LBO BUDGET FOOTNOTES

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Highlights

– Russ Keller, Chief Economist

The beginning of the fiscal year largely met expectations as revenues ended August slightly ahead of newly revised estimates for FY 2027.[1] On the other side of the ledger, GRF program expenditures were below the Office of Budget and Management (OBM) estimates. OBM revised its revenue estimates in light of prior year performance. In total, GRF tax projections increased by $1.24 billion (4.2%). The personal income tax (PIT) outlook increased by $750 million, while the sales and use tax (SUT) and commercial activity tax (CAT) were upgraded by $288 million and $211 million, respectively. Looming tariff increases weighed heavily on the macroeconomic forecast during the budget process, but some tariff announcements proved to be short-lived while others were declared unconstitutional by the U.S. Supreme Court.

Through August 2026, GRF sources totaled $8.82 billion:

- The PIT exceeded its two-month estimate by $55.0 million (3.2%), which was driven by employer withholding. Although withholding rates were reduced in October 2025 and further reduced last month, year-to-date (YTD) withholding collections grew 4% reflecting gains in both jobs and wages.
- The first quarterly CAT payment was due in August, and collections were below estimate by $31.9 million (5.3%).

Through August 2026, GRF uses totaled $11.44 billion:

- Program expenditures were $280.0 million (2.8%) below their YTD estimate with Health and Human Services spending comprising nearly two-thirds of the variance.
- GRF transfers out totaled $1.85 billion through August. Most transfers were authorized by H.B. 479 of the 136th General Assembly, which was enacted in June.

Table of Contents

Highlights **1**

Table 1: Monthly General Revenue Fund Sources **3**

Table 2: YTD General Revenue Fund Sources **4**

[1] This report compares actual monthly and year-to-date GRF sources and uses to OBM's estimates. If the actual amount was above estimate, that GRF source or use has a positive variance. Alternatively, if the actual amount was below estimate, that GRF source or use has a negative variance.

Revenues **5**
Overview 5
Sales and Use Tax 5
Personal Income Tax 7
Commercial Activity Tax 8
Cigarette and Other Tobacco Products Tax 8
Transfers In 9
Summary of OBM Estimates for GRF Sources for FY 2027 9
Table 3: General Revenue Fund Uses **11**
Table 4: General Revenue Fund Uses **12**
Table 5: Monthly Medicaid Expenditure by Agency and Fund Group **13**
Table 6: YTD Medicaid Expenditure by Agency and Fund Group **14**
Table 7: Monthly Medicaid Expenditure by Payment Category **15**
Table 8: YTD Medicaid Expenditure by Payment Category **16**
Expenditures **17**
Overview 17
Medicaid 17
Justice and Public Protection 18
Property Tax Reimbursements 18
Debt Service 18
Transfers Out 19
Summary of OBM Estimates for GRF Uses 19
Issue Updates **21**
Ohio SNAP Payment Error Rate Decreased by More Than 2% in FFY 2025 21
DBH and ODHE Announce $18.0 Million Scholarship Program 22
ODHE Awards $2.3 Million in FY 2026 Campus Security Support Grants 22
ODHE Awards $19.7 Million in Loans to Help Reduce Campus Square Footage 24
Controlling Board Approves $31.2 Million for Six Programs under the Housing Trust Fund 25
Controlling Board Approves Additional $1.9 Million for the Great Lakes Restoration Initiative 26
Controlling Board Approves $12.4 Million in State Disaster Relief Funding for April 2024 Flooding 27
ODOT Awards Nearly $8.8 Million in Safe Routes to School Grants 28
Aim Higher Pilot Program Provided Over $735,000 30
Tracking the Economy **31**
Overview 31
The National Economy 31
The Ohio Economy 33

Table 1: Monthly General Revenue Fund Sources

Actual vs. Estimate
Month of August 2026
($ in thousands)
Estimate from Office of Budget and Management
Actual based on report run in OAKS Actuals Ledger on September 1, 2026

Sources	Actual	Estimate	Variance	Percent
Tax Revenue				
Auto Sales	$183,071	$181,313	$1,758	1.0%
Nonauto Sales and Use	$1,015,992	$1,010,438	$5,554	0.5%
Total Sales and Use	*$1,199,063*	*$1,191,751*	*$7,312*	*0.6%*
Personal Income	$874,926	$819,955	$54,971	6.7%
Commercial Activity Tax	$448,750	$480,627	-$31,877	-6.6%
Cigarette	$59,964	$58,482	$1,482	2.5%
Kilowatt-Hour Excise	$36,827	$37,630	-$803	-2.1%
Insurance Taxes	$0	$285	-$285	-100.0%
Financial Institution	$161	$0	$161	---
Public Utility	$33,078	$34,118	-$1,040	-3.0%
Natural Gas Consumption	$11,969	$13,755	-$1,787	-13.0%
Alcoholic Beverage	$6,936	$6,248	$688	11.0%
Liquor Gallonage	$4,574	$4,493	$81	1.8%
Adult Use Cannabis	$6,490	$6,121	$369	6.0%
Petroleum Activity Tax	$0	$0	$0	---
Corporate Franchise	$0	$0	$0	---
Business and Property	$0	$0	$0	---
Estate	$0	$0	$0	---
Total Tax Revenue	**$2,682,737**	**$2,653,465**	**$29,272**	**1.1%**
Nontax Revenue				
Earnings on Investments	$0	$0	$0	---
Licenses and Fees	$5,250	$4,672	$579	12.4%
Other Revenue	$47,298	$1,221	$46,077	3774.9%
Total Nontax Revenue	**$52,548**	**$5,892**	**$46,656**	**791.8%**
Transfers In	$5,468	$0	$5,468	---
Total State Sources	**$2,740,754**	**$2,659,357**	**$81,396**	**3.1%**
Federal Grants	$1,479,546	$1,535,596	-$56,050	-3.7%
Total GRF Sources	**$4,220,300**	**$4,194,953**	**$25,347**	**0.6%**

Table 2: YTD General Revenue Fund Sources

Actual vs. Estimate
FY 2027 as of August 31, 2026
($ in thousands)
Estimate from Office of Budget and Management
Actual based on report run in OAKS Actuals Ledger on September 1, 2026

Sources	Actual	Estimate	Variance	Percent	FY 2026	Percent
Tax Revenue						
Auto Sales	$390,658	$388,900	$1,758	0.5%	$357,293	9.3%
Nonauto Sales and Use	$2,298,054	$2,292,500	$5,554	0.2%	$2,030,917	13.2%
Total Sales and Use	*$2,688,712*	*$2,681,400*	*$7,312*	*0.3%*	*$2,388,210*	*12.6%*
Personal Income	$1,748,070	$1,693,100	$54,971	3.2%	$1,716,839	1.8%
Commercial Activity Tax	$573,524	$605,400	-$31,877	-5.3%	$572,167	0.2%
Cigarette	$92,282	$90,800	$1,482	1.6%	$91,957	0.4%
Kilowatt-Hour Excise	$63,697	$64,500	-$803	-1.2%	$59,766	6.6%
Insurance Taxes	$2,314	$2,599	-$285	-11.0%	$467	396.1%
Financial Institution	$486	$325	$161	49.4%	-$98	---
Public Utility	$48,161	$49,200	-$1,040	-2.1%	$25,330	90.1%
Natural Gas Consumption	$12,013	$13,800	-$1,787	-12.9%	$14,545	-17.4%
Alcoholic Beverage	$14,988	$14,300	$688	4.8%	$13,828	8.4%
Liquor Gallonage	$8,981	$8,900	$81	0.9%	$9,012	-0.3%
Adult Use Cannabis	$13,169	$12,800	$369	2.9%	$4,359	202.1%
Petroleum Activity Tax	$0	$0	$0	---	$0	---
Corporate Franchise	$1	$0	$1	---	$14	-95.6%
Business and Property	$0	$0	$0	---	$0	---
Estate	$0	$0	$0	---	$0	---
Total Tax Revenue	**$5,266,397**	**$5,237,125**	**$29,273**	**0.6%**	**$4,896,395**	**7.6%**
Nontax Revenue						
Earnings on Investments	$0	$0	$0	---	$0	0.0%
Licenses and Fees	$7,695	$7,116	$579	8.1%	$5,497	40.0%
Other Revenue	$47,864	$1,787	$46,077	2579.2%	$3,498	1268.5%
Total Nontax Revenue	**$55,558**	**$8,902**	**$46,656**	**524.1%**	**$8,995**	**517.7%**
Transfers In	$6,074	$606	$5,468	902.8%	$358,503	-98.3%
Total State Sources	**$5,328,030**	**$5,246,633**	**$81,397**	**1.6%**	**$5,263,893**	**1.2%**
Federal Grants	$3,496,498	$3,552,548	-$56,050	-1.6%	$3,536,921	-1.1%
Total GRF SOURCES	**$8,824,528**	**$8,799,181**	**$25,347**	**0.3%**	**$8,800,814**	**0.3%**

Revenues

– Kyuhan Choi, Economist

Overview

August GRF total tax revenue was above OBM's estimate by $29.3 million (1.1%). Revenues exceeded the estimate from the PIT by $55.0 million and the sales and use tax by $7.3 million. The CAT revenue was below estimate by $31.9 million. Federal grants were below estimate by $56.1 million, and total GRF sources for August were above estimate by $25.3 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 August compared to estimates, while Table 2 shows GRF sources for the fiscal YTD compared to both estimates and FY 2026 revenue.

GRF tax receipts in the first two months of FY 2027 were $5.27 billion, $29.3 million (0.6%) above estimate. The dollar amount of the YTD variance matches that for August because July estimates were set equal to actual receipts. For the same reason, the dollar amount of nontax YTD variances also matched those for August. Total YTD GRF sources were $25.3 million (0.3%) higher than OBM's estimate.

FY 2027 GRF tax revenue in July and August was higher than in FY 2026 by $370.0 million (7.6%). The increase was driven primarily by the sales and use tax, which increased by $300.5 million (12.6%); PIT, which increased by $31.2 million (1.8%); and the public utility excise tax, which increased by $22.8 million (90.1%).

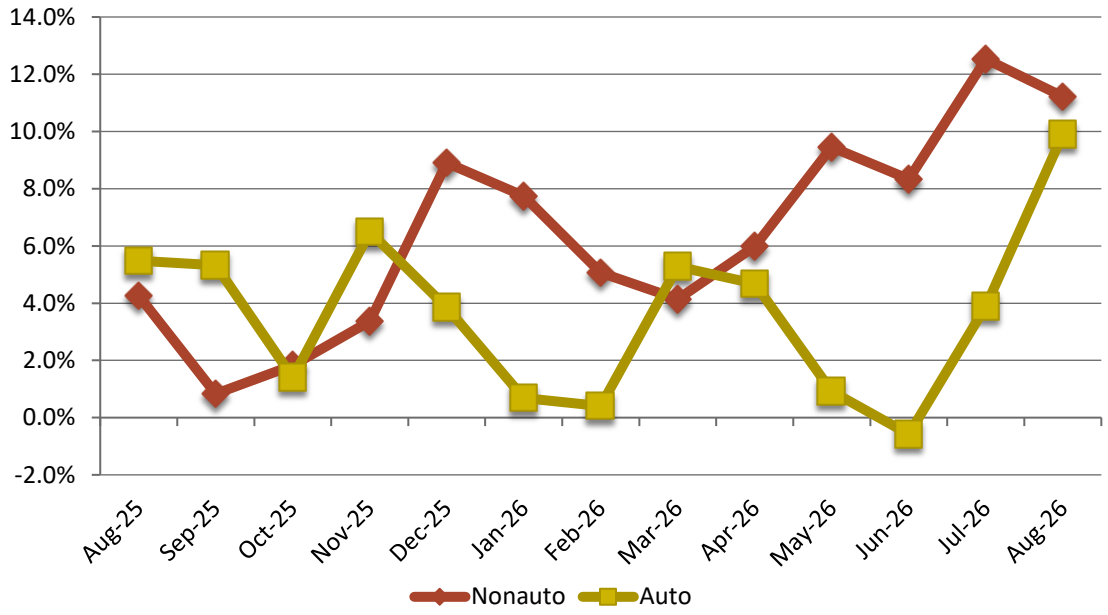
YTD nontax revenue to the GRF in FY 2027 was higher than a year earlier by $46.6 million (517.7%), mainly reflecting a $44.4 million (1,268.5%) increase in other revenue. The JobsOhio Beverage System (JOBS), which operates the franchise for the sale of spirituous liquor throughout the state, must pay the state an annual "Supplemental Payment" as additional consideration for the liquor enterprise when profits of the franchise exceed a predetermined level. In August, JOBS paid $45.8 million, but the OBM estimate assumed the supplemental payment would instead be received in September. Total state-source revenue was higher than a year earlier by $64.1 million (1.2%). GRF revenue from federal grants was lower than in the year-earlier period by $40.4 million (1.1%).

Sales and Use Tax

August GRF receipts from the sales and use tax were $1.20 billion, and for the first two months of FY 2027, revenue from the tax was $2.69 billion. Both were $7.3 million above estimate. YTD receipts through August were $300.5 million above receipts in the same period in FY 2026.

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.

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



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 shows year-over-year growth in nonauto sales and use tax collections since August 2025. The data are shown using a three-month moving average to smooth out some of the variability that would appear if year-over-year growth were shown for each individual month.

Nonauto Sales and Use Tax

Nonauto sales and use tax GRF receipts in August were $1.02 billion, $5.6 million (0.5%) above the OBM estimate and $37.7 million (3.9%) above revenue in August 2025. YTD revenues were $2.30 billion, $5.6 million (0.2%) above estimate and $267.1 million (13.2%) higher than receipts a year earlier.

As seen in Chart 1, nonauto sales and use tax receipts recorded strong gains in the most recent months, rising 12.5% in July and 11.2% in August. The 3-month moving average in Chart 1

was partially spurred by July tax collections, which surpassed the highest monthly collections recorded in FY 2026. Traditionally, nonauto sales tax collections peak in December or January, so the latest July result was notable. Amazon moved its annual "Prime Day" from July to June in 2026, and other retailers followed suit with their discount shopping events. June retail sales activity is the basis for July sales tax collections. These summertime results strengthen the upward trend that has shown over the past year, with year-over-year growth becoming more pronounced since February. The pattern from August 2025 to the recent months reflects consistent improvement in taxable sales activity. September through November appears lower than surrounding months due to the 2025 sales tax holiday and the associated lag in the receipt of those tax collections from vendors, as well as three-month averaging.

Auto Sales and Use Tax

August receipts from the auto component of the sales and use tax were $183.1 million, $1.8 million (1.0%) above estimate and $12.1 million (7.1%) above receipts in August 2025. Tax receipts in the first two months of FY 2027 totaling $390.7 million were above the estimate by $1.8 million (0.5%), and above year-earlier revenues by $33.4 million (9.3%). Auto sales tax collections generally reflect purchases made in the same month revenue is received, as local authorities remit them on a weekly basis.

Chart 1, above, shows the year-over-year change in the three-month moving average of auto sales and use tax collections since August 2025. Auto sales and use tax receipts are volatile from one month to the next, and subject to pronounced seasonal swings. After a period of softer growth through the winter, vehicle purchases began to accelerate in spring 2026, which is a season when tax refunds boost used vehicle purchases. Growth leveled off during May and June, reflecting a slower volume of new vehicle sales and the comparison against surging auto purchases during summer 2025 ahead of the expiration of federal tax credits. In July and August, auto sales and use tax collections rose higher, indicating solid underlying demand even when measured against last year's elevated baseline.

Personal Income Tax

August GRF revenue from the PIT of $874.9 million was $55.0 million (6.7%) above estimate. GRF revenue received in the first two months of this fiscal year totaled $1.75 billion, $55.0 million (3.2%) above estimate and $31.2 million (1.8%) 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, 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 revenue from PIT components in July and August relative to OBM estimates and year-earlier revenues. Gross collections were $51.0 million (2.6%) above anticipated revenue, and $52.3 million (2.7%) above year-earlier revenues. Withholding, the largest category, was $50.6 million (2.8%) above anticipated revenue, and $71.6 million (4.0%) above a year earlier, reflecting continued employment and wage growth. Withholding rates were reduced on August 1, as the Tax Commissioner prescribed lower employer

withholding tables first applicable to August paychecks. PTE estimated payments were lower than in the year-earlier period ($31.0 million, 43.4%), whereas refunds ($12.9 million, 10.4%) and LGF distributions ($8.2 million, 8.5%) were higher in FY 2027.

YTD Personal Income Tax Revenue Variance from Estimate and Annual Change from FY 2026 by Component

($ in millions)

Component	Variance from Estimate	Variance %	Change from FY 2026	Annual Change %
Withholding	$50.6	2.8%	$71.6	4.0%
PTE Annual Returns	$2.8	16.9%	$4.4	30.0%
PTE Estimated Payments	-$0.3	-0.8%	-$31.0	-43.4%
IT-1040 Estimated Payments	$1.0	3.8%	$2.1	8.7%
Annual Return Payments	-$1.7	-5.5%	$2.3	8.6%
Trust Payments	$0.1	4.2%	$0.5	24.9%
Miscellaneous Payments	-$1.5	-8.0%	$2.4	16.5%
Total (Gross Collections)	**$51.0**	**2.6%**	**$52.3**	**2.7%**
Less Refunds	-$4.1	-2.9%	$12.9	10.4%
Less LGF Distribution	$0.1	0.1%	$8.2	8.5%
GRF PIT Revenue	**$55.0**	**3.2%**	**$31.2**	**1.8%**

Commercial Activity Tax

August GRF CAT receipts were $448.8 million, $31.9 million (6.6%) below estimate. For July and August GRF revenues were $573.5 million, $31.9 million (5.3%) below estimate. CAT payments are due in February, May, August, and November based on gross receipts in the previous calendar quarter.

In July and August, gross collections prior to refunds totaled $624.3 million, an increase of $23.9 million (4.0%) relative to gross collections through August of FY 2026. YTD refunds were $46.9 million, an increase of $22.5 million (92.2%) from FY 2026. This increase in refunds kept GRF revenue growth modest in FY 2027, with YTD GRF revenue from the CAT only $1.4 million (0.2%) higher than a year earlier.

Cigarette and Other Tobacco Products Tax

August revenue from the cigarette and other tobacco product (OTP) tax totaling $60.0 million was above estimate by $1.5 million (2.5%). Revenue in the first two months of FY 2027 from the tax was $92.3 million, $1.5 million (1.6%) above estimate. The fiscal YTD total included $70.9 million from cigarette sales and $21.4 million from OTP.

FY 2027 YTD revenue was $0.3 million (0.4%) higher than in the first two months of FY 2026. Receipts from cigarette sales increased by $2.4 million (3.5%) while OTP sales decreased by $2.0 million (8.7%). In recent years, OTP revenue has generally increased, presumably because its ad valorem tax structure (17% of wholesale price) tends to rise as prices increase. However, this pattern did not occur in the first two months of FY 2027.

Cigarette taxation, in contrast, is based on unit sales. Cigarette tax revenue typically declines each year, with occasional months of higher receipts than a year earlier. However, cigarette revenue increased in the first two months of FY 2027 compared with the same period in FY 2026, suggesting stronger cigarette sales activity than historical trends.

Transfers In

In August, transfers into the GRF were $5.5 million, although no transfer was anticipated in the estimate. This reflects a transfer of interest from the H2Ohio fund (Fund 6H20) after H.B. 96 of the 136th General Assembly removed the fund's authority to accrue interest. Because this change was not implemented in FY 2026, the interest that accumulated is transferred to the GRF in August. FY 2027 YTD transfers to the GRF totaled $6.1 million, $5.5 million (902.8%) above the estimate. In July, a state board approved payments for wrongful imprisonments, resulting in a $0.6 million transfer into the GRF in July 2026.

Summary of OBM Estimates for GRF Sources for FY 2027

Estimated revenue by GRF source for the full fiscal year is shown in the table below. GRF sources are estimated to total $45.92 billion in FY 2027. Based on this estimate, the sales and use tax, the PIT, the CAT, and the cigarette tax will provide about 62.8% of total GRF sources in FY 2027.

These FY 2027 estimates are updated projections, revised from H.B. 96 estimates of the 136th General Assembly. The earlier estimate for total GRF sources in FY 2027 was $45.44 billion, which was $480.3 million lower than revised estimates. The largest upward adjustment comes from PIT, which is now expected to be $749.9 million above the earlier estimates. Sales and use tax revenue was revised upward by $277.5 million, and CAT revenue by $211.4 million. In contrast, the estimate for transfers in was revised downward by $603.3 million, reflecting updated expectations that certain supplemental funds will not be necessary for the GRF in FY 2027. Nontax revenue was also revised downward by $152.9 million due to lower expected earnings on investments and other sources.

OBM Estimate for GRF Sources for FY 2027

($ in millions)

Revenue Source	Estimate	As a % of Total Source
Sales and Use Tax	$15,182.4	33.1%
Individual Income Tax	$10,560.7	23.0%
Commercial Activity Tax	$2,438.4	5.3%
Cigarette & Other Tobacco Products Tax	$664.8	1.4%
Domestic and Foreign Insurance Taxes	$760.6	1.7%
Utility Taxes	$632.4	1.4%
Other Taxes	$450.8	1.0%
Subtotal – GRF Taxes	**$30,690.1**	**66.8%**
Nontax Revenue	$504.0	1.1%
Transfers In	$88.0	0.2%
Federal Grants	$14,641.9	31.9%
Total GRF Sources	**$45,924.0**	**100.0%**

Table 3: General Revenue Fund Uses

Actual vs. Estimate
Month of August 2026
($ in thousands)
Estimate from Office of Budget and Management
Actual based on OAKS reports run September 4, 2026

Program Category	Actual	Estimate	Variance	Percent
Primary and Secondary Education	$951,766	$950,864	$902	0.1%
Higher Education	$218,783	$226,912	-$8,129	-3.6%
Other Education	$24,100	$16,624	$7,476	45.0%
Total Education	**$1,194,649**	**$1,194,400**	**$249**	**0.0%**
Medicaid	$2,483,820	$2,496,097	-$12,277	-0.5%
Health and Human Services	$201,187	$251,151	-$49,964	-19.9%
Total Health and Human Services	**$2,685,008**	**$2,747,248**	**-$62,241**	**-2.3%**
Justice and Public Protection	$280,112	$350,976	-$70,864	-20.2%
General Government	$76,873	$77,430	-$557	-0.7%
Total Government Operations	**$356,985**	**$428,407**	**-$71,422**	**-16.7%**
Property Tax Reimbursements	$29,354	$156,279	-$126,925	-81.2%
Debt Service	$267,706	$157,034	$110,673	70.5%
Total Other Expenditures	**$297,060**	**$313,312**	**-$16,252**	**-5.2%**
Total Program Expenditures	**$4,533,702**	**$4,683,367**	**-$149,665**	**-3.2%**
Transfers Out	$1,957	$41,000	-$39,043	-95.2%
Total GRF Uses	**$4,535,659**	**$4,724,367**	**-$188,708**	**-4.0%**

Table 4: General Revenue Fund Uses

Actual vs. Estimate
FY 2027 as of August 31, 2026
($ in thousands)
Estimate from Office of Budget and Management
Actual based on OAKS reports run September 4, 2026

Program Category	Actual	Estimate	Variance	Percent	FY 2026	Percent
Primary and Secondary Education	$1,921,173	$1,927,297	-$6,124	-0.3%	$1,835,250	4.7%
Higher Education	$468,575	$456,973	$11,602	2.5%	$387,544	20.9%
Other Education	$40,996	$34,604	$6,392	18.5%	$29,396	39.5%
Total Education	**$2,430,745**	**$2,418,875**	**$11,871**	**0.5%**	**$2,252,190**	**7.9%**
Medicaid	$5,545,062	$5,672,864	-$127,802	-2.3%	$5,335,718	3.9%
Health and Human Services	$448,769	$501,111	-$52,342	-10.4%	$450,147	-0.3%
Total Health and Human Services	**$5,993,831**	**$6,173,975**	**-$180,144**	**-2.9%**	**$5,785,865**	**3.6%**
Justice and Public Protection	$646,205	$736,272	-$90,067	-12.2%	$681,898	-5.2%
General Government	$128,361	$133,375	-$5,014	-3.8%	$106,531	20.5%
Total Government Operations	**$774,566**	**$869,647**	**-$95,081**	**-10.9%**	**$788,429**	**-1.8%**
Property Tax Reimbursements	$29,245	$156,279	-$127,033	-81.3%	$134,386	-78.2%
Debt Service	$364,031	$253,658	$110,373	43.5%	$438,936	-17.1%
Total Other Expenditures	**$393,276**	**$409,936**	**-$16,661**	**-4.1%**	**$573,322**	**-31.4%**
Total Program Expenditures	**$9,592,417**	**$9,872,433**	**-$280,015**	**-2.8%**	**$9,399,807**	**2.0%**
Transfers Out	$1,848,798	$1,888,050	-$39,252	-2.1%	$950,230	94.6%
Total GRF Uses	**$11,441,216**	**$11,760,483**	**-$319,267**	**-2.7%**	**$10,350,037**	**10.5%**

Table 5: Monthly Medicaid Expenditure by Agency and Fund Group

Actual vs. Estimate
Month of August 2026
($ in thousands)
Estimate from Department of Medicaid
Actual based on report run in OAKS Actuals Ledger on September 4. 2026

Agency/Fund Group	Actual	Estimate	Variance	Percent
Medicaid				
GRF	$2,371,724	$2,381,438	-$9,714	-0.4%
Non-GRF	$1,041,625	$1,034,885	$6,740	0.7%
All Funds	**$3,413,349**	**$3,416,323**	**-$2,974**	**-0.1%**
Developmental Disabilities				
GRF	$99,769	$100,468	-$698	-0.7%
Non-GRF	$398,960	$417,714	-$18,754	-4.5%
All Funds	**$498,729**	**$518,182**	**-$19,452**	**-3.8%**
Job and Family Services				
GRF	$10,836	$12,699	-$1,864	-14.7%
Non-GRF	$19,584	$24,782	-$5,198	-21.0%
All Funds	**$30,419**	**$37,481**	**-$7,062**	**-18.8%**
Other				
GRF	$1,491	$1,492	-$1	-0.1%
Non-GRF	$10,827	$6,552	$4,274	65.2%
All Funds	**$12,318**	**$8,045**	**$4,273**	**53.1%**
All Agencies				
GRF	$2,483,820	$2,496,097	-$12,277	-0.5%
Non-GRF	$1,470,995	$1,483,933	-$12,938	-0.9%
All Funds	**$3,954,816**	**$3,980,031**	**-$25,215**	**-0.6%**

Table 6: YTD Medicaid Expenditure by Agency and Fund Group

Actual vs. Estimate
FY 2027 as of August 31, 2026
($ in thousands)
Estimate from Department of Medicaid
Actual based on report run in OAKS Actuals Ledger on September 4, 2026

Agency/Fund Group	Actual	Estimate	Variance	Percent
Medicaid				
GRF	$5,327,444	$5,445,959	-$118,514	-2.2%
Non-GRF	$1,072,021	$1,071,515	$507	0.0%
All Funds	**$6,399,465**	**$6,517,473**	**-$118,008**	**-1.8%**
Developmental Disabilities				
GRF	$194,689	$195,923	-$1,233	-0.6%
Non-GRF	$767,316	$821,828	-$54,512	-6.6%
All Funds	**$962,005**	**$1,017,751**	**-$55,746**	**-5.5%**
Job and Family Services				
GRF	$20,593	$28,334	-$7,742	-27.3%
Non-GRF	$38,207	$43,048	-$4,841	-11.2%
All Funds	**$58,800**	**$71,383**	**-$12,583**	**-17.6%**
Other				
GRF	$2,336	$2,648	-$312	-11.8%
Non-GRF	$12,513	$10,546	$1,968	18.7%
All Funds	**$14,849**	**$13,194**	**$1,656**	**12.5%**
All Agencies				
GRF	$5,545,062	$5,672,864	-$127,802	-2.3%
Non-GRF	$1,890,058	$1,946,937	-$56,879	-2.9%
All Funds	**$7,435,120**	**$7,619,801**	**-$184,681**	**-2.4%**

Table 7: Monthly Medicaid Expenditure by Payment Category

Actual vs. Estimate
Month of August 2026
($ in thousands)
Estimate from Department of Medicaid
Actual based on report run in OAKS Actuals Ledger on September 4, 2026

Agency/Fund Group	Actual	Estimate	Variance	Percent
Managed Care				
Covered Families and Children (CFC)	$458,135	$558,249	-$100,115	-17.9%
Group VIII	$423,354	$433,280	-$9,926	-2.3%
Aged, Blind, and Disabled (ABD)	$152,993	$161,520	-$8,528	-5.3%
ABD Kids	$71,619	$67,758	$3,860	5.7%
MyCare	$420,930	$448,758	-$27,828	-6.2%
OhioRISE	$100,279	$99,637	$642	0.6%
Single Pharmacy Benefit Manager (SPBM)	$555,230	$467,597	$87,632	18.7%
Pay for Performance	$7,112	$50,000	-$42,888	-85.8%
Managed Care Total	**$2,189,650**	**$2,286,800**	**-$97,150**	**-4.2%**
Fee-For-Service				
ODM Services	$550,671	$465,434	$85,237	18.3%
DDD Services	$490,356	$507,897	-$17,541	-3.5%
Hospital Care Assurance Program	$411,455	$435,000	-$23,545	-5.4%
State-Directed Payments (SDP)	$37,299	$0	$37,299	-
Fee-For-Service Total	**$1,489,780**	**$1,408,331**	**$81,450**	**5.8%**
Premium Assistance				
Medicare Buy-In	$103,759	$105,989	-$2,230	-2.1%
Medicare Part D	$61,997	$65,456	-$3,459	-5.3%
Premium Assistance Total	**$165,756**	**$171,446**	**-$5,690**	**-3.3%**
Administration				
Administration Total	**$109,629**	**$113,454**	**-$3,825**	**-3.4%**
Total	**$3,954,816**	**$3,980,031**	**-$25,215**	**-0.6%**

Table 8: YTD Medicaid Expenditure by Payment Category

Actual vs. Estimate
FY 2027 as of August 31, 2026
($ in thousands)
Estimate from Department of Medicaid
Actual based on report run in OAKS Actuals Ledger on September 4, 2026

Agency/Fund Group	Actual	Estimate	Variance	Percent
Managed Care				
Covered Families and Children (CFC)	$964,511	$1,120,038	-$155,526	-13.9%
Group VIII	$871,269	$868,358	$2,911	0.3%
Aged, Blind, and Disabled (ABD)	$307,958	$323,107	-$15,148	-4.7%
ABD Kids	$143,664	$135,453	$8,211	6.1%
MyCare	$829,933	$859,488	-$29,556	-3.4%
OhioRISE	$205,685	$198,324	$7,361	3.7%
Single Pharmacy Benefit Manager (SPBM)	$1,107,394	$1,045,456	$61,939	5.9%
Pay for Performance	$7,112	$50,000	-$42,888	-85.8%
Managed Care Total	**$4,437,526**	**$4,600,224**	**-$162,698**	**-3.5%**
Fee-For-Service				
ODM Services	$1,068,735	$1,041,274	$27,461	2.6%
DDD Services	$946,217	$999,212	-$52,995	-5.3%
Hospital Care Assurance Program	$411,455	$435,000	-$23,545	-5.4%
State-Directed Payments (SDP)	$39,178	$0	$39,178	-
Fee-For-Service Total	**$2,465,585**	**$2,475,486**	**-$9,901**	**-0.4%**
Premium Assistance				
Medicare Buy-In	$215,023	$211,869	$3,154	1.5%
Medicare Part D	$128,959	$127,759	$1,200	0.9%
Premium Assistance Total	**$343,981**	**$339,628**	**$4,353**	**1.3%**
Administration				
Administration Total	**$188,028**	**$204,463**	**-$16,435**	**-8.0%**
Total	**$7,435,120**	**$7,619,801**	**-$184,681**	**-2.4%**

Expenditures

– Brandon T. Minster, Senior Economist
– Kyuhan Choi, Economist

Overview

For the first two months of FY 2027, GRF program expenditures totaled $9.59 billion. These expenditures were $280.0 million (2.8%) below OBM's estimates. GRF uses also include transfers out, which totaled $1.85 billion and were about $39.3 million below estimate for the YTD. Total GRF uses for these two months, therefore, totaled $11.44 billion, which was $319.3 million (2.7%) under the estimate. OBM's estimates for GRF uses are summarized at the end of this section.

Among program categories, Debt Service had the largest positive YTD variance ($110.4 million, 43.5%). Higher Education ($11.6 million, 2.5%) and Other Education ($6.4 million, 18.5%) were the only other categories with a positive YTD variance. The remaining categories had negative variances. The largest of these was Medicaid with a negative YTD variance of $127.8 million (2.3%) followed by Property Tax Reimbursements with a negative YTD variance of $127.0 million (81.3%). Other categories with negative variances include Justice and Public Protection ($90.1 million, 12.2%), Health and Human Services ($52.3 million, 10.4%), Primary and Secondary Education ($6.1 million, 0.3%), and General Government ($5.0 million, 3.8%). Medicaid's GRF and non-GRF variances and in a few other categories are discussed below, as well as a summary of the major transfers out.

Medicaid

Medicaid is a joint federal-state program. It is mainly funded by the GRF but is also supported by several non-GRF funds. As previously noted, GRF Medicaid expenditures were below their monthly estimate in August by $12.3 million (0.5%) and below their yearly estimate by $127.8 million (2.3%). Non-GRF Medicaid expenditures were below their monthly estimate by $12.9 million (0.9%) and below their yearly estimate by $56.9 million (2.9%). Including both the GRF and non-GRF, all funds Medicaid expenditures were $25.2 million (0.6%) below estimate in August and $184.7 million (2.4%) below estimate for the fiscal year.

Table 5 shows GRF and non-GRF Medicaid expenditures for the previous month 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. Table 6 shows the figures for the fiscal YTD. 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 August of $3.0 million (0.1%), and a FY 2027 all-funds negative variance of $118.0 million (1.8%). DODD had an August all-funds negative variance of $19.5 million (3.8%) and a FY 2027 all funds negative variance of $55.7 million (5.5%). 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% of the total Medicaid budget. Unlike ODM and DODD, the seven "sister" agencies incur only administrative spending.

Table 7 shows all-funds Medicaid expenditures by payment category for the previous month, and Table 8 shows the figures for the fiscal YTD. Yearly expenditures were below their estimates for three major payment categories (Managed Care, Fee-For-Service (FFS), and Administration), while slightly above estimate for Premium Assistance. Managed Care was $162.7 million (3.5%) below estimate, with notable subcategory variances in Covered Families and Children (CFC), which was $155.5 million (13.9%) below estimate, and Single Pharmacy Benefit Manager (SPBM), which was $61.9 million (5.9%) above estimate. Also of note is that the majority of planned Pay-for-Performance payments (85.8%) were not made in August; these payments will be made in coming months. The Administration negative variance was $16.4 million (8.0%), and the FFS negative variance was $9.9 million (0.4%). The positive variance in Premium Assistance was $4.4 million (1.3%) above estimate.

Justice and Public Protection

The Justice and Public Protection program category includes all GRF expenditures by justice and public protection agencies, excluding expenditures for debt service. In August, this category had a negative variance of $70.9 million (20.2%), resulting in a YTD negative variance of $90.1 million (12.2%). The Department of Rehabilitation and Correction (DRC) accounted for $67.1 million of the category's negative YTD variance. DRC's negative YTD variance was mainly due to ALI 501321, Institutional Operations, which was $56.4 million below its YTD estimate. The line item primarily pays for the operation of the Department's correctional institutions, including payroll and other costs associated with security, unit management, faculty administration and maintenance, and support services.

Property Tax Reimbursements

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

In August, this category had a negative variance of $126.9 million (81.2%), bringing YTD negative variance to $127.0 million (81.3%). This negative variance is primarily driven by delays associated with H.B. 186 of the 136th General Assembly, which establishes an inflation cap credit first applicable to the second half of tax year 2025 property tax bills. Since some counties have delayed their tax billings to incorporate the new credit, reimbursement requests from these counties are occurring later than anticipated.

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 August expenditures in this category were above the monthly estimate by $110.7 million (70.5%). This large variance for the month is primarily due to ALI 230908, Common Schools General Obligation Bond Debt Service, which had a positive August variance of $111.1 million. This line item is used for debt service payments on general obligation bonds issued to raise funds for the state share of school facilities' project costs. The $111.1 million debt payment was originally projected to occur in September but was instead disbursed in August. There will be a corresponding negative variance for this line item in September as a result.

Transfers Out

In July and August, transfers out of the GRF totaled $1.85 billion, $39.2 million (2.1%) below the YTD estimate. Most of FY 2027 GRF transfers occurred in July, including $1.22 billion required by H.B. 479 of the of the 136th General Assembly. In August, transfers of $40.0 million to the State Post-Traumatic Stress Fund (Fund 5ND1) and $1.0 million to the Public Defender Legal Aid Fund (Fund 5740) were anticipated but did not occur. Instead, a $2.0 million transfer to the OAKS Support Organization Fund was made, which had been expected later.

FY 2027 July and August Transfers out of GRF
($ in millions)

Fund	Fund Name	Transfer
5VS0	Student Wellness and Success Fund	$600.0
5EA1	Property Tax Relief Fund	$350.0
5AX1	Expanded Sales Tax Holiday Fund	$320.0
5SA4	Health and Human Services Reserve Fund	$310.0
5DY1	Debt Service Reduction Fund	$200.0
7013	Budget Stabilization Fund	$35.0
5C20	DAS MARCS Administration	$10.5
8400	Security, Investigations, and Policing Fund	$10.0
5V80	Property Tax Administration Fund	$5.3
5VV0	Transcranial Magnetic Stimulation Fund	$5.0
5EB0	OAKS Support Organization Fund	$2.0
2080	Underground Parking Garage Fund	$0.5
7015	Wildlife Fund	$0.5
	Total	**$1,848.8**

Summary of OBM Estimates for GRF Uses

The table below shows OBM's estimates for GRF uses for FY 2027. The program categories are ordered from largest to smallest annual estimate. Altogether, GRF program expenditures are estimated to total $45.81 billion in FY 2027. Of this amount, $22.73 billion (49.6%) will go to Medicaid and $10.39billion (22.7%) will go to Primary and Secondary Education. Together, these

two program categories are expected to account for 72.3% of total program expenditures in FY 2027.

In addition to program expenditures, OBM estimates that $1.89 billion will be transferred out of the GRF. Most of these estimated transfers out ($1.85 billion) already happened in the first month of the fiscal year. The remaining transfers out are estimated to occur in August and June.

OBM also estimates that $836.1 million of FY 2027 appropriations will be encumbered at the end of the fiscal year for expenditure in future fiscal years. Including these encumbrances, estimated total GRF uses for FY 2027 are $48.53 billion.

OBM Estimates for GRF Uses for FY 2027 by Program Category

($ in thousands)

Program Categories	Expenditures	As a % of Total Program Expenditures
Medicaid	$22,734,243	49.6%
Primary and Secondary Education	$10,388,438	22.7%
Justice and Public Protection	$3,465,215	7.6%
Higher Education	$2,791,582	6.1%
Health and Human Services	$2,349,069	5.1%
Property Tax Reimbursements	$2,057,284	4.5%
Debt Service	$1,206,988	2.6%
General Government	$686,317	1.5%
Other Education	$127,819	0.3%
Total Program Expenditures	**$45,806,956**	**100.0%**
Transfers Out	$1,891,300	---
Year-end Encumbrances	$836,134	---
Total GRF Uses	**$48,534,390**	**---**

Issue Updates

Ohio SNAP Payment Error Rate Decreased by More Than 2% in FFY 2025

–Jacob Graffius, Budget Analyst

On June 24, 2026, the U.S. Department of Agriculture (USDA) released its annual report regarding Supplemental Nutrition Assistance Program (SNAP) payment error rates for Federal Fiscal Year (FFY) 2025.[2] Payment error rates are measurements of how accurately a state agency determined SNAP eligibility and benefit amounts for participants of the Program, including overpayments and underpayments. The error rate for Ohio in FFY 2025 was 6.76%, about 2.25% lower than the error rate of 9.01% in FFY 2024. Nationally, the error rate was 10.62%. South Dakota had the lowest error rate of 2.47%, while Alaska had the highest error rate of 23.15%. Ohio's FFY 2025 rate is its lowest recorded rate since FFY 2017 when the rate was 5.51%. However, error rate data was not collected in FFY 2020 or FFY 2021 due to the COVID-19 pandemic.

In FFY 2025, approximately $3.12 billion in SNAP benefits were issued to Ohioans. Currently, the federal government covers 100% of SNAP benefit costs. However, beginning in FFY 2028, states will be required to share in the cost of SNAP benefits based on each state's payment error rate. The state contribution will range between 0% to 15%. For FFY 2028, states will be able to choose to use their FFY 2025 or FFY 2026 payment error rate to determine contributions. For FFY 2029 and each year thereafter, the state contribution will be calculated using the payment error rate from three fiscal years prior. The table below shows state contribution amounts by error rate.

Payment Error Rates and Corresponding State SNAP Contribution

Payment Error Rate	State Contribution Amount
Below 6.00%	0%
6.00% to 7.99%	5%
8.00% to 9.99%	10%
Over 10.00%	15%

In Ohio, the ODJFS and county departments of job and family services administer SNAP benefits to eligible households. Ohio's error rates are based on a random sampling of 1,020 SNAP

[2] See the USDA SNAP Payment Error Rates FFY 2025 (PDF).

cases. Federal law allows for discrepancies of $57 or less to be excluded from the calculation.[3] Error rates include agency and client errors, such as when a client neglects to report changes in household income, composition, or expenses or when system processing mistakes occur. The rates do not measure fraud.

DBH and ODHE Announce $18.0 Million Scholarship Program

– Ryan Sherrock, Senior Economist

On August 3, 2026, DBH and the Ohio Department of Higher Education (ODHE) announced the creation of the new Ohio Behavioral Health Scholarship (OBHS) Program to increase the number of behavioral health professionals in the state. OBHS will provide a total of $18.0 million in scholarships to students pursuing graduate-level behavioral health degrees at 16 participating Ohio colleges and universities. These institutions will administer the funds and choose which students receive scholarships. Each student will receive $15,000 per year from OBHS, as well as matching aid from the participating institutions, to ensure tuition and general fees are completely covered. A student will be able to receive a scholarship for up to two years. Eligibility will be limited to students enrolled in an approved graduate or professional program by the fall of 2026 in specified behavioral health fields (e.g., counseling, clinical psychology, or social work) and who commit to working in an underserved community for one to two years depending on the number of years of scholarship support they receive.

The OBHS Program is one of several programs that Ohio has created to address the behavioral health workforce shortage in the state. Examples of these programs include the following: $3.0 million in FY 2026 and FY 2027 for behavioral health workforce development initiatives; $125,000 in FY 2026 and FY 2027 for a Pilot Grant Program for Doctoral Psychology Internships; and a portion of a $50.0 million appropriation in FY 2024 to support pediatric behavioral health workforce development.[4]

ODHE Awards $2.3 Million in FY 2026 Campus Security Support Grants

– Jason Glover, Senior Budget Analyst

In June 2026, ODHE awarded a total of approximately $2.3 million to ten public and private universities and colleges (institutions) in the third round of Campus Security Support Program (CSS) grants. Under CSS, ODHE provides grants to support institutionally sanctioned student organizations, located on or off campus, affiliated with communities that are at risk for increased threats of violent crime, terror attacks, hate crimes, or harassment to enhance security measures and increase student safety at institutions throughout the state. Generally, awards were based on the number of student organizations at each institution: $299,000 for institutions

[3] In FFY 2025, the payment error tolerance threshold was $57. However, the threshold is subject to change each year. In FFY 2026, the threshold is $58.

[4] The $50.0 million appropriation was federal American Rescue Plan Act funds.

with more than 150 student organizations, $199,000 for institutions with 50 to 150 student organizations, and $99,000 for institutions with less than 50 student organizations. H.B. 96 provided a total of $4.0 million in FY 2026 to support the CSS grants from GRF ALI 235475, CCS Program.

The table below summarizes the recipients and awards for each CSS grant, across three rounds of funding in FY 2026. Altogether, ODHE awarded approximately $3.9 million in CSS grants to 20 institutions. Total awards for CSS grants ranged from $50,000 for the University of Cincinnati to more than $522,000 for the University of Dayton. The third round of funding differed from the two prior rounds in that ODHE awarded lump sums to the institutions (as described above) rather than soliciting proposals from the institutionally sanctioned organizations at each institution. In other words, beginning with the third round of funding in FY 2026, each institution is responsible for managing and distributing awards to institutionally sanctioned organizations on their campuses in accordance with ODHE guidelines. H.B. 96 also requires ODHE to submit a report on the CSS program with information about award recipients and how funds have been spent.

Campus Security Support Program Awards, FY 2026

Institution	Round 1	Round 2	Round 3	Total
University of Dayton	$74,893	$148,423	$299,000	**$522,316**
Wright State University	$61,650	$61,650	$299,000	**$422,300**
Marietta College	$75,000	$75,000	$199,000	**$349,000**
Case Western Reserve University	$0	$0	$299,000	**$299,000**
Cleveland State University	$0	$0	$299,000	**$299,000**
Miami University	$199,760	$0	$0	**$199,760**
Baldwin Wallace University	$0	$0	$199,000	**$199,000**
Muskingum University	$0	$0	$199,000	**$199,000**
Otterbein University	$0	$0	$199,000	**$199,000**
University of Mount Union	$0	$0	$199,000	**$199,000**
Tiffin University	$70,800	$0	$99,000	**$169,800**
Wilberforce University	$75,000	$75,000	$0	**$150,000**
Terra State Community College	$75,000	$68,000	$0	**$143,000**

Institution	Round 1	Round 2	Round 3	Total
University of Findlay	$73,900	$66,838	$0	**$140,738**
Youngstown State University	$41,000	$47,116	$0	**$88,116**
Hiram College	$75,000	$0	$0	**$75,000**
Belmont College	$0	$66,500	$0	**$66,500**
Malone University	$0	$65,180	$0	**$65,180**
Art Academy of Cincinnati	$62,500	$0	$0	**$62,500**
University of Cincinnati	$0	$50,000	$0	**$50,000**
Total	**$884,503**	**$723,707**	**$2,290,000**	**$3,898,210**

Source: Ohio Department of Higher Education

ODHE Awards $19.7 Million in Loans to Help Reduce Campus Square Footage

– Jason Glover, Senior Budget Analyst

In late June 2026, ODHE issued preliminary awards totaling approximately $19.7 million to three public universities and two community colleges under the Strategic Square Footage Reduction (SSFR) Program, which was established in H.B. 96 to help public institutions of higher education reduce campus square footage and lower long-term capital and operating costs. Under the SSFR Program, ODHE, in consultation with the Ohio Facilities Construction Commission (OFCC), awards revolving loans to public institutions via a competitive process, with priority given to institutions whose general student populations have decreased. Loans provide two types of financial assistance: pre-demolition planning loans and demolition loans. Pre-demolition planning loans support architectural, engineering, and environmental assessments needed prior to building removal, while demolition loans support the removal of obsolete or underused facilities. Institutions receiving demolition loans must complete public bidding before loan amounts are finalized. A public institution that receives a loan under the SSFR Program is prohibited from constructing any new facility at the same time demolition is occurring. H.B. 96 funds the SSFR Program with an appropriation of $82.7 million in FY 2026 from Fund 5CJ1, ALI 2356A2, Strategic Square Footage Reduction, supported by a transfer in the same amount from the Ohio Tuition Trust Reserve Fund.

The table below shows that five public institutions of higher education received a total of $19.7 million in loans from ODHE under the first round of SSFR Program awards. Central State University is the only institution that was awarded a pre-demolition loan receiving $250,000 for each assessment related to the demolition of four buildings. Two community colleges and two

universities received a total of approximately $18.7 million for demolition loans in FY 2026, with Cleveland State University receiving the bulk of that amount at $15.6 million (83.4%). According to ODHE, these four loan amounts are based on estimated total costs for demolition established by the design firms for each project. ODHE anticipates a second round of SSFR Program funding in fall 2026.

Strategic Square Footage Reduction Program Awards, FY 2026

Institution	Facility	Loan Type	Loan Amounts
Central State University	Anderson Hall, Green Hall, Hunter Hall, Williamson Hall	Pre-Demolition	$1,000,000
Cleveland State University	Wolstein Center	Demolition	$15,606,825
Lakeland Community College	T Building	Demolition	$1,500,000
Owens Community College	Bicentennial Hall, Health Technologies Hall	Demolition	$991,495
Miami University	Williams Hall	Demolition	$610,651
		Total	**$19,708,971**

Controlling Board Approves $31.2 Million for Six Programs under the Housing Trust Fund

– Jared Cape, Budget Analyst

On August 17, 2026, the Controlling Board released just over $31.2 million from the Housing Trust Fund (HTF) for the Department of Development (DEV) to administer six different HTF programs. These programs are funded through the Low- and Moderate-Income Housing Trust Fund (Fund 6460), which receives a portion of HTF fees collected by county recorders. HTF funding allocations for these six programs are shown in the table below.

Housing Trust Fund (HTF) Allocations (FY 2027 YTD)

HTF Programs	FY 2027 Allocation
Homeless Crisis Response Program	$14,278,000
Supportive Housing Program	$10,095,000
Special Projects Grant Program	$3,820,233
Community Development Corporation Grant Program	$2,685,000
Community Housing Impact and Preservation Program (CHIP)	$250,000
Shelter Repair Target Opportunity Program	$100,000
TOTAL	**$31,228,233**

The largest allocation ($14.3 million) is to the Homeless Crisis Response Program to prevent individuals and families from becoming homeless, provide for emergency shelter operations, and move homeless persons to permanent housing. The next largest allocation ($10.1 million) is to the Supportive Housing Program, which provides grants to organizations operating transitional housing projects to move homeless persons to permanent housing. The third largest allocation ($3.8 million) is to the Special Projects Grant Program, which provides funding for housing projects which otherwise would not be eligible for funding. The fourth largest allocation ($2.7 million) is to the Community Development Corporation Grant Program, which provides grants and loans to community development corporations for creating affordable housing and economic development and job opportunities in low- and moderate-income communities. The remaining allocations are to the Community Housing Impact and Preservation Program ($0.3 million) and the Shelter Repair Target Opportunity Program ($0.1 million).

The amounts awarded to these six programs from the HTF are part of a total of $49.8 million in program allocations recommended by DEV's Office of Housing Support for FY 2027. In addition to these programs which target homelessness, the Housing Trust Fund provides funding for rental assistance, housing counseling, homebuyer assistance, handicapped accessibility modifications, rehabilitation, home repair, and new construction. All HTF programs provide services to low- and moderate-income Ohio residents.

Controlling Board Approves Additional $1.9 Million for the Great Lakes Restoration Initiative

– Robert Meeker, Senior Budget Analyst

On August 17, 2026, the Controlling Board approved a request from the Ohio Lake Erie Commission (LEC) to increase ALI 780603, LEC Federal Grants (Fund 3EP0), by $1.86 million in FY 2027 to award grants through the Great Lakes Restoration Initiative (GLRI) in partnership with

the Ohio Environmental Protection Agency. The action will bring the total appropriation for the line to $3.0 million. Including this increase, GLRI awards will total $2.7 million in FY 2027. The table below shows each FY 2027 recipient, award amount, and a brief description of each project. The GLRI is funded by the U.S. Environmental Protection Agency.

The federal nonregulatory program launched in 2010 to accelerate efforts to protect and restore the Great Lakes, including Lake Erie. According to LEC, Ohio's GLRI funded projects remove barriers to fish spawning areas, restore beneficial uses in Ohio's four Areas of Concern, reduce harmful algal blooms, make beaches safer, protect critical habitats, reduce contamination from traditional nonpoint sources, address emerging contaminants of concern, and track measurable goals through some of the country's best monitoring programs.

Great Lakes Restoration Initiative (GLRI) Awards, FY 2027

Recipient	County	Project Description	Award
Bay Village	Cuyahoga	Aquatic and riparian restoration at Cahoon Creek	$750,000
City of Sandusky	Erie	Shoreline resilience and water quality improvement at Lion's Park Beach	$750,000
University of Toledo	Lucas	Habitat restoration along the Little Portage River	$750,000
West Creek Conservancy*	Cuyahoga	Fish habitat enhancement, reconnection of the Brandywine Creek with its natural wetlands, and water pollution reduction	$361,280
Lake County Soil and Water Conservation District	Lake	Invasive species control in the Arcola Creek Watershed	$73,440
Drink Local. Drink Tap.	Cuyahoga	Stewardship and education programming at Edgewater Beach	$61,050
		Total	**$2,745,770**

*Project awarded through the Great Lakes Area of Concern (AOC) grant program. All other projects awarded through the Lake Erie Community Grant Program.

Controlling Board Approves $12.4 Million in State Disaster Relief Funding for April 2024 Flooding

– Maggie West, Senior Budget Analyst

On August 17, 2026, the Controlling Board approved a request from the Ohio Emergency Management Agency (Ohio EMA), located within the Department of Public Safety, to increase

State Disaster Relief Fund (Fund 5330) ALI 763601, State Disaster Relief, by $12.4 million in FY 2027. The increased appropriation will be used to continue reimbursements for the cost of damages incurred by eight counties (Belmont, Guernsey, Jefferson, Meigs, Monroe, Morgan, Noble, and Washington) because of flooding and severe storms that occurred in April 2024. In September 2024, the Governor authorized the State Disaster Relief Program (SDRP) for this severe weather event with an estimated cost of $26.7 million for damages. As of August 2026, $14.3 million of the initial estimate has been disbursed to the eligible applicants. The funds are distributed on a reimbursement basis and may be used for debris operations, emergency protective measures, damage to roads and bridges, flood damage to buildings and equipment, damage to water lines and a wastewater treatment plant and ongoing recovery work.

The SDRP is a reimbursement program that can be used in instances where storm damage amounts do not meet the threshold to qualify for federal assistance. It is intended to provide supplemental state assistance to local governments and eligible nonprofit organizations and is available for those counties impacted by the severe weather event whose damages meet a specified countywide per capita indicator. The cash balance and appropriation of Fund 5330 are monitored jointly by Ohio EMA and the Office of Budget and Management with quarterly adjustments typically requested by the Controlling Board. The source of revenue for Fund 5330 is derived from transfers made from the Emergency Purposes Fund (5KM0) as authorized by the Controlling Board on an as-needed basis.

ODOT Awards Nearly $8.8 Million in Safe Routes to School Grants

– Patrick Campbell, Budget Analyst

In August 2026, the Ohio Department of Transportation (ODOT) announced nearly $8.8 million in grants as a part of the Safe Routes to School Program to support projects that make it safer and easier for students to walk and bike to school. This set of grants support both infrastructure and noninfrastructure projects that are scheduled to begin between FY 2027 and FY 2030. The Safe Routes to School Program has awarded nearly $100 million in grants to local governments since 2005.

This round includes 17 grants for projects located in 16 school districts. Of the 17 awards, 15 are infrastructure projects receiving about $8.7 million. Infrastructure projects include the detailed design, engineering, or construction of a project that will improve the existing environment in which students walk or bike to school, such as sidewalks, bike racks, traffic calming and speed reduction measures, and street crossing measures. Over $7.4 million of these funds will be used for construction, and the remaining $1.2 million will be used for preliminary engineering, detailed design, and right-of-way phases of the projects. Infrastructure projects must be within two miles of a K-12 school and are limited to $1 million in grants each. The remaining two grants are awarded to noninfrastructure projects led by public health agencies in Lorain and Summit counties, totaling $88,000. Funds allocated to noninfrastructure projects must be used to develop and implement plans, programs, and policies, such as the development and deployment of public awareness campaigns. Noninfrastructure programs are limited to $60,000, or up to $120,000 for a two-year project.

These grants further recent efforts to increase the safety of students traveling to school and improve pedestrian safety. In January 2026, DEW announced $10 million in grants to schools, districts, and county boards of developmental disabilities to add and upgrade existing safety features on new and existing school buses, such as external cameras, crossing arms, and fully illuminated lights and signage. Also, ODOT recently announced the availability of over $21 million in grants via the Transportation Alternatives Program, with the goal of improving the safety of pedestrians and bike riders.

Safe Routes to School Grants by School District, FY 2027-FY 2030

County	School District	Sponsor	Grants Awarded
Carroll	Conotton Valley Union Local	Village of Leesville	$197,700
Champaign	Mechanicsburg Exempted Village	Village of Mechanicsburg	$663,000
Clermont	Milford Exempted Village	Miami Township	$549,815
Fairfield	Pickerington Local	City of Pickerington	$1,000,000
Franklin	Columbus City	City of Columbus	$500,000
Hamilton	Northwest Local	Colerain Township	$1,000,000
Licking	Heath City	City of Heath (2 projects)	$672,900
Lorain	Lorain City	City of Lorain	$890,379
Lorain	Sheffield-Sheffield Lake City	Lorain County Public Health	$40,000
Lucas	Washington Local	City of Toledo	$816,834
Stark	Plain Local	City of Canton	$775,425
Summit	Akron City	Summit County Public Health	$48,000
Trumbull	Howland Local	Howland Township	$77,000
Trumbull	Niles City	City of Niles	$500,000
Warren	Franklin City	City of Franklin	$547,611
Washington	Fort Frye Local	Village of Beverly	$500,000
		Total	**$8,778,664**

Aim Higher Pilot Program Provided Over $735,000

– Ryan Brown, Senior Budget Analyst

Vanguard-Sentinel Career & Technology Centers in Sandusky County (Vanguard-Sentinel) received over $735,000 under the Aim Higher Pilot Program, which was established in H.B. 96 to provide additional support for dropout prevention and recovery (DPR) programs operated by joint vocational school districts during FY 2026. Vanguard-Sentinel was the only district selected by DEW to participate out of a pool of five applicants. The pilot program compensated Vanguard-Sentinel for outcomes achieved by students newly enrolled in its DPR program in FY 2026: $500 for each credit a student earned and $2,500 for each student who obtained at least one qualifying industry-recognized credential. It also provided a flat amount to assist with certain equipment and facilities costs.

A total of 143 students were newly enrolled in Vanguard-Sentinel's program during FY 2026. Of those, 114 (80%) students earned a total of about 320 credits, an average of 2.8 credits each, and 130 (91%) students earned at least one qualifying credential. Ten students earned neither a credit nor a credential and generated no payment. The outcomes-based components resulted in payments totaling $485,165, for an average of $3,648 per student that generated a payment (see the table below). The pilot program also granted $250,000 to a district that has a DPR program in its first three years of operation. H.B. 96 required $175,000 of these funds to be used for career-technical education equipment and the remaining $75,000 for building renovations. Vanguard-Sentinel qualified for this grant by starting a new DPR program in FY 2026 after assuming operation of a DPR community school that closed. The pilot program was funded by a FY 2026 earmark from GRF ALI 200550, Foundation Funding – All Students.

Aim Higher Pilot Program Payments to Vanguard-Sentinel

Payment Factor	Rate	Units	Amount
Industry-recognized credentials	$2,500	130 students	$325,000
Credits earned	$500	320.33 credits	$160,165
Equipment and facilities grant	$250,000	1 district	$250,000
		Total	**$735,165**

Tracking the Economy

– Jorge Valdebenito, Economist

Overview

U.S. real gross domestic product (GDP) grew at a 1.5% annual rate in the second quarter of 2026. The U.S. unemployment rate remained at 4.1% in August, the same level as in July. Official data indicate that 162,000 jobs were created in August. The Federal Reserve kept its interest rate target unchanged at its latest monthly meeting, and U.S. government debt reached $40 trillion.

In late August, the U.S. government escalated its trade war with Canada by imposing new 50% tariffs on some Canadian products (e.g., electrical machinery, car parts). Canada retaliated by imposing tariffs on U.S. goods to match, which apply to roughly $20 billion of U.S. exports to Canada.

Ohio's unemployment rate declined to 3.4% in July, down from 3.6% in June, and nonfarm employment increased by 5,100. Ohio is expected to be the state most affected by Canada's retaliatory tariffs. Ohio sent 31.3% of all its exports to Canada, and these tariffs are expected to cover between 7% and 12% of the state's exports to Canada.

The National Economy

In their July meeting, the Federal Open Market Committee (FOMC) kept interest rates unchanged at the target range of 3.5% to 3.75%. Fed officials warned that a prolonged conflict in the Middle East could keep inflation elevated through higher energy and input costs, potentially increasing the need for further rate hikes.

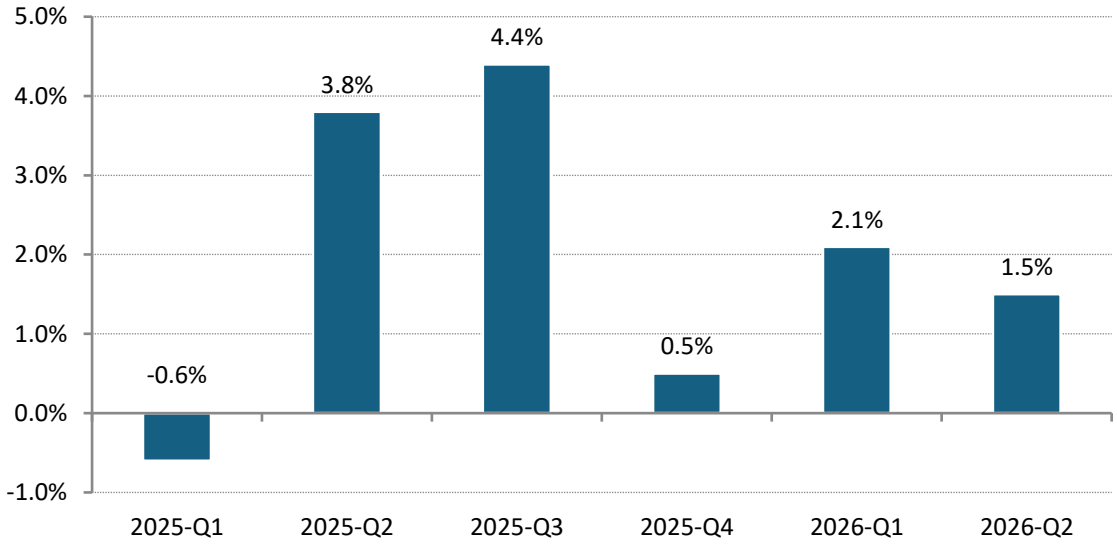
Meanwhile, the U.S. fiscal outlook remains challenging. The national debt has surpassed $40 trillion, while the Congressional Budget Office reports that the federal deficit totaled $1.8 trillion in the first 10 months of FY 2026. Net interest costs have also risen above $1.1 trillion and are approaching the size of federal defense spending. These fiscal pressures, combined with inflation concerns and geopolitical uncertainty, have contributed to higher Treasury yields. The 30-year U.S. Treasury yield reached approximately 5.34% in August, its highest level since 2007. Higher yields increase borrowing costs for the government, businesses, and consumers.

In late August, the U.S. government imposed additional 50% tariffs on some Canadian products, worth roughly $20 billion. These new tariffs are concentrated on Canadian dairy, wine, wood products, furniture, cement, ceramics, and others. The Canadian government, in response, announced it will match those tariffs on U.S. goods "dollar for dollar" and will focus on sectors such as steel, dairy, appliances, agricultural equipment, pulp and paper, and electronics, which are areas most impacted by U.S. tariffs. These retaliatory tariffs on U.S. goods went into effect on September 8.

According to the International Trade Commission (ITA), Canada was America's second largest trading partner in 2025, receiving approximately $333.6 billion in exported goods. Historically, Canada had been the U.S.'s largest export market, but Mexico surpassed it in 2025 by a margin of roughly $4 billion in export value.

According to the U.S. Bureau of Economic Analysis (BEA), U.S. real GDP grew at an annual rate of 1.5% in the second quarter of 2026. In the first quarter, real GDP increased 2.1%. Compared to the first quarter, the deceleration in real GDP in the second quarter reflects a slowdown in government spending and decelerations in investment and exports. Imports[5] increased more in the second quarter than in the first quarter. Chart 2 shows the quarterly percentage change of U.S. real GDP compared to the previous quarter.

Chart 2: U.S. Real GDP, Percent Change from Previous Quarter (%)



The U.S. unemployment rate stayed at 4.1% in August (same level as in July), according to the latest monthly report published by the Bureau of Labor Statistics (BLS). Total nonfarm employment in the U.S. increased by 162,000 in August, significantly higher than the average monthly job creation of 31,000 over the previous 12 months. The monthly employment increases were concentrated in food services and drinking places (59,000), and local government education (42,000), while the information industry lost jobs (23,000).

The BLS also revised previously published job figures for the two months prior to August. The change in total nonfarm payroll employment for June was revised up by 11,000, from 20,000 to 31,000, and the change for July was revised up by 44,000, from a loss of 23,000 to an increase of 21,000.

Year-over-year inflation rose by 0.1% in July after falling 0.4% in June, as measured by the Consumer Price Index for All Urban Consumers, according to BLS. Relative to one year ago, inflation rose 3.4% before seasonal adjustment. Core inflation, which excludes food and energy, rose by 2.5% over the same period. Food prices increased 3.0% year-over-year, while energy prices rose by 14.7%.

[5] A downward adjustment to imports improves GDP because imports do not represent domestic production and spending on imports must therefore be subtracted from other output measures to determine GDP.

The U.S. Census Bureau and the BEA announced that the U.S. goods and services deficit was $88.6 billion in July, up $17.4 billion from $71.2 billion in June. July exports totaled $310.7 billion, $6.6 billion less than in June. Imports reached $399.3 billion, $10.8 billion higher than in June. On a year-over-year basis, the goods and services deficit decreased by $188.4 billion, or 29.6%, from the same period in 2025. Exports increased by $237.2 billion or 12.0%. Imports increased by $48.8 billion or 1.9%.

According to Freddie Mac, a government-sponsored enterprise, the average 30-year fixed-rate mortgage (FRM) increased to 6.71% in the first week of September. The 15-year FRM averaged 6.04% in early September. Both rates are recording higher values than a year ago, where the 30-year average rate was 6.50% and the 15-year average was 5.60%. The agency reports that demand for housing remains relatively stable, indicating interest from buyers despite uncertainty in market conditions. Nevertheless, the volume of existing home sales weakened in recent months, as unit sales declined in both June and July. As compared to one year ago, existing home sales increased by just 0.7%.

The Ohio Economy

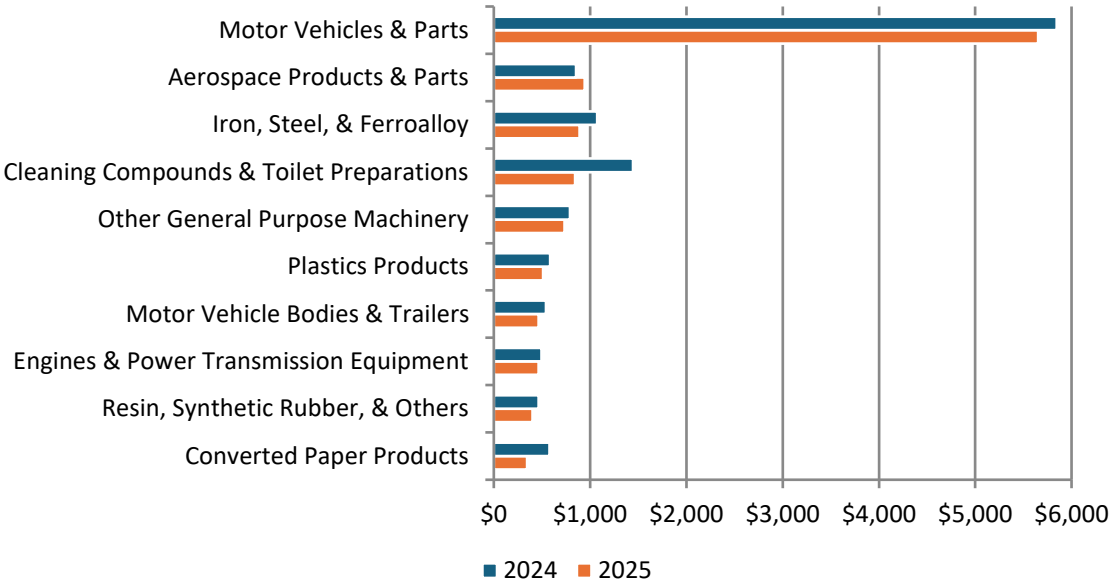
During the first week of September, the Federal Reserve Bank of Cleveland published its Beige Book (PDF). The report indicated that business activity in the Fourth District, which encompasses all of Ohio and parts of Pennsylvania, Kentucky, and West Virginia, increased moderately in recent weeks. Demand for manufactured goods continued to grow, driven by data centers and defense spending. Consumer spending declined modestly for the fourth consecutive survey period due to higher fuel and food prices. Employment levels increased slightly, and wage pressures remained moderate.

The BLS reported that Ohio's unemployment rate was 3.4% in July, down from 3.6% in June, and 3.7% in May. On a year-over-year basis, the state's unemployment rate is 1.1 percentage points lower than in July 2025 (4.5%). In July, the state created 5,100 new jobs compared to June. Over the past 12 months, Ohio added 17,400 jobs.

Data from Ohio's Department of Development and the International Trade Administration (ITA) show that Canada is Ohio's most important trading partner receiving 31.3% of the state's exports in 2025. The total value of annual exports that year reached $17.5 billion, followed by Mexico with $8.6 billion (15.5%) and China with $3.0 billion (5.4%). On the other hand, 18.7% of the state's total imports came from Canada for a total value of $16.3 billion, followed by Mexico with $12.4 billion (14.2%) and China with $8.1 billion (9.3%).

At the product level, 30.9% of merchandise exported from Ohio to Canada correspond to "Motor Vehicles and Parts" with a total value of $5.6 billion, 5.2% to "Aerospace Products and Parts" ($943 million), and 4.9% to "Iron, Steel and Ferroalloys" ($892 million). Chart 3 shows Ohio's most important export products to Canada by product category in 2024 and 2025, representing about 62% of all export revenue from Ohio products to Canada. Overall export revenue from trade with Canada decreased by 12.2% between 2024 and 2025.

Chart 3: Ohio's Leading Export Products to Canada in 2024 and 2025 ($ millions)



Canada's retaliatory tariffs on U.S. products will be concentrated in steel, dairy, appliances, agricultural equipment, pulp and paper, and electronics. According to ITA and Statistics Canada (the government's national statistical office), Ohio is expected to be the state hit the hardest by these retaliatory measures, particularly because of the tariffs on steel and laundry machines. Estimates from both agencies indicate that between 7% and 12% of Ohio's exports to Canada will be affected, representing roughly $1.2 billion to $2.1 billion in export revenue. Tariffs are product-specific, so these figures represent an upper bound for the affected value, as not every product within each category is subject to the new duties.

In the housing market (PDF), Ohio home sales totaled 12,723 units in July 2026, an increase of 3.5% from the same month last year. The median sales price reached $285,000, representing a 3.6% increase from the median value one year earlier, $275,000. Active residential listings reached 39,641, an increase of 3.5% compared to July 2025, when there were 38,252 listings. The publisher of these housing statistics, Ohio REALTORS, regards six months of housing supply as indicative of a balanced market between buyers and sellers. Ohio ended July with 3.72 months of housing supply, a 0.6% increase from the same period last year, suggesting that Ohio continues to be a seller's marketplace.