small City Program Grants

– Jared Cape, Budget Analyst

On August 14, 2025, the Ohio Department of Transportation (ODOT) announced approximately $12.7 million in grant awards through the Small City Program to assist eight cities with roadway, safety, and pedestrian projects. Four of the awardees received the maximum allowed award of $2.0 million. The smallest award granted totaled nearly $760,000. The program provides federal funds to municipalities with populations between 5,000 and 24,999 that are not wholly within a metropolitan planning organization's boundary. Currently, 51 Ohio cities qualify for participation.

CY 2025 ODOT Small City Program Awards		
Recipient	**Project Description**	**Award**
Geneva (Ashtabula)	West Main St. Reconstruction – Phase 2	$2,000,000
Norwalk (Huron)	West Main St. (SR 61) Rehabilitation	$2,000,000
Fremont (Sandusky)	Hayes Ave. & South 5th St. Reconstruction	$2,000,000
Van Wert (Van Wert)	S. Walnut St. Full-Depth Reconstruction	$2,000,000
Uhrichsville (Tuscarawas)	Jaycee Rd. and Trenton Ave. Improvements	$1,553,900
Columbiana (Columbiana)	SR 14, SR 46, and SR 164 Traffic Signal Replacement	$1,466,354
Upper Sandusky (Wyandot)	E. Wyandot Ave. Pavement Milling	$888,440
London (Madison)	W. 4th St. Full-Depth Reconstruction	$755,400
	Total	**$12,664,094**

Under the Program, ODOT provides up to 80% of eligible construction costs through Highway Operating Fund (Fund 7002) appropriations under ALI 772422, Highway Construction – Federal. Additionally, a 15% Federal Toll Revenue Credit is available to increase the percentage to 95%. The small city is responsible for the 5% nonfederal share of the construction costs and for all costs associated with preliminary engineering, environmental studies and documents, final design, right-of-way, and utilities. Additional details about the Small City Program can be found on the ODOT website: transportation.ohio.gov/programs.

Tracking the Economy

– Jorge Valdebenito, Economist

Overview

On September 18, the Federal Reserve lowered its target interest rate range by 0.25 percentage point to 4.00% to 4.25%. Financial markets anticipate additional rate cuts in October and December, followed by two more in early 2026, in response to weaker-than-expected employment data and the apparent rise in downside employment risks. The U.S. economy expanded at an annual rate of 3.8% in the second quarter of 2025, while inflation increased by 0.4 percentage point in August lifting the 12-month rate to 2.9%. In Ohio, real gross domestic product (real GDP) increased 3.9% in the second quarter of 2025, personal income grew at a seasonally adjusted annual rate of 6.7%.

In late September, the federal government experienced a shutdown, during which essential services continued while nonessential operations were paused. Federal employees in affected roles were furloughed without pay until new funding legislation was enacted. The impact on the economy depends on the duration of the shutdown. While business activity and official data releases may face temporary delays, the economy typically recovers once operations resume.

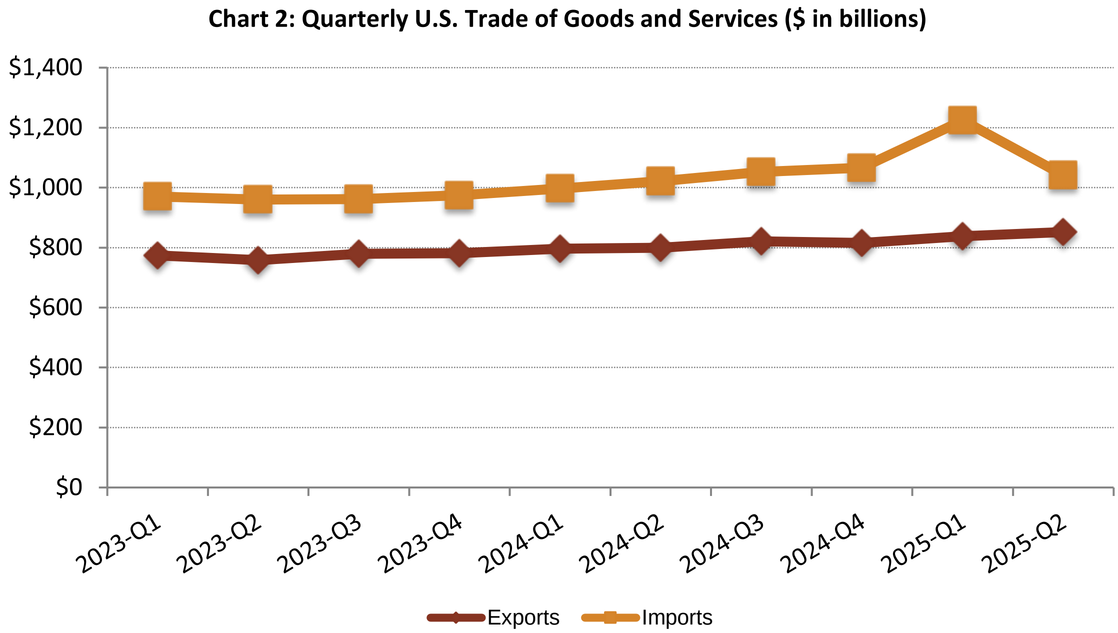
In the first week of October, gold prices rose to a record high of over $4,000 an ounce, reflecting an increase of more than 50% so far in 2025. Historically, gold has been regarded as a safe haven for investors during periods of economic uncertainty, often rising in value when markets turn downward. Elsewhere, the Nasdaq Composite and S&P 500 stock market indexes both reached all-time highs this week.

The National Economy

U.S. real GDP grew at an annual rate of 3.8% in the second quarter of 2025, according to the third estimate released by the Bureau of Economic Analysis (BEA). This reflects an upward revision of 0.5% from the second estimate published in August, driven primarily by increased consumer spending. Second quarter growth marked a rebound from the first quarter, when GDP declined at an annual rate of 0.6%. Compared to the first quarter, the acceleration in economic activity was mainly due to a decline in imports and stronger consumer spending, partially offset by a decrease in investment and exports.

The Organization for Economic Co-operation and Development (OECD) estimated that the overall effective U.S. tariff rate on imports rose to 19.5% by the end of August, up from 15.4% in mid-May, reaching its highest level since 1933. The OECD forecasted a rise in inflation to an average of 3.0% in 2026, compared to 2.7% in 2025.

Year-over-year inflation, as measured by the Consumer Price Index for All Urban Consumers, rose by 0.4% to 2.9% in August, the second-highest level since January. Core inflation, which excludes food and energy, rose by 0.3% to 3.1%. On a seasonally adjusted month-over-month basis, food prices increased by 0.5%, led by a 1.6% increase in the fruit and vegetable category. Energy prices rose by 0.7% following a 1.1% decline in July. Gasoline prices increased by 1.9% in August but remained 6.6% lower compared to the same month in the previous year.



According to BEA estimates, the United States imported goods and services valued at $1,042.0 billion in the second quarter of 2025, a decline of 14.8% from the record $1,223.9 billion reported in the first quarter. This shift in import activity may reflect adjustments in inventory levels by importers following tariff-related policy announcements earlier in the year. Import volumes returned to levels similar to those recorded in the second quarter of 2024 and were slightly above those of 2023.

Exports of goods and services totaled $851.8 billion in the second quarter, representing a 1.6% increase. The overall trade balance, defined as the difference between exports and imports, narrowed by 50.6% in the second quarter, following a 53.6% increase in the first. The decline in imports was primarily attributed to reductions in shipments of nonmonetary gold, consumer goods, and industrial supplies and materials.

From an industry perspective, growth in real GDP was supported by a 10.2% increase in real value added from private goods-producing industries and a 3.5% increase from private services-producing industries. These gains were partially offset by a 3.2% decline in real value added from the government sector. Real gross output increased by 1.2% in the second quarter, reflecting increases of 0.6% in private goods-producing industries and 1.7% in private services-producing industries, partly offset by a 0.7% decrease in government output.

Within private goods-producing industries, the largest increases were recorded in nondurable goods manufacturing (0.65%) and durable goods manufacturing (0.46%). In private services-producing industries, the largest increases were in finance and insurance (0.70%) and information (0.66%). The largest decreases occurred in retail trade (0.54%) and utilities (0.24%).

Disposable personal income increased by 0.4% in August on a seasonally adjusted basis, according to preliminary estimates, following a 0.4% increase in July. The August increase was primarily driven by a 0.3% month-over-month rise in private sector wages and salaries, which grew by $28.7 billion. Government wages and salaries also increased, rising by $4.3 billion, or 0.2%, compared to July 2024.

Personal consumption expenditures rose by $57.9 billion, or 0.4%, reflecting a 0.7% increase in spending on goods and a 0.2% increase in services. Within services, the largest increases were in transportation and food and accommodation services, which rose by $13.9 billion and $13.0 billion, respectively.

The Ohio Economy

Ohio's real GDP increased at a seasonally adjusted annual rate of 3.9% in the second quarter of 2025, according to annual updates of GDP and personal income by state released by BEA. Growth in the first quarter was revised down to negative 1.6% from a previously estimated 0.0%. The industries contributing most to the state's growth included wholesale trade, which increased by 11.2% year over year, construction by 9.6%, and arts, entertainment, and recreation by 8.7%. Manufacturing, which accounts for 15.0% of the state's total GDP, declined by 1.5%. Real estate and rental and leasing, which represents 13.5% of state GDP, and finance and insurance at 12.6%, grew by 4.6% and 4.1%, respectively.

According to the Bureau of Labor Statistics, Ohio's preliminary unemployment rate in August remained unchanged at 5.0%, the highest level since July 2021. Total nonfarm payroll employment in the state rose by 9,900 in August, reflecting monthly growth of 0.2% and an increase of 1.4% compared to August 2024. The number of workers unemployed in Ohio in August was 295,000, down from 296,000 in the prior month.

Ohio's personal income grew at a seasonally adjusted annual rate of 6.7% in the second quarter, down from a growth rate of 7.4% in the first quarter. Most of the gains were attributed to increases in wages, salaries, and employer-paid benefits, with the largest contributions coming from the health care, manufacturing, and professional, scientific, and technical services industries.

Ohio home sales in August 2025 totaled 12,123 units, a 0.5% increase from 12,054 home sales in August 2024. The average sales price was $268,000, up 5.1% from $255,000 one year earlier. Active residential listings reached 36,943, an increase of 10.1% compared to August 2024, when there were 33,559 listings, and 23.9% above August 2023, which recorded 29,799 listings. August marked the third consecutive year of growth in active listings.[5]

[5] The report can be found on the Ohio Realtor's website: ohiorealtors.org.