



# Ohio Facts

**2010 Edition**

**Ohio Legislative Service Commission**



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

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SEPTEMBER 2010

## Introduction

The Ohio Legislative Service Commission (LSC) is pleased to present the 2010 edition of *Ohio Facts*. This publication provides Ohio legislators, legislative staff, and others with a broad overview of Ohio's economy, public finances, and major government programs. *Ohio Facts* offers a series of charts and tables that are generally expanded upon by brief comments. The pages address many questions frequently asked of our office. In all instances, LSC analysts have used the most up-to-date data available. Whether you are on the road or in the office, we hope that *Ohio Facts* will serve as a handy and valuable tool.

The 2010 edition of *Ohio Facts* covers 84 topics in as many pages. These pages are grouped into the following seven categories: Demographics, Economy, Public Finances, K-12 Schools, Colleges and Universities, Health and Human Services, and Justice and Public Safety Systems. If you have any questions regarding the information included on an individual page or if you need additional information on that topic, please contact the LSC analyst listed at the bottom of that page. If you have questions regarding the publication as a whole, please contact LSC Deputy Director Wendy Zhan at (614) 728-4814.

In addition to the printed version, *Ohio Facts* may be viewed on LSC's web site at [www.lsc.state.oh.us](http://www.lsc.state.oh.us) by clicking on *Publications* and then *Ohio Facts*.

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## A Snapshot of Ohio's Population in 2008

Population and Age	Ohio	United States	Ohio's Rank
Total population	11,485,910	304,059,724	7
Median age	38.1	36.8	14
Female persons	51.2%	50.7%	14
Foreign born	3.7%	12.5%	38
Persons under 5 years old	6.5%	6.9%	34
Persons under 18 years old	23.8%	24.3%	26
Persons 65 years old or over	13.7%	12.8%	15
Race and National Origin (Selected Groups)			
White	84.1%	75.0%	21
Black or African-American	11.7%	12.4%	17
American Indian or Alaska native	0.2%	0.8%	37
Asian	1.5%	4.4%	31
Hispanic or Latino (of any race)	2.6%	15.4%	43
Education (Persons 25 Years Old or Over)			
High school graduates	87.6%	85.0%	24
College graduates	24.1%	27.7%	37
Homes and Home Life			
Number of households	4,508,871	113,101,329	7
Persons per household	2.48	2.62	36
Households with persons under 18 years	32.0%	33.9%	35
Households with persons 65 years or over	24.3%	23.8%	20
Veterans (in total population 18 years or over)	10.6%	9.8%	31
Households that are married-couple families	48.3%	49.2%	40
Employed (16 to 64 years of age)	71.0%	70.2%	25
Median household money income*	\$47,988	\$52,029	31
Median family income*	\$60,061	\$63,366	32
Median housing value	\$140,200	\$197,600	34
Mean travel to work (minutes)	22.9	25.5	32
Persons speaking a language other than English at home (age 5+)	6.0%	19.7%	39

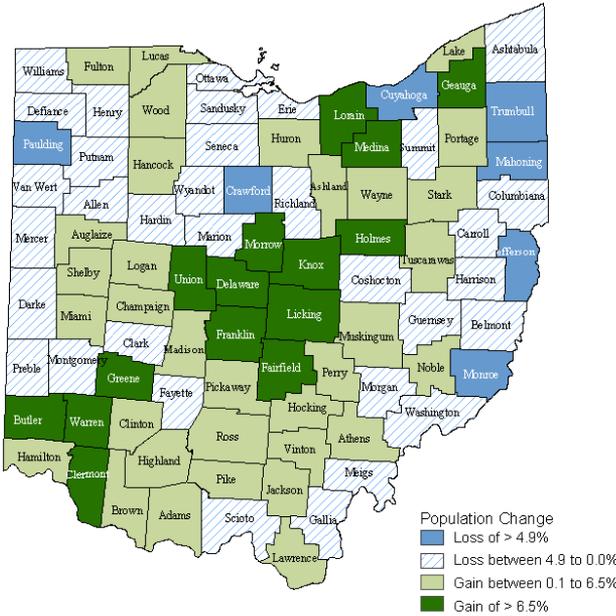
\* A household includes all the people who occupy a housing unit as their usual place of residence. It is possible to have a single-person household. In contrast, a family consists of a group of two or more individuals who reside together and who are related by birth, marriage, or adoption.

Source: U.S. Census Bureau



# Ohio's Highest Population Growth Concentrates in Central and Southwest Ohio

Ohio's Population Growth by County, 2000-2009



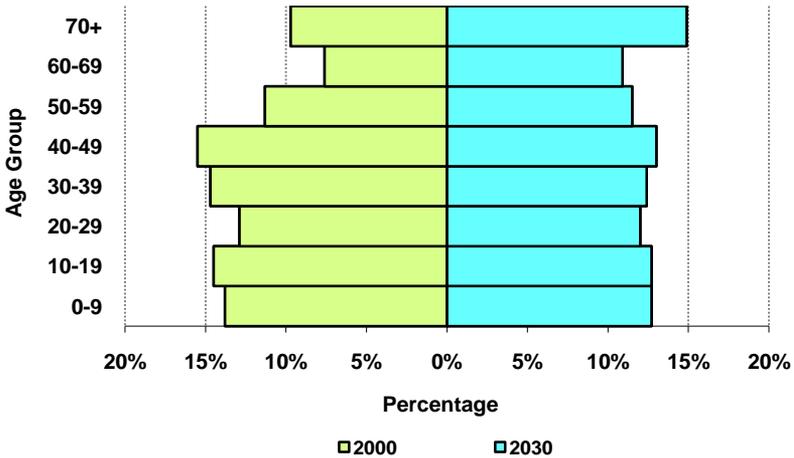
Source: U.S. Census Bureau

- From 2000 to 2009, the largest areas of population growth in Ohio were in central and southwest portions of the state. Overall, 48 counties gained in population with an average growth rate of 6.5%. The other 40 counties experienced a loss of population with an average declining rate of 5.0%.
- Fifteen counties experienced above average growth. The population of Delaware County in central Ohio grew by almost 59,000 people, giving it the highest growth rate in the state (53.4%).
- Seven counties experienced above average loss. The population of Cuyahoga County in northern Ohio declined by over 118,000 people, giving it the largest declining rate in the state (-8.5%).
- Overall, Ohio's population grew by 1.7% over this nine-year period, from 11.35 million in 2000 to 11.54 million in 2009. This rate is well below the national average growth rate of 10.0% during the same period.
- Of Ohio's largest cities, Columbus (8.1%), Toledo (0.8%), and Cincinnati (0.5%) experienced population growth; Akron (-4.5%), Dayton (-7.4%), Cleveland (-9.8%), and Youngstown (-11.7%) declined in population.



## Ohio's Population Is Aging

### Share of Population by Age Group



Source: U.S. Census Bureau

- Ohio's population is expected to continue aging in the next few decades. The percentage of Ohioans age 60 to 69 is projected to increase from 7.6% in 2000 to 10.9% in 2030. The percentage of Ohioans age 70 or older is also projected to increase from 9.7% to 14.9%.
- During the same period, the percentage of Ohioans age 30 to 59 is expected to decrease from 41.5% in 2000 to 36.8% in 2030. The percentage of Ohioans age 19 or younger is also expected to decrease from 28.3% to 25.4%.
- There are about 3.2 million Baby Boomers (those born between 1946 and 1964) in Ohio. They accounted for 28.2% of Ohio's population in 2000. While they were in their prime working years (age 36 to 54) in 2000, Baby Boomers will be at least 65 years old by 2030.
- The median age for Ohioans was 36.2 years in 2000. It is projected to increase to 40.2 years in 2030.
- According to the U.S. Census Bureau, Ohio's dependency ratio (the combined number of Ohioans under age 20 and over age 65 as a percentage of Ohioans age 20 to 64) is also projected to increase from 71.3% in 2000 to 84.4% in 2030, an increase of 13.1 percentage points. Comparable ratios for the U.S. as a whole are 69.6% and 84.5%, an increase of 14.9 percentage points.



## Ohio's Economy Ranks 8th Largest Among States

2008 Gross Domestic Product by State				
State	Total GDP (\$ in billions)		Per Capita GDP	
	Amount	Rank	Amount	Rank
<b>Ohio</b>	<b>\$471.5</b>	<b>8</b>	<b>\$41,051</b>	<b>31</b>
<i>Neighboring States</i>				
Indiana	\$254.9	17	\$39,967	39
Kentucky	\$156.4	27	\$36,643	44
Michigan	\$382.5	12	\$38,241	41
Pennsylvania	\$553.3	6	\$44,448	25
West Virginia	\$61.7	40	\$33,978	49
Top Ranked State	\$1,846.8	California	\$70,814	Delaware
U.S.	\$14,165.6	--	\$46,588	--

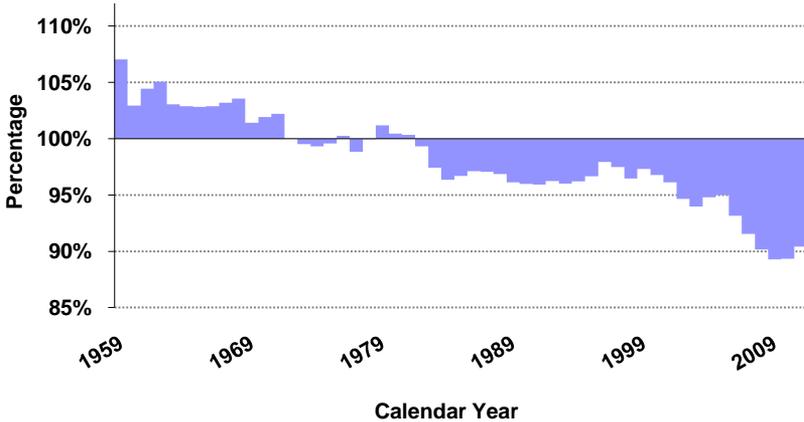
Source: U.S. Bureau of Economic Analysis

- Ohio's gross domestic product (GDP), the broadest measure of economic production, totaled \$471.5 billion in 2008, which was the 8th largest in the U.S., between New Jersey (7th) and North Carolina (9th). Among its neighboring states, Ohio's economy was 2nd largest, behind Pennsylvania.
- If Ohio's economy were compared with the U.S. and other nations, it would rank 25th largest in the world in 2008, according to a World Bank measure that takes into account exchange rate conversions based on purchasing power parity. Ohio's ranking would be between South Africa (24th) and Egypt (26th).
- On a per capita basis, Ohio's GDP of \$41,051 ranked 31st largest among states in 2008. Pennsylvania was the only neighboring state to rank higher than Ohio, with per capita GDP of \$44,448 (25th).
- In 2008, Ohio's total GDP accounted for 3.3% of U.S. GDP, compared with 4.0% a decade earlier. Ohio's share of the U.S. economy has declined in most years as Ohio's economy has grown more slowly than the U.S. as a whole. In nominal terms, Ohio's GDP grew by an average rate of 3.1% per year during the ten years ending in 2008, while GDP for the U.S. grew by 5.0% per year.
- A similar pattern holds for Ohio's neighboring states. Over the last decade, the average annual economic growth in each of those states was slower than the U.S. average. West Virginia's GDP growth was fastest during this period, averaging 4.6% per year. Michigan was the only neighboring state with slower GDP growth than that of Ohio, averaging 2.1% per year.



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

Ohio's Per Capita Income as a Percentage of U.S. Average



Source: U.S. Bureau of Economic Analysis

- Ohio's per capita income exceeded the U.S. average through the 1960s, but since 1980 it has remained below the U.S. average. The gap between Ohio's per capita income and the U.S. average has widened over the years, increasing from less than 1 percentage point below in 1980 to almost 10 percentage points below in 2009.
- In 2009, Ohio's per capita personal income of \$35,381 ranked 33rd in the nation. Connecticut's personal income per capita was the highest at \$54,397. The lowest, Mississippi, was \$30,103. The table below shows the ranking and per capita incomes for the U.S. and Ohio's neighboring states. Ohio's ranking was higher than four of the five neighboring states.

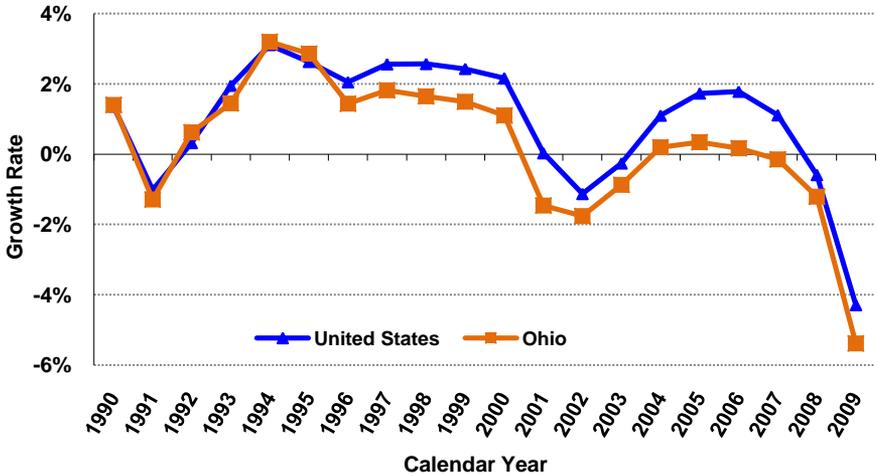
Per Capita Income for the U.S. and Neighboring States, 2009

State	National Rank	Per Capita Income
U.S.	--	\$39,138
Pennsylvania	18	\$39,578
Michigan	37	\$34,025
Indiana	40	\$33,725
West Virginia	44	\$32,219
Kentucky	46	\$31,883



## Ohio Employment Growth Lags National Pace Since 1996

### Ohio and United States Employment Growth



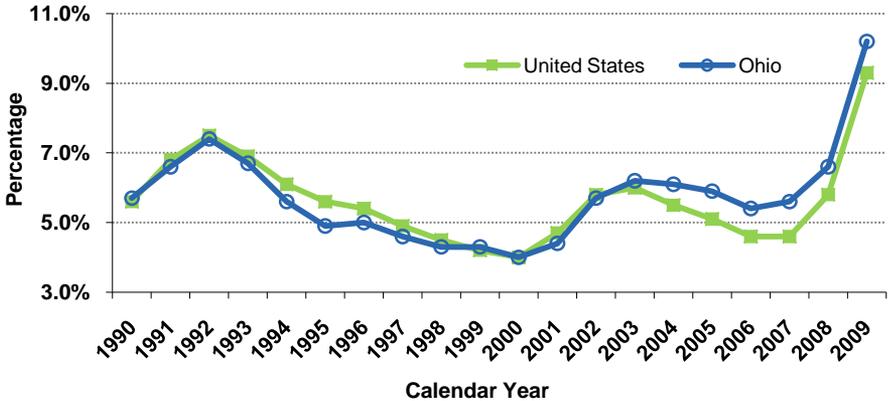
Source: U.S. Bureau of Labor Statistics

- Between 1990 and 1995, Ohio employment growth generally mirrored the U.S. average. Since then Ohio employment has grown slower than the U.S. average in years where growth was positive, and employment declined more than the U.S. average when growth was negative. Ohio's divergent growth is related to Ohio's slower population growth and the industry structure of Ohio's economy.
- Total nonfarm payroll employment in Ohio peaked in 2000 at 5.62 million, and then fell to 5.40 million in 2003. After three years of modest growth, employment began falling again, totaling 5.07 million in 2009, about 550,000 (9.8%) below its 2000 peak.
- U.S. nonfarm payroll employment of 130.92 million in 2009 was 0.7% below its 2000 level, and 4.9% below its 2007 peak level.
- Ohio's strongest job growth over the last decade was in educational and health services (2.1% annual average growth). Employment also grew in government (0.2%) and was essentially flat in leisure and hospitality. Employment in all other industrial sectors declined between 1999 and 2009.
- The greatest employment loss occurred in manufacturing which lost jobs at an average annual rate of 4.8%. After declining following the 1990 recession, manufacturing employment rose to a peak of about 1.04 million in 1995. From then through 2009, Ohio lost approximately 408,000 manufacturing jobs.



## Ohio's Unemployment Rate Exceeds National Average Since 2003

### Unemployment Rates for Ohio and U.S.



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

- Ohio's unemployment rate has been higher than the national average every year since 2003. In 2003, Ohio's unemployment rate was 0.2 percentage points higher than the national average. By 2009, the gap widened to 0.9 percentage points.
- During the 1990s, Ohio's unemployment rate exceeded the national average in only two years, 1990 and 1999.
- Between 1990 and 2009, the number of people unemployed in Ohio varied from a peak monthly average of 611,000 in 2009 to a low of 234,000 in 2000. From 2008 to 2009, the number of unemployed people increased by 218,000.
- Ohio's unemployment rate for 2009 was 10.2%, the third highest among neighboring states next to Michigan's (13.6%) and Kentucky's (10.5%). Other neighboring states had lower unemployment rates compared to Ohio: Indiana (10.1%), Pennsylvania (8.1%), and West Virginia (7.9%).
- Unemployment rates vary greatly among Ohio's counties. In 2009, 61 counties had unemployment rates that exceeded the statewide average and 27 counties had rates at or below the statewide average. The highest rate was 15.7% (Williams) and the lowest rate was 6.9% (Delaware).
- Among Ohio workers receiving regular unemployment compensation, the average duration of unemployment benefits during the 12 months ending in July 2010 was 22.2 weeks, which is higher than the average duration (19.9 weeks) for all U.S. workers receiving unemployment benefits.

## Ohio Employment Continues Shifting Toward Services

Ohio Employment by Sector (in thousands)			
Sector	Calendar Year		Average Annual Growth 1999-2009
	1999	2009	
<b>Goods-Producing</b>			
Mining/Natural Resources	13.5	11.7	-1.4%
Construction	240.4	181.4	-2.8%
Manufacturing	1,027.6	629.2	-4.8%
<b>Subtotal</b>	<b>1,281.5</b>	<b>822.3</b>	<b>-4.3%</b>
<b>Private Service-Providing</b>			
Trade	910.5	781.6	-1.5%
Transportation & Utilities	192.0	186.7	-0.3%
Information	106.2	80.6	-2.7%
Financial Activities	303.4	278.6	-0.8%
Professional & Business Services	633.2	616.5	-0.3%
Educational & Health Services	669.0	826.3	2.1%
Leisure, Hospitality, and Other Services	695.4	690.6	-0.1%
<b>Subtotal</b>	<b>3,509.8</b>	<b>3,461.0</b>	<b>-0.1%</b>
<b>Government</b>	<b>772.1</b>	<b>790.4</b>	<b>0.2%</b>
<b>Total</b>	<b>5,563.5</b>	<b>5,073.6</b>	<b>-0.9%</b>

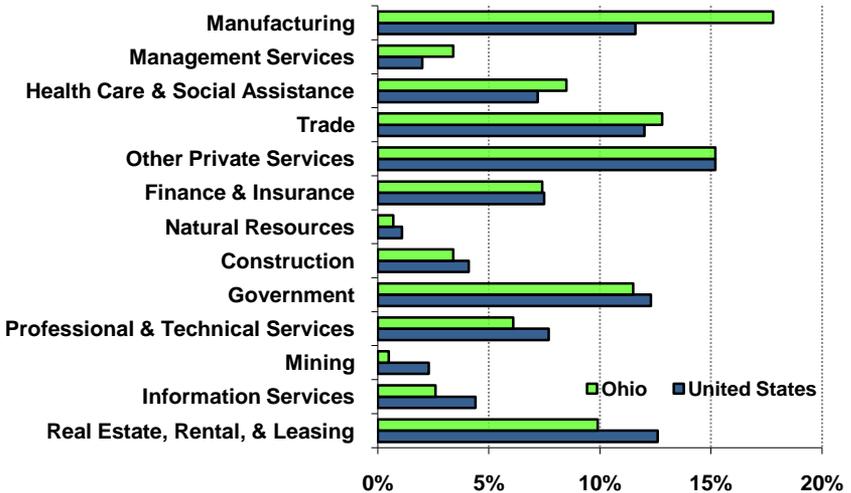
Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

- Between 1999 and 2009, Ohio employment in the private service-providing industries decreased by 0.1% per year and government employment grew by 0.2% per year. In contrast, employment in the goods-producing industries fell by 4.3% annually during the same period.
- Due to the different growth rates, the goods-producing industries' share of total employment decreased from 23.0% in 1999 to 16.2% in 2009 while the private service-providing industries' share increased from 63.1% to 68.2%. The government sector share increased from 13.9% to 15.6%.
- The share of manufacturing employment in Ohio fell from 18.5% to 12.4% between 1999 and 2009, compared with a national decrease from 13.4% to 9.1%.
- Overall employment growth in the government sector was entirely attributable to growth in local government employment, which increased by 24,100 employees between 1999 and 2009 whereas the entire government sector grew by 18,300 employees over the same period. Growth in state employment was essentially flat, while federal employment decreased over this period.



## Manufacturing Comprises Larger Share of Ohio's Economy than That of the Nation

### Industry Shares of Gross Domestic Product in 2008



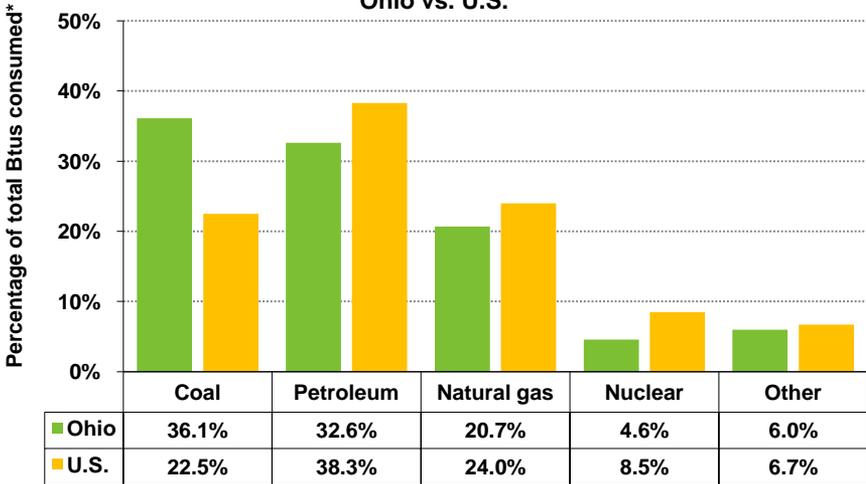
Source: U.S. Bureau of Economic Analysis

- Ohio's economy remains more concentrated in manufacturing than the nation's economy. Output of the state's factories accounted for 18% of Ohio's gross domestic product (GDP) in 2008. Nationwide, manufacturing's share was 12%. Other industry groups that are more concentrated in Ohio than nationwide include management services, health care and social assistance, and trade, particularly wholesale trade.
- Manufacturing's larger share of Ohio's GDP reflects the state's specialization in production of durable goods, particularly motor vehicles and parts, primary metals, fabricated metal products, and electrical equipment and appliances, as well as plastics and rubber products. Ohio's economy has been heavily concentrated in manufacturing for decades.
- Oregon (16%) and Indiana (15%) derived a higher share of state GDP from durable goods manufacturing in 2008 than Ohio's 12%. Wisconsin and Michigan's shares were also slightly higher than that of Ohio. All other states had lower shares.
- Production of goods – in construction, natural resource industries, mining, and manufacturing – accounted for 23% of Ohio's GDP in 2008, higher than the comparable figure for the nation (19%) because of the relatively large share of manufacturing in Ohio. The rest of the value of economic activity is in the service sector, for Ohio (77%) and the nation (81%).



## Ohio's Reliance on Coal for Energy Needs Exceeds National Average

**Energy Consumption by Source, 2008  
Ohio vs. U.S.**



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

*Source: United States Energy Information Administration*

- Coal provided the largest source of energy consumed in Ohio in 2008 (36.1%); petroleum was a close second (32.6%). Nationally, petroleum was the largest source of energy consumed (38.3%), followed by natural gas (24.0%). Greater use of coal in Ohio reflects the state's legacy as a leading coal-producing state.
- Natural gas was the third largest source of energy consumed in Ohio providing just over one-fifth of the total.
- Other sources, including nuclear, hydroelectricity, biomass, and other renewable sources, made up the remaining 10.6% of energy consumed in Ohio. Nationally, these sources made up 15.2%.
- Ohio was the sixth largest energy user among the 50 states in 2008, due primarily to Ohio's relatively large population. On a per capita basis, Ohio ranked 24th in the nation in energy consumption.
- Ohio's industrial base requires significant energy resources. In terms of usage by industrial customers, Ohio ranked 4th among states in 2008 in overall energy usage and 2nd behind Texas in electricity usage.



## Ohio Ranks 7th Nationally in the Value of Exports

Top Ten States in Exports				
2009 Rank	States	2008 (in billions)	2009 (in billions)	% Change 2008-2009
	<b>U.S.</b>	<b>\$1,300.5</b>	<b>\$1,056.9</b>	<b>-18.7%</b>
1	Texas	\$192.1	\$163.0	-15.1%
2	California	\$144.8	\$120.1	-17.0%
3	New York	\$79.6	\$57.3	-28.0%
4	Washington	\$66.9	\$51.7	-22.6%
5	Florida	\$54.3	\$46.9	-13.5%
6	Illinois	\$53.4	\$41.5	-22.3%
<b>7</b>	<b>Ohio</b>	<b>\$45.5</b>	<b>\$34.1</b>	<b>-25.1%</b>
8	Louisiana	\$41.9	\$32.7	-22.0%
9	Michigan	\$44.9	\$32.6	-27.5%
10	Pennsylvania	\$34.4	\$28.3	-18.0%

Source: U.S. Census Bureau

- In 2009, the value of Ohio's exports to foreign countries ranked 7th highest among the 50 states. Ohio's export value of \$34.1 billion accounted for 3.2% of total U.S. exports in 2009.
- Ohio's exports were 9.6% of the state's gross domestic product (GDP) in 2008, higher than the U.S. average of 9.2%.
- From 2008 to 2009, the value of Ohio's exports decreased 25.1%, compared to an overall U.S. decline of 18.7%. Among the top ten exporting states, New York (-28.0%) and Michigan (-27.5%) were the only two that had larger rates of decrease than Ohio.
- On a per capita basis, Ohio's exports ranked 23rd highest in 2009. Ohio's per capita export value of \$2,953 that year was lower than the U.S. average of \$3,443.
- In 2009, Ohio had seven export markets where sales exceeded \$1 billion each: Canada, Mexico, China, the United Kingdom, Greece, Brazil, and Japan. Canada was the largest market, purchasing \$14.2 billion, or 41.6% of Ohio's exports. Mexico was Ohio's second largest export market at \$2.7 billion, or 7.9%. Ohio's largest overseas market was China, accounting for \$1.9 billion, or 5.5%.
- Six of Ohio's production sectors exported over \$1 billion each in 2009. They were: machinery (\$6.8 billion), vehicles/not railway (\$4.6 billion), aircraft (\$3.9 billion), electrical machinery (\$2.4 billion), plastics (\$1.7 billion), and optical/medical instruments (\$1.5 billion). Together, these six sectors accounted for 61.1% of Ohio's exports.



## Ohio Ranks in the Top 15 Nationally in Receipts from Each of Its Five Leading Agricultural Commodities

### Cash Receipts and Rankings of Ohio's Five Leading Commodities, 2008

Commodity	Value of Receipts (in 000s)	% of Ohio Total Receipts	% of U.S. Total Receipts	National Rank
Corn	\$2,071,390	26.0%	4.0%	7
Soybeans	\$1,874,494	23.5%	6.5%	5
Dairy Products	\$1,004,700	12.6%	2.9%	11
Chicken Eggs	\$585,489	7.3%	7.1%	2
Hogs	\$434,662	5.4%	2.7%	14
<b>Top Five Subtotal</b>	<b>\$5,970,735</b>	<b>74.8%</b>	<b>2.8%</b>	<b>--</b>
<b>All Commodities</b>	<b>\$7,979,401</b>	<b>100.0%</b>	<b>2.5%</b>	<b>15</b>

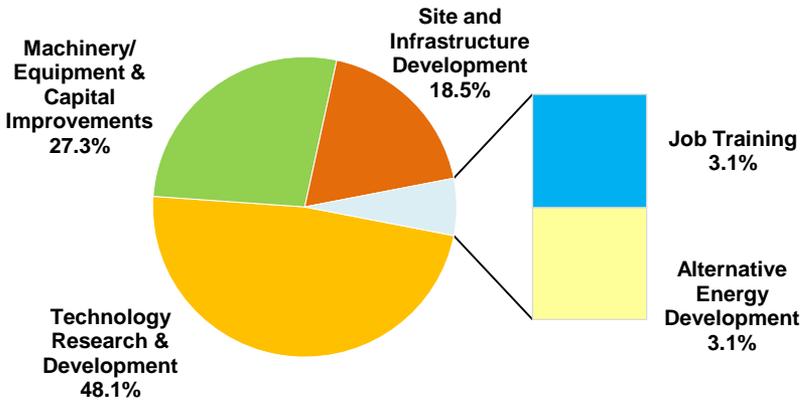
*Sources: U.S. Department of Agriculture; U.S. Census Bureau*

- In 2008, cash receipts from each of Ohio's five leading agricultural commodities ranked among the top 15 in the nation. The highest ranking was for chicken eggs (2nd). Cash receipts from these five leading commodities were almost \$6.0 billion and accounted for 74.8% of Ohio's total commodity cash receipts.
- Overall cash receipts of Ohio commodities (nearly \$8.0 billion) ranked 15th in the United States in 2008 and accounted for 2.5% of the nation's total commodity cash receipts.
- From 2002 to 2008, Ohio's overall cash receipts from commodities increased by 87.2%, higher than the national average increase of 61.6%. Of the five states in the Cornbelt Production Region, Ohio's growth rate ranked fourth only above Missouri's (69.3%). Iowa (101.7%), Indiana (108.3%), and Illinois (113.1%) had higher growth rates during the same period.
- Mercer, Darke, Wayne, Hardin, and Licking were the top five Ohio counties in cash receipts from commodities in 2008.
- Ohio farm acreage declined from 14.8 million acres in 2000 to just over 13.9 million acres in 2008, a decline of 6.1%. This rate of loss exceeded the 2.7% decrease for the nation as a whole over the same period.



## Research and Development Assistance Comprises Largest Share of Development Loan and Grant Spending

Development Loan and Grant Expenditures by Category, FY 2010



Source: Ohio Administrative Knowledge System

- The Department of Development disbursed \$257.9 million in economic development loans and grants in FY 2010. Of this total, \$123.9 million (48.1%) was disbursed under programs providing assistance for research, development, and commercialization of new technologies, including \$74.4 million in Third Frontier funds.
- FY 2010 spending in the Machinery, Equipment, and Capital Improvements award category totaled \$70.3 million. These awards, such as 166 Direct Loans, Rapid Outreach Grants, and Minority Business Enterprise Loans, assist businesses with machinery and equipment purchases, facility renovations, or real estate purchases.
- Site and Infrastructure Development award spending totaled \$47.8 million in FY 2010, including \$28.0 million under the Job Ready Sites Program. Roadwork Development Grants and Urban Redevelopment Loans comprise the remainder of this category.
- The Ohio Workforce Guarantee Program spent \$8.0 million to provide job training grants to businesses in FY 2010. Although it comprises only a modest portion of all loan and grant spending, this program typically has a high volume of awards, with 192 new grants announced in FY 2009.
- Advanced and alternative energy assistance constitutes a fast-growing category of development incentives. Loan and grant expenditures from the Advanced Energy Fund grew from \$520,000 in FY 2003 to \$7.9 million in FY 2010, a 15-fold increase.



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

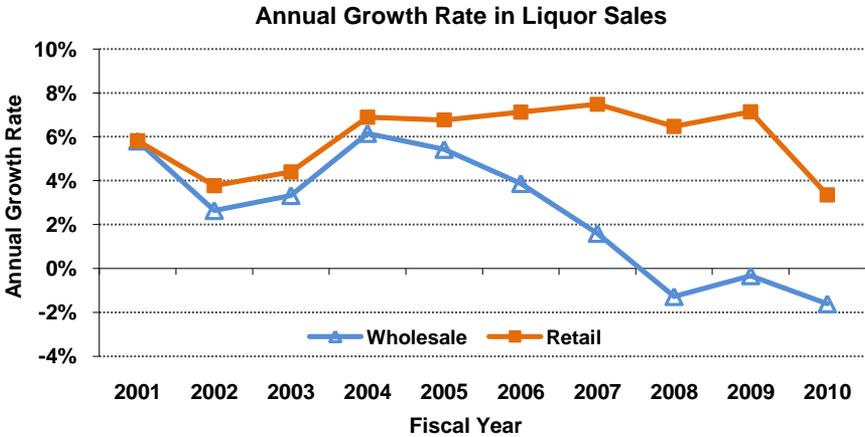
Median Sales Price of Existing Single-Family Homes in Ohio Metropolitan Statistical Areas			
Metropolitan Statistical Area	2008	2009	Change
Akron	\$100,500	\$93,200	-7.3%
Canton-Massillon	\$92,500	\$86,200	-6.8%
Cincinnati-Middletown	\$131,800	\$125,800	-4.6%
Cleveland-Elyria-Mentor	\$108,500	\$106,800	-1.6%
Columbus	\$139,300	\$134,900	-3.2%
Dayton	\$107,000	\$104,100	-2.7%
Toledo	\$91,200	\$83,400	-8.6%
Youngstown-Warren-Boardman	\$71,700	\$66,500	-7.3%
<b>Midwest</b>	<b>\$150,500</b>	<b>\$142,900</b>	<b>-5.0%</b>
<b>United States</b>	<b>\$196,600</b>	<b>\$172,100</b>	<b>-12.5%</b>

Source: National Association of Realtors

- The median sales prices of existing single-family homes in Ohio's eight largest metropolitan statistical areas (MSAs) are below the medians of both the United States and the Midwest region. In 2009, the Columbus MSA had the highest median sales price in Ohio, at \$134,900, while the Youngstown-Warren-Boardman MSA had the lowest, at \$66,500.
- From 2008 to 2009, Ohio and the Midwest's existing home sales prices declined at a slower rate than the U.S. The Ohio MSA with the highest rate of decline was Toledo (-8.6%), while the lowest rate of decline was in the Cleveland-Elyria-Mentor MSA (-1.6%).
- The number of existing homes (including single-family homes, condominiums, and co-ops) sold in Ohio increased by 8.3%, from 229,700 in 2008 to 248,700 in 2009. This compares favorably to both the growth rates for the U.S. (4.9%) and the Midwest region (3.0%).
- Three out of the five states that border Ohio also experienced a gain in total existing home sales from 2008 to 2009: Pennsylvania (0.9%), Michigan (7.4%), and West Virginia (8.2%). Existing home sales in Kentucky and Indiana decreased by 2.0% and 11.7%, respectively, during the same period.



## Liquor Sales Continue to Increase at Retail and Decrease at Wholesale



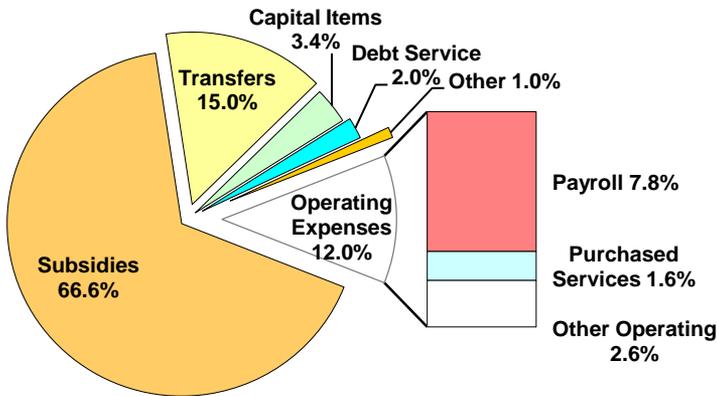
*Source: Ohio Department of Commerce*

- Due to the growth in retail dollar sales, total liquor sales increased to \$742.7 million in FY 2010, an increase of \$12.8 million (1.8%) compared to total liquor sales of \$729.9 million in FY 2009. Retail sales account for nearly 70% of total liquor sales.
- Retail dollar sales – those sales made by contract liquor agencies directly to consumers – continued to grow in FY 2010, though at a slower pace than in recent years. In FY 2010, retail sales increased \$16.6 million, or 3.4%, over FY 2009. Retail dollar sales have increased every year from FY 2001 to FY 2010 with an average annual growth rate of 5.9%.
- In FY 2010, wholesale liquor dollar sales – those sales made by contract liquor agencies to retailers, such as restaurants and bars – decreased for the third consecutive year, declining by \$3.8 million, or 1.6%, from FY 2009. The annual growth rate in wholesale dollar sales has been declining since FY 2004, turning negative in FY 2008.
- The proceeds of liquor sales are used to pay for the operating expenses of the Division of Liquor Control of the Department of Commerce, retire certain economic development and Clean Ohio revitalization bonds, and fund state liquor law enforcement and alcoholism treatment. After these expenses have been paid, the profits are transferred to the GRF. In FY 2010, transfers to the GRF from the Liquor Control Fund (Fund 7043) amounted to \$167.7 million.



## State Payroll Amounted to 7.8% of the Total State Operating Budget in FY 2010

State Operating Budget by Category, FY 2010



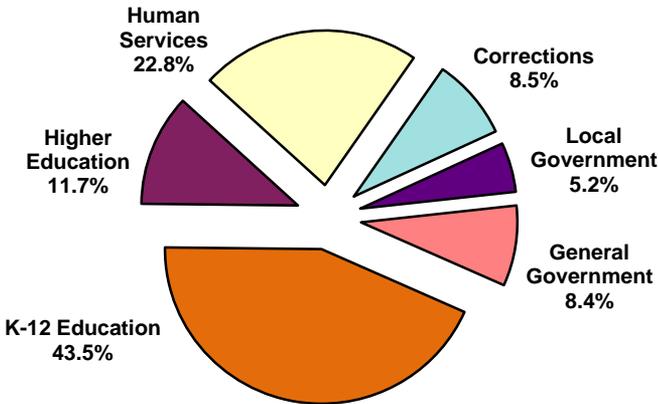
Sources: Ohio Administrative Knowledge System; Ohio Department of Administrative Services

- In FY 2010 state payroll totaled \$4.36 billion across all funds, representing 7.8% of the total state operating budget. Of this amount, \$1.85 billion (42.3%) came from the GRF and the other \$2.52 billion (57.7%) came from various non-GRF funds. As of June 2010, state employees totaled 59,045.
- In addition to payroll, the state spent \$0.91 billion for purchased services and \$1.44 billion for "other operating" (supplies, maintenance, and equipment) items. Combined with payroll, these three categories are commonly referred to as state government operating expenses, which totaled \$6.72 billion across all funds, representing 12.0% of the total state operating budget in FY 2010.
- Earned wages, the largest share of payroll costs, totaled \$2.47 billion, or 4.4% of the total state operating budget, in FY 2010. This category includes wages for work performed, excluding paid vacation and sick leave time.
- Employee benefits – such as retirement contributions as well as health, vision, dental, and life insurance – represent the second largest portion of payroll costs, amounting to \$0.88 billion in FY 2010.
- The state operating budget for FY 2010 was \$55.87 billion across all funds. Of this total, \$47.45 billion (84.9%) went to three categories: \$37.22 billion (66.6%) for subsidies for various local entities, \$8.36 billion (15.0%) for "transfers," including items such as tax refunds and distributions of local taxes collected by the state, and \$1.88 billion (3.4%) for capital items funded with appropriations made in the operating budget.



## K-12 Education Accounts For Largest Share of Spending from State Revenue Sources

State Spending by Program Area, FY 2010



For purposes of this page, state spending includes expenditures made from state sources credited to the GRF, the Lottery Profits Education Fund, and the two local government funds. It excludes all federal money deposited into the GRF, including Medicaid reimbursement and stimulus money.

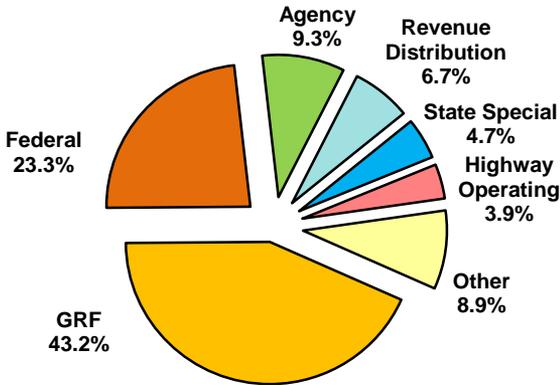
Source: Ohio Legislative Service Commission

- Spending supported by state sources totaled \$18.97 billion in FY 2010. Of this total, \$8.25 billion (43.5%) went to K-12 Education. The majority (\$6.80 billion or 82.4%) of this spending was distributed to schools through a formula based largely on a district's statutorily defined adequacy amount and property wealth.
- Human Services, the second largest spending area, accounted for \$4.32 billion (22.8%) of total spending in FY 2010, of which \$2.61 billion (60.5%) was for the state share of Medicaid expenditures.
- Higher Education spending amounted to \$2.21 billion (11.7%). Of this total, \$1.71 billion (77.1%) was distributed to colleges and universities through a formula based largely on enrollment and courses offered at an institution.
- Corrections spending totaled \$1.61 billion (8.5%), of which \$1.37 billion (85.4%) was incurred by the Department of Rehabilitation and Correction.
- Spending for the General Government category totaled \$1.60 billion (8.4%). Examples of the agencies included in this category are the Department of Natural Resources, the Department of Transportation, and the Governor's Office, as well as the legislative and judiciary branches of the government.
- The remaining \$0.98 billion (5.2%) in state spending in FY 2010 was distributed as subsidies to local governments.



## General Revenue Fund Accounts For Over 40% of State Operating Spending

State Operating Spending by Fund Group, FY 2010



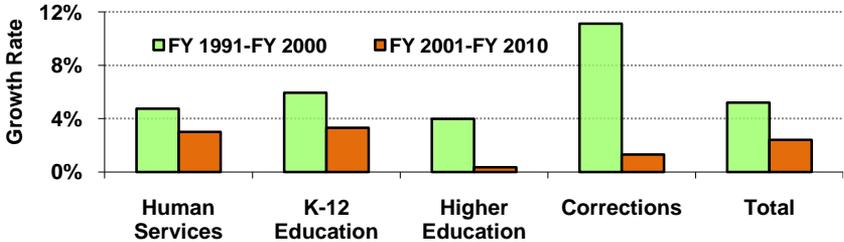
Source: Ohio Administrative Knowledge System

- In FY 2010, state operating spending totaled \$55.87 billion, of which \$24.14 billion (43.2%) was expended from the GRF. The GRF is mainly supported by state tax revenues but also receives federal reimbursements for some human service programs and certain federal stimulus money.
  - Human services comprised the largest share of total GRF spending at \$10.41 billion (43.1%) in FY 2010, followed by K-12 education (\$7.93 billion or 32.8%) and higher education (\$2.50 billion or 10.3%).
- The Federal Special Revenue Fund Group accounted for \$13.03 billion (23.3%) of overall operating spending in FY 2010. Moneys distributed under this fund group support various federal programs that are subject to the state appropriation process. Including \$6.90 billion in federal funds that were deposited into the GRF, the federal share of total operating spending increased to 35.7% in FY 2010.
- Main spending items from the Agency Fund Group (\$5.17 billion or 9.3%) and the Revenue Distribution Fund Group (\$3.73 billion or 6.7%) include tax refunds to individual Ohioans, state employee payroll and benefit deductions, payments to local governments for the phase-out of the tangible personal property tax, and tax revenue distributions to local governments.
- Spending from the State Special Revenue Fund Group (\$2.61 billion or 4.7%) supports various programs with dedicated revenue sources while spending from the Highway Operating Fund Group (\$2.20 billion or 3.9%) mainly supports the operations of the Ohio Department of Transportation.
- The remaining \$4.99 billion (8.9%) of FY 2010 total state operating spending was distributed from over 20 other fund groups.



## Total GRF Spending Increased More Slowly in the 2000s than in the 1990s

Average Annual Growth by Major Program Area

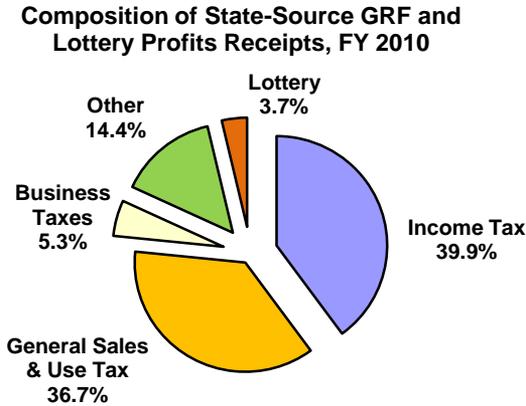


GRF figures used for this page include both state and federal moneys deposited into the GRF.

Source: Ohio Legislative Service Commission

- Total GRF spending increased by an average rate of 2.4% per year from FY 2001 to FY 2010 compared to 5.2% per year from FY 1991 to FY 2000. Over the last two decades, annual GRF spending increased 108.4%, from \$11.58 billion in FY 1990 to \$24.14 billion in FY 2010.
- Human Services has consistently been the largest spending area, accounting for an average of 45.2% of total GRF spending. It grew slower than overall spending in the 1990s, averaging 4.7% per year, but faster in the 2000s, averaging 3.0% per year. Spending in this area is heavily influenced by conditions in the overall economy and by Medicaid eligibility policy.
- While K-12 Education consumes the largest share of state tax revenues, its share of total GRF spending ranks 2nd when federal moneys credited to the GRF are taken into account. K-12 Education grew faster than overall GRF spending in both decades, averaging 5.9% in the 1990s and 3.3% in the 2000s. Its share of total GRF spending increased from an average of 27.2% in the 1990s to 31.0% in the 2000s.
- Higher Education spending growth has been sensitive to changes in the overall state budget. Although its average annual growth rates of 4.0% in the 1990s and 0.4% in the 2000s were lower than those of the overall GRF spending increases in both decades, Higher Education experienced the highest growth in FY 2008 at 6.3%. Its share of total GRF spending decreased from a high of 13.7% in FY 1991 to a low of 9.8% in FY 2005. The share increased to 10.3% in FY 2010.
- Due primarily to prison population growth, Corrections spending increased 11.3% per year in the 1990s, more than twice the overall GRF spending growth. Growth in the 2000s was slower than overall spending. Corrections' share of total GRF spending increased from 4.7% in FY 1991 to a peak of 7.9% in FY 2000. Since then, the share has decreased somewhat, to 7.1% in FY 2010.

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



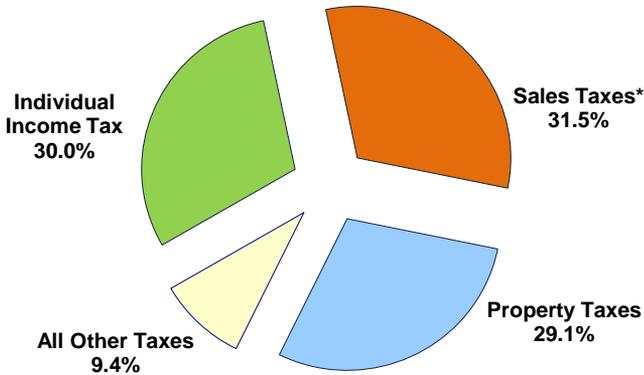
Source: Ohio Office of Budget and Management

- In FY 2010, total state-source GRF and lottery profits receipts amounted to \$19.8 billion. The personal income tax (\$7.9 billion) and the general sales and use tax (\$7.2 billion) were the two largest revenue sources, accounting for almost 77% of total receipts.
- From FY 2000 to FY 2008, state-source GRF and lottery profits receipts increased by an average of 2.8% per year. Due primarily to the recent economic slowdown, state-source GRF and lottery profits receipts decreased 5.0% in FY 2009 and 8.7% in FY 2010.
- Similarly, Ohio's personal income tax receipts increased by an average of 2.5% per year between FY 2000 and FY 2008 but declined 15.4% in FY 2009 and 5.3% in FY 2010. General sales and use tax receipts grew at an average of 3.2% per year between FY 2000 and FY 2008 but declined 6.9% in FY 2009 and 1.0% in FY 2010.
- Over the past decade, the relative importance of income and sales tax receipts remained fairly stable, changing from 78% of the total in FY 2000 to 77% in FY 2010.
- Slower growth in the "business taxes," including the corporate franchise tax, decreased the relative importance of these taxes from 11% of the total in FY 2000 to 5% in FY 2010. The corporate franchise tax is being phased out from 2006 to 2010, except for certain firms in the financial and insurance sectors. However, this tax is being replaced by the commercial activity tax, none of the receipts from which were deposited in the GRF in FY 2010.
- Lottery profits, totaling \$728.6 million in FY 2010, are used to help fund state education aid for schools.



## Ohio's State and Local Taxes Balance Among Income, Sales, and Property

Ohio Combined State & Local Tax Revenue by Source, FY 2008



\* Sales taxes include general state and local sales tax and gross receipts taxes on sales of specific products, including tobacco products, alcoholic beverages, motor fuels, and utility services.

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

- In FY 2008, taxes on individual income, sales, and property in Ohio accounted for 90.6% of state and local tax revenues. The contribution of each of these three tax categories was about even.
- State taxes accounted for 56.0% of Ohio's combined state and local tax revenue in FY 2008. For the U.S. as a whole, state taxes were 58.8% of combined state and local tax revenue.
- Of Ohio's state tax revenue, 48.8% came from sales and gross receipts taxes – of which 30.1% was from the general sales tax – and 37.7% came from the individual income tax. Nationwide, 45.9% of state taxes came from sales and gross receipts taxes – with 30.8% from general sales taxes – and 35.6% came from individual income taxes.
- Local taxes comprised 44.0% of Ohio's combined state and local tax revenue in FY 2008. For the U.S. as a whole, local taxes were 41.2% of combined state and local taxes.
- Of Ohio's local taxes, 66.1% came from property taxes, 20.3% from individual income taxes, and 9.5% from sales and gross receipts taxes. Nationwide, 72.3% of local taxes were from property taxes, 16.4% from sales and gross receipts taxes, and 4.8% from individual income taxes.



## Ohio Taxes Were Lower than the National Average on a Per Capita Basis, Higher as a Share of Personal Income

### Combined State and Local Taxes, FY 2008

State	Taxes Per Capita	National Rank	Taxes as % of Personal Income	National Rank
National Average	\$4,391		11.0	
<b>Ohio</b>	<b>\$4,049</b>	<b>25</b>	<b>11.4</b>	<b>14</b>
<b>Neighboring States</b>				
Indiana	\$3,605	33	10.5	25
Kentucky	\$3,314	43	10.5	27
Michigan	\$3,755	31	10.8	21
Pennsylvania	\$4,313	18	11.0	19
West Virginia	\$3,545	37	11.5	13

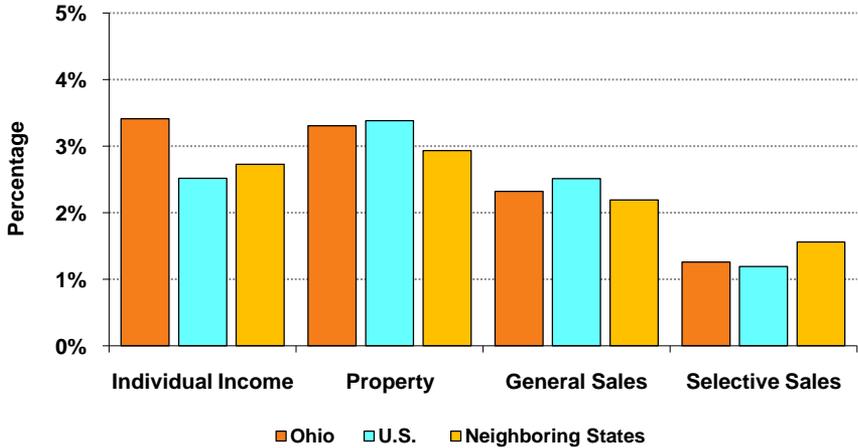
Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- Ohio's FY 2008 combined state and local tax burden, measured by taxes per capita (\$4,049), was lower than the national average but higher than in all neighboring states except Pennsylvania. Measured relative to personal income, however, Ohio's tax burden was higher than both the national average and the tax burdens in neighboring states except West Virginia.
- For FY 2008, Ohio's state taxes were \$2,267 per capita, below the national average of \$2,580. Local taxes were \$1,782 per capita, below the national average of \$1,811.
- For FY 2008, Ohio's state taxes were 6.4% of personal income, just below the U.S. average of 6.5%. Ohio's local taxes were 5.0% of personal income, above the national average of 4.5%.
- In FY 2008, Alaska had the highest per capita combined state and local tax burden at \$14,207, while South Carolina had the lowest at \$2,949.
- Alaska in FY 2008 also had the highest level of combined state and local taxes as a percentage of personal income, 33.4%. South Dakota had the lowest, 8.2%.



## Government in Ohio Relies More on Income Taxes Compared to Other States

Tax Revenue as a Percentage of  
Personal Income, FY 2008

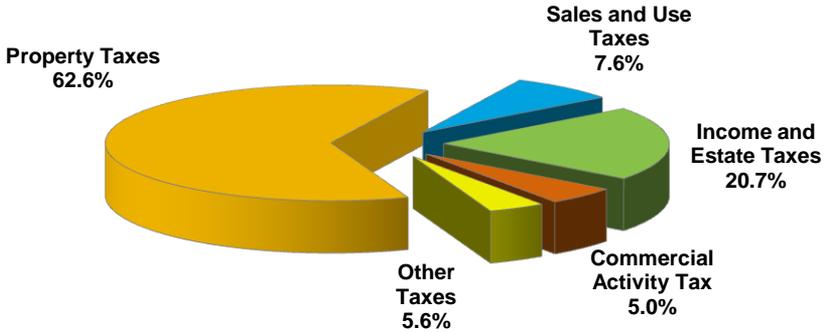


Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- In FY 2008, Ohio's state and local individual income taxes were 3.4% of total personal income, which was higher than the national average (2.5%). Compared to the five neighboring states, Ohio's percentage was on par with that of Kentucky (3.4%), but higher than that of Pennsylvania (2.9%), West Virginia (2.7%), Indiana (2.5%), and Michigan (2.2%).
- Ohio's property taxes were 3.3% of total personal income, which was lower than the national average (3.4%) and Michigan (4.1%). Ohio's percentage was higher than that of Indiana (3.2%), Pennsylvania (3.1%), West Virginia (2.2%), and Kentucky (2.1%).
- Ohio's general sales tax receipts were 2.3% of total personal income, which was less than the national average (2.5%). Ohio's percentage was lower than that of Indiana (2.6%) and Michigan (2.4%), but higher than that of Kentucky (2.1%), West Virginia (2.0%), and Pennsylvania (1.9%).
- Ohio's selective sales tax receipts were 1.3% of total personal income, which was higher than the national average (1.2%) and Michigan (1.1%). Ohio's percentage was the same as that of Indiana, but lower than that of Kentucky (1.8%), Pennsylvania (1.4%), and West Virginia (2.3%). Selective sales taxes apply, for example, to motor fuel, alcoholic beverages, tobacco products, and public utilities.

## Property Taxes Account For Over 60% of Local Government Tax Revenue

### Ohio's Local Tax Revenue by Source, 2008



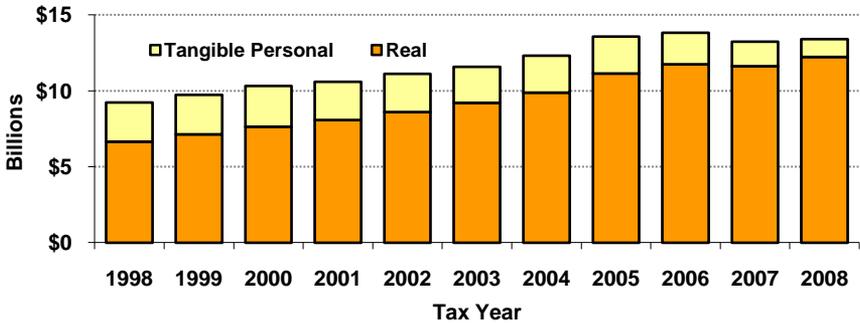
Sources: Ohio Department of Taxation; Ohio Office of Budget and Management

- In 2008, local tax revenue in Ohio totaled \$22.8 billion, an increase of \$0.9 billion (0.4%) from 2007. Property taxes, the main source of local government funding, amounted to \$14.3 billion. Receipts from municipal and school district income taxes and the local share of the estate tax were \$4.7 billion. Sales and use taxes provided \$1.7 billion. The commercial activity tax (CAT) added \$1.2 billion. Other taxes (admission, alcohol, cigarette, lodging, motor vehicle fuel, and motor vehicle license) generated the remaining \$0.9 billion.
- The share of property taxes in the mix of total local tax revenue was 62.6% in 2008, down from a high of 68.9% in 2005. The decrease is the result of the phase-out of taxes on business tangible personal property – equipment, inventories, furniture, and fixtures – for general business from 2006 to 2009 and for telephone and inter-exchange telecommunications companies from 2007 to 2011.
- From 1998 to 2008, total local tax revenue grew at an average of 4.5% per year. Growth in property taxes was lower than the average at 4.0% per year. Income and estate taxes grew at an average of 3.5% annually. Local sales and use taxes grew 3.6% per year. Growth in the "Other Taxes" category was higher than total tax revenue growth, averaging 10.5% annually.
- To replace lost tangible personal property tax receipts, CAT distributions to local governments are being phased in. CAT receipts accounted for 5.0% of total local tax revenue in 2008, up from 3.4% in 2007 and 0.4% in 2006.



## Property Tax Revenues Increased in Tax Year 2008

### Net Property Taxes Collectible by Property Type

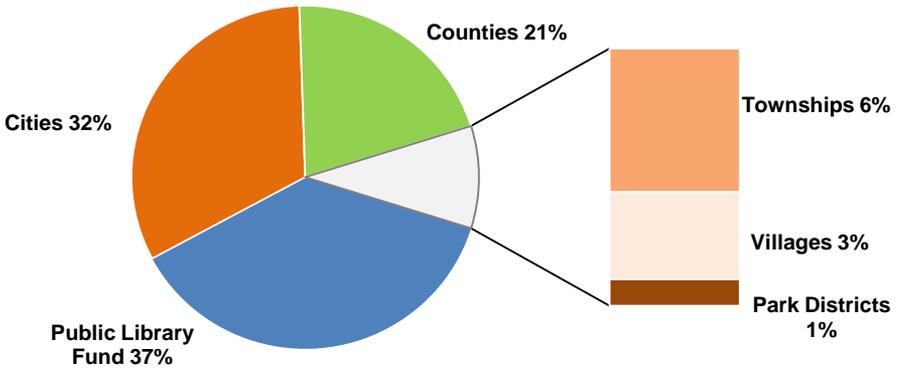


Sources: Ohio Department of Taxation; Ohio Legislative Service Commission

- Net property taxes collectible for tax year (TY) 2008 were \$13.4 billion, \$0.2 billion (1.3%) more than for TY 2007 as a result of higher taxes collectible on real property and on public utility tangible personal property. However, TY 2008 property tax revenues were less than the peak year, TY 2006, due to lower taxes collectible on tangible personal property.
- Taxation of tangible personal property of general business was phased out completely in TY 2009. Taxation of telephone and inter-exchange telecommunications companies will be phased out completely by TY 2011. Public utilities remain subject to the tax.
- Increases in property taxes in recent years came mainly from higher taxes on real property. From TY 1998 to TY 2008, net taxes collectible on real property rose 84%, while taxes on tangible personal property fell 54%.
- Property taxes in Ohio fund local governments, except for a small deduction retained by the state for costs of tax administration. About \$2 of every \$3 in property taxes collected go to school districts.
- Taxes owed on residential and agricultural real property are net of a 10% reduction, an additional 2.5% reduction on owner-occupied residences, and a homestead exemption for homeowners age 65 or older, or disabled. The state reimburses local governments for these tax reductions. Prior to TY 2005, taxes on business real property were also reduced 10%, which was also reimbursed by the state.
- In TY 2007, the homestead exemption was increased to \$25,000 of market value and an income test to qualify was eliminated.
- Real and public utility property taxes are payable one year in arrears. Tangible personal property taxes of general business were paid in the current tax year.

## Libraries Receive the Largest Share of Distributions from the Local Government Funds

Local Government Fund Distributions, 2008



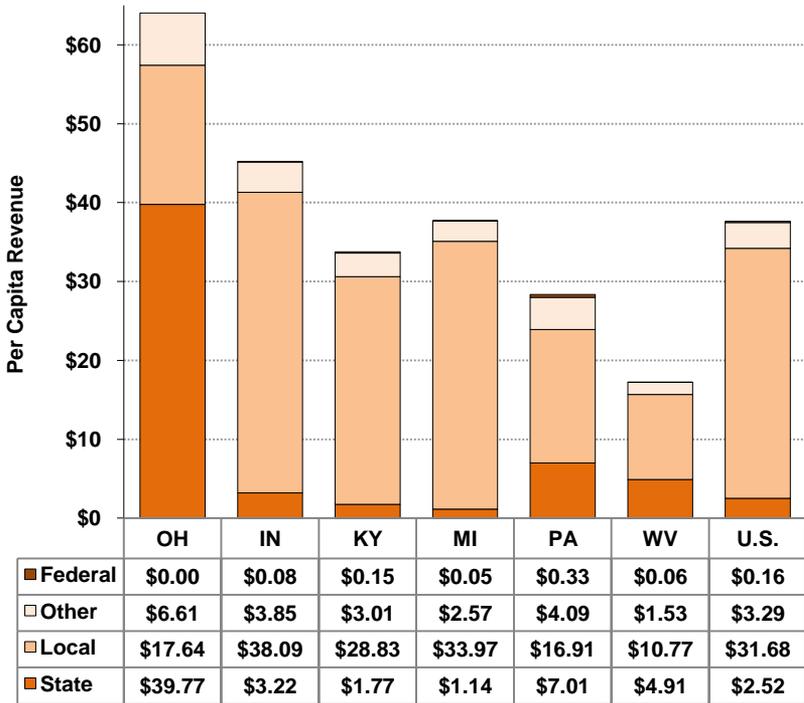
Source: Ohio Department of Taxation

- In 2008, a total of \$1.2 billion was distributed to subdivisions in Ohio, mainly from the two local government funds that receive revenues from state taxes, the Local Government Fund (LGF) and the Public Library Fund (PLF).
- Of this total, \$451 million (37%) was distributed from the PLF, mostly to public libraries. The remainder went to cities (\$390 million or 32%), counties (\$250 million or 21%), townships (\$65 million or 6%), villages (\$39 million or 3%), and park districts (\$12 million or 1%).
- Each county distributes money received from the local government funds to subdivisions within the county, including county government itself, based on state-determined formulas and on rules set by each county budget commission. In addition, each municipality that levies an income tax receives direct distributions from the LGF.
- Beginning in January 2008, 3.68% of total tax revenues credited to the GRF in the preceding month was deposited into the LGF each month, and 2.22% was deposited into the Library and Local Government Support Fund, renamed in June 2008 to the Public Library Fund. Funding for the PLF was reduced to 1.97% of GRF tax revenues for FYs 2010 and 2011 under a temporary law provision in H.B. 1 of the 128th General Assembly.
- From July 2001 through December 2007, previous statutory formulas specifying funding of the local government funds were suspended and the amounts deposited each year were specified in the state operating budgets.



## Ohio Leads States in Funding Public Libraries

Per Capita Operating Revenue of Public Libraries, FY 2007



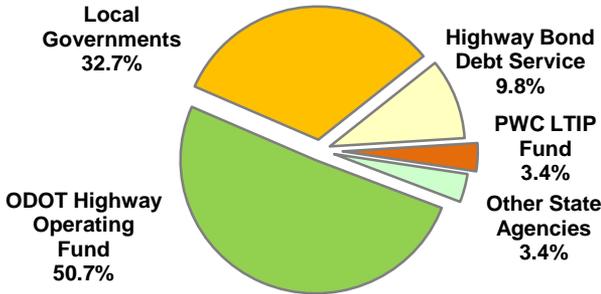
Source: Institute for Library and Museum Services

- Ohio ranks first among states in total per capita operating revenue of public libraries. In FY 2007, the total per capita operating revenue of public libraries in Ohio was \$64.02, 70.0% higher than the U.S. average of \$37.66.
- State funding accounted for \$39.77, or 62.1%, of the total per capita operating revenue of Ohio's public libraries, much higher than any other state. Per capita state funding for the second-ranked state, Hawaii, was \$21.37, just 53.7% of Ohio's state funding level.
- Ohio's per capita state funding in FY 2007 remained the highest nationally in spite of being the lowest amount in any year since FY 2000. State funding per capita decreased \$3.82, or 8.8%, from FY 2000 to FY 2007.
- Ohio has over 700 individual library locations in 251 public library systems.



## Motor Fuel Tax Revenue Supports State and Local Highways and Roads

Motor Fuel Tax Distribution, FY 2010



Sources: Ohio Administrative Knowledge System; American Petroleum Institute

- Revenue from the motor fuel tax (MFT) is distributed to various state agencies and local governments using a statutory formula. The Highway Operating Fund, which is used by the Ohio Department of Transportation (ODOT) to finance road and bridge construction and maintenance, received the largest share at 50.7% (\$878.3 million) of total MFT revenue in FY 2010, followed by local governments at 32.7% (\$566.0 million).
- Nearly 10% (\$169.4 million) of FY 2010 MFT revenue was used for debt service on highway capital improvement bonds issued to fund highway construction and pavement and bridge preservation projects.
- One cent per gallon of the MFT, amounting to 3.4% (\$58.7 million) of the total distributed in FY 2010, is directed toward the Public Works Commission's Local Transportation Improvement Program (LTIP), which provides additional funding to local governments for road and bridge projects.
- In FY 2010, the state collected \$1.71 billion in net MFT revenue, an amount nearly identical to FY 2009. FY 2009 net collections were 6.6% less than FY 2008 net collections of \$1.83 billion. The decrease between FY 2008 and FY 2009, and the meager growth in FY 2010, are partly driven by the national recession, which has suppressed demand for motor fuel.
- Including all state and local excise taxes on motor fuel as of July 2010, Ohio's MFT rate for gasoline and diesel (28¢ per gallon for each) ranks 17th and 19th highest in the nation, respectively.
- Coupled with the federal taxes on gasoline (18.4¢ per gallon) and diesel (24.4¢ per gallon), the price of motor fuel purchased in Ohio includes total taxes of 46.4¢ per gallon on gasoline and 52.4¢ per gallon on diesel.



## Ohio's Motor Vehicle License Taxes Generated \$450 Million in 2009 for Local Transportation Infrastructure

**Distributions to Local Governments for Roads and Bridges, 2009**  
(Dollars in Millions)

Local Government	State Motor Vehicle License Tax	Permissive Local Motor Vehicle License Taxes	Total
Counties	\$223.2	\$94.0	\$317.2
Municipalities	\$57.2	\$46.9	\$104.1
Townships	\$14.8	\$13.5	\$28.3
<b>Total</b>	<b>\$295.2</b>	<b>\$154.4</b>	<b>\$449.6</b>

Source: Ohio Department of Public Safety

- In 2009, a total of \$449.6 million in motor vehicle license tax revenues was distributed to counties, municipalities, and townships for the planning, construction, and maintenance of roads and bridges. This total consisted of \$295.2 million in state motor vehicle tax license revenues and \$154.4 million in local permissive motor vehicle tax license revenues.
- Over the past ten years, the state and local permissive motor vehicle license tax revenues distributed to local governments averaged \$458.1 million per year, ranging from a low of \$448.1 million in 2001 to a high of \$466.4 million in 2004.
- All motor vehicles generally must be registered annually, for which drivers pay a state motor vehicle license tax of \$34.50 for a passenger car. The tax for other vehicles varies, with commercial trucks and tractors taxed according to weight.
- Permissive motor vehicle license taxes are levied by local governments in \$5 increments. The total amount cannot exceed \$20 per vehicle.
  - Counties may levy up to \$15.
  - Municipalities may levy from \$5 to \$20, depending on the amount levied by the county.
  - Townships may levy \$5.
- The total amount of state and local permissive motor vehicle license taxes for a passenger car ranges from \$34.50 to \$54.50.
- In 2009, the state registered more than 11.7 million vehicles, including 8.1 million passenger cars.



## Local Governments Responsible for Most of Ohio's Highway Infrastructure

Roadways and Bridges by Owner				
Highway Category	Owner			Total
	Local	State	Other	
Public Roadway Centerline Miles (2008)	102,030	19,258	1,685	122,973
<i>Percentage of Total</i>	<i>83.0%</i>	<i>15.7%</i>	<i>1.3%</i>	<i>100.0%</i>
State Highway System Bridges (2009)	28,590	14,823	1,075	44,488
<i>Percentage of Total</i>	<i>64.3%</i>	<i>33.3%</i>	<i>2.4%</i>	<i>100.0%</i>

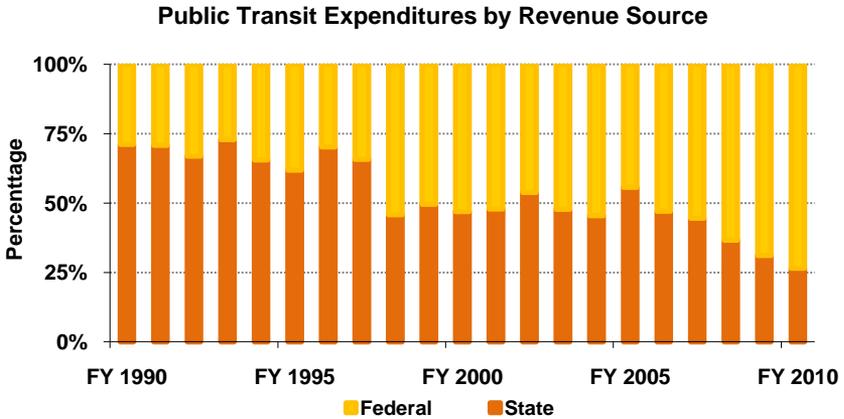
Sources: Federal Highway Administration; Ohio Department of Transportation

- Counties, municipalities, townships, and other local entities own and maintain 83.0% (102,030) of the public roadway centerline miles<sup>1</sup> and 64.3% (28,590) of bridges in Ohio. State agencies, primarily the Ohio Department of Transportation (ODOT), oversee 15.7% (19,258) of the state's centerline miles and 33.3% (14,823) of its bridges. The remaining roadways and bridges are maintained by the federal government, special districts, and private owners.
- Although local governments own and maintain most of the public roadway mileage in the state, 62.3% (186.4 million) of the total daily vehicle miles traveled in Ohio occur on the ODOT-maintained state highway system, which includes interstates, United States routes, and state routes.
- Most of the capital spending on Ohio highways is devoted to the state-administered highway system. Total capital expenditures on Ohio highways in 2007 were approximately \$2.75 billion, of which \$1.81 billion (65.9%) was spent on state-administered roads and \$0.94 billion (34.1%) was spent on locally administered roads.
- Overall, Ohio has one of the largest highway transportation infrastructure systems in the nation. Ohio ranks 7th in the nation in the number of centerline miles of public roadway with nearly 123,000, and ranks 2nd in the number of bridges with almost 44,500.

<sup>1</sup> Centerline miles are the number of miles of two-way roads. A road with a lane in each direction, a road with two lanes in each direction and a turn lane in the middle, and a divided freeway with three or four lanes in each direction all count equally in terms of centerline miles.



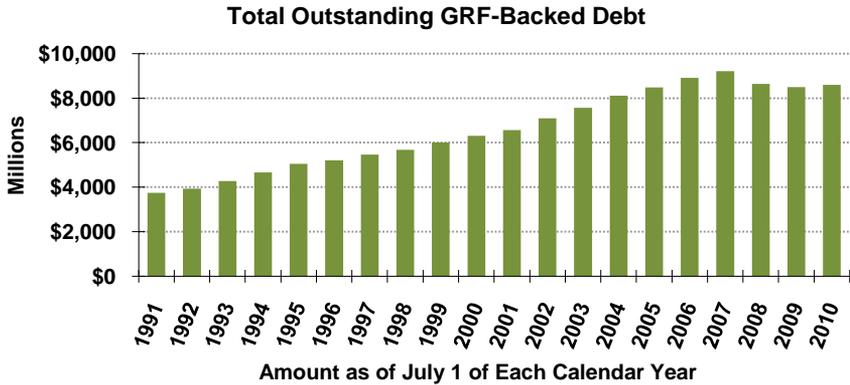
## Federal Sources Provided the Majority of Public Transit Funds Distributed by the State in the 2000s



*Source: Ohio Legislative Service Commission*

- From FY 2000 to FY 2010, federal funding was the dominant source of public transit funds provided through the state in all but two years. In contrast, the state funded the majority of public transit expenditures in eight out of ten years in the 1990s. Over the last two decades, the federal share of public transit expenditures has grown steadily, from 28.8% in FY 1990 to 73.4% in FY 2010.
- In FY 2010, public transit expenditures totaled \$49.2 million, of which \$36.1 million came from federal sources, including \$6.7 million provided under the American Recovery and Reinvestment Act of 2009.
- Public transit expenditures peaked in FY 2002 at \$84.7 million, of which \$45.7 million (53.9%) came from the state GRF and \$39.1 million (46.1%) came from federal sources. After this peak, public transit expenditures declined until FY 2008, when spending rose to \$51.1 million. Since then, total spending has hovered around the \$50 million mark.
- State funds are used to subsidize operating and capital expenses of urban and rural transit systems, including offsetting revenue losses incurred by transit systems offering reduced fares for elderly and disabled passengers.
- Federal dollars distributed by the state subsidize operating and capital expenses of transit systems in rural and small urbanized areas and also fund vehicles and equipment for nonprofit agencies providing transportation services to the elderly and people with disabilities.
- Federal funding for large urban areas is not distributed by the state. It flows directly to the transit systems serving those areas.

## Ohio's Outstanding GRF-Backed Debt Increases in 2010

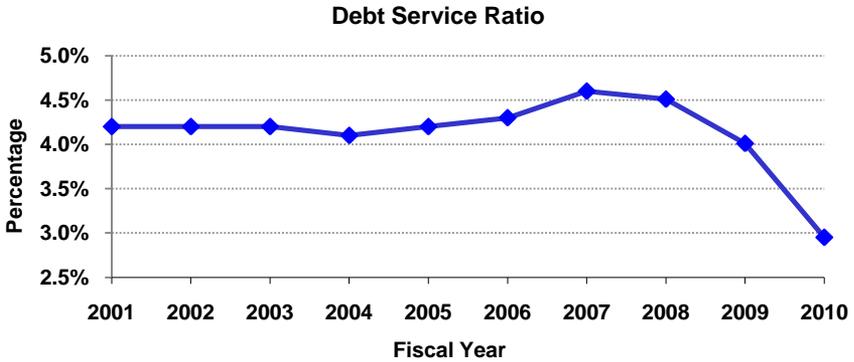


*Source: Ohio Office of Budget and Management*

- Ohio's total outstanding debt payable from the GRF amounted to \$8.59 billion on July 1, 2010, an increase of 1.2% from July 1, 2009. This was the first increase since its peak level of \$9.21 billion on July 1, 2007. Between 1991 and 2007, total GRF-backed debt increased consistently every year with an average growth rate of 5.8% per year. The overall growth rate during this period was 146.1%.
- The increase in 2010 was mainly a result of the state economic stimulus plan. Under the plan, bonds backed by the GRF were issued to stimulate the state economy through investments in advanced and renewable energy, local government infrastructure, and various other economic development programs.
- The state's debt payable from the GRF is made up of general obligation (GO) and special obligation (SO) debt. The \$8.59 billion in outstanding GRF-backed debt as of July 1, 2010, includes \$6.34 billion of GO debt and \$2.25 billion of SO debt.
- The issuance of both GO and SO bonds must be authorized by the Ohio Constitution. Whereas debt service payments for GO bonds are secured by the full faith, credit, and taxing power of the state, debt service payments for SO bonds are subject to appropriations of the General Assembly.
- GO bonds have been issued for the following purposes: primary and secondary education, higher education, natural resources, conservation, local infrastructure, coal development, Third Frontier research and development, and the development of sites for industry, commerce, distribution, and research and development.
- On a per capita basis, Ohio's outstanding debt payable from the GRF has grown from \$555 in 2000 to \$744 in 2010, an increase of 34.1%.



## Debt Restructuring and Tobacco Securitization Lead to Decreases in Ohio's Debt Service Ratio in Recent Years



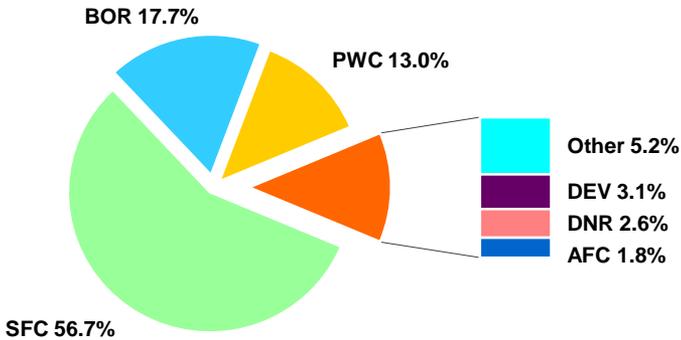
Source: Ohio Office of Budget and Management

- Ohio's debt service ratio was 2.95% at the end of FY 2010, having dropped for three consecutive years from a peak of 4.60% in FY 2007. This ratio is measured by calculating debt service payable from the GRF as a percentage of the total combined revenue from the GRF and net lottery profits.
- The debt service ratio decreases from FY 2008 to FY 2010 were primarily due to debt restructuring and tobacco securitization. The debt restructuring plan reduced GRF debt service payments by \$52.8 million in FY 2009 and \$416.8 million in FY 2010. The 2007 tobacco securitization provided \$2.84 billion cash for FY 2008 through FY 2010 for K-12 and higher education capital projects that would otherwise have been funded by GRF-backed debt.
- As a percentage of personal income, the state's total debt service payable from the GRF decreased from 0.30% in FY 2008 to 0.26% in FY 2009 and to 0.17% in FY 2010.
- In FY 2000, Ohio's Constitution established a 5% "cap" on the amount of GRF-backed debt that the state may incur in a given fiscal year. That is, the state cannot issue additional GRF-backed debt if total debt service payments in any future fiscal year exceed 5% of the total GRF and net lottery profits revenue in the year of issuance, unless the 5% cap is waived by voters or by a three-fifths vote of each house of the General Assembly.
- As of July 1, 2010, Ohio general obligation (GO) bonds received the second highest possible rating from all major rating agencies, AA+ by Standard & Poor's, AA+ by Fitch and Aa1 by Moody's. Bond ratings indicate a rating agency's opinion on an issuer's ability to manage its debt effectively and make the required payments on schedule.



## School Facilities Commission Comprised Almost 57% of FY 2010 Expenditures Made from Capital Appropriations

Capital Appropriation Expenditures by Agency, FY 2010



Source: Ohio Administrative Knowledge System

- In FY 2010, expenditures made from capital appropriations totaled \$1.77 billion.<sup>1</sup> Of this total, just over \$1.0 billion (56.7%) was spent by the School Facilities Commission (SFC). These funds support the construction and renovation of public K-12 schools. Lower wealth school districts generally receive a greater share of state assistance than higher wealth districts, and also generally receive state assistance sooner.<sup>2</sup>
- The Board of Regents (BOR) distributed \$313.5 million (17.7%) for the construction and renovation of academic facilities at Ohio's public colleges and universities. Capital funding for higher education is distributed largely based on the size and age of buildings and the student enrollment at each institution.
- The Public Works Commission (PWC) distributed \$229.5 million (13.0%) for local infrastructure and conservation projects. These funds are largely distributed to the state's 18 PWC districts on a per capita basis.
- Other agencies with large amounts of capital expenditures include the Department of Development (DEV) at \$55.5 million (3.1%), mainly for brownfield cleanup and redevelopment projects; the Department of Natural Resources (DNR) at \$45.5 million (2.6%), mainly for state and local parks; and the Ohio Cultural Facilities Commission (AFC) at \$32.1 million (1.8%), for various local community arts and cultural facilities projects.

<sup>1</sup> This number excludes capital expenditures made from operating appropriations, such as state and federal funding for highway construction and maintenance.

<sup>2</sup> See page 50 for additional information on SFC's K-12 school facilities assistance program.



## Over \$574 Million Awarded for Clean Ohio Since FY 2003

Clean Ohio Awards, FY 2003-FY 2010		
Program	Number of Awards	Total Amount Awarded
<b>Department of Development</b>		
Clean Ohio Revitalization Fund	99	\$223,656,750
Clean Ohio Assistance Fund	156	\$57,015,072
<b>Public Works Commission</b>		
Green Space Conservation Program	711	\$223,856,735
<b>Department of Natural Resources</b>		
Recreational Trails Program	122	\$31,950,000
<b>Department of Agriculture</b>		
Agricultural Easement Purchase Program	172	\$38,165,080
<b>Total</b>	<b>1,260</b>	<b>\$574,643,637</b>

Source: Ohio Department of Development

- Since FY 2003, four state agencies have awarded over \$574.6 million for 1,260 projects under the Clean Ohio initiative. The first \$400 million for the program was authorized by voters in 2000, with an additional \$400 million approved in 2008.
- The Department of Development's Clean Ohio Revitalization Fund and Clean Ohio Assistance Fund have collectively awarded nearly \$280.6 million to local governments for brownfield clean-up and redevelopment projects. These awards comprise 48.8% of the total Clean Ohio funds awarded through FY 2010.
- The Clean Ohio Green Space Conservation Program, administered by the Public Works Commission, has awarded funding (\$223.9 million) for more projects (711) than any other component of the Clean Ohio initiative. Local governments and nonprofit community organizations are eligible to compete for this funding to preserve natural areas, sensitive watersheds, and other green space.
- Under the Clean Ohio Recreational Trails Program administered by the Department of Natural Resources, nearly \$32.0 million has been distributed among 122 projects sponsored by local governments and nonprofit community organizations to create or improve recreational trail networks.
- The Department of Agriculture has awarded \$38.2 million under the Clean Ohio Agricultural Easement Purchase Program, which provides funding to farm owners who place agricultural easements on their property. Through FY 2010, the 172 awards under this program have preserved over 33,000 acres of productive farmland in Ohio.



## Nearly 53.8 Million Visits Made to Ohio State Parks in 2009

Ten Most Visited Ohio State Parks, 2009		
State Park	County	2009 Visits
Cleveland Lakefront	Cuyahoga	8,430,273
Headlands Beach	Lake	3,190,730
Hocking Hills	Hocking	2,928,184
Hueston Woods	Preble/Butler	2,911,659
Caesar Creek	Warren/Clinton/Greene	2,749,782
Alum Creek	Delaware	2,375,786
Mosquito Lake	Trumbull	1,855,466
Indian Lake	Logan	1,780,733
Cowan Lake	Clinton	1,753,262
East Harbor	Ottawa	1,471,570
<b>Total – Ten Most Visited State Parks</b>		<b>29,447,445</b>
<b>Total – All State Parks</b>		<b>53,767,676</b>

Source: Ohio Department of Natural Resources

- In 2009, there were approximately 53.8 million visits to the 74 state parks operated by the Ohio Department of Natural Resources (DNR), an increase of 6.1% over 2008. The ten most visited parks accounted for 54.8% (29.4 million) of the total visits.
- Located in 60 counties across the state and encompassing over 174,000 acres in land and water, Ohio's 74 state parks contain 9 resort lodges, 518 cottages, and 89 campgrounds with over 9,200 sites, as well as 78 beaches, 37 visitor and nature centers, 450 picnic areas, and 1,185 miles of trails.
- In 2009, the number of camping reservations in Ohio's state parks increased by 9.1% and the number of getaway rentals increased by 3.7%.
- In 2009, state parks generated \$27.6 million in revenue, an increase of 0.3% over 2008. The largest source of revenue was camping fees (43.2%), followed by self-operated retail (13.3%), cottage rentals (11.1%), dock permits (10.8%), and concession agreements (6.1%).
- In FY 2009, DNR's Division of Parks and Recreation spent \$68.0 million on state park operations. Of this amount, 50% was funded by the GRF and the remainder was funded by fees, charges, and other sources.
- During FY 2009, the Division of Parks and Recreation released just under \$14.8 million for capital improvement projects, including utility upgrades, wastewater system rehabilitations, lodge and cabin improvements, and other construction and renovation projects.



## Ohio's 4,938 Public Water Systems Serve Over 11 Million People Daily

Ohio's Public Water Systems by Category, 2010				
Category	Surface Water	Ground Water	Total Systems	Population Served Daily
Community	297	958	1,255	10,581,540
Nontransient Noncommunity	9	743	752	213,289
Transient Noncommunity	11	2,920	2,931	413,178
<b>Total</b>	<b>317</b>	<b>4,621</b>	<b>4,938</b>	<b>11,208,007</b>

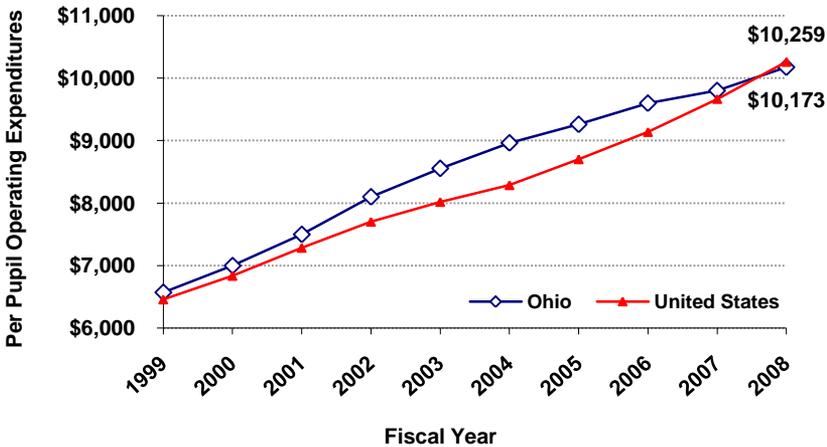
Source: Ohio Environmental Protection Agency

- Ohio's 4,938 public water systems (PWSs) serve 11.2 million people daily.
- There are three types of PWSs in Ohio:
  - *Community systems* serve at least 15 water connections used by year-round residents or regularly serve at least 25 year-round residents. Examples include cities and mobile home parks.
  - *Nontransient noncommunity systems* serve at least 25 of the same persons over six months per year. Examples include schools and businesses.
  - *Transient noncommunity systems* serve at least 25 different persons over 60 days per year. Examples include parks and highway rest stops.
- Of the 4,938 PWSs in Ohio, 4,621 (94%) use ground water and the remaining 317 (6%) use surface water.
- In FY 2010, the Ohio Environmental Protection Agency (EPA) issued \$681.8 million in low-interest loans to local governments for maintaining PWSs. This included \$107.8 million in drinking water loans and \$574.0 million in water pollution control loans. These loans are supported by grants from the U.S. EPA and the required matching funds (20%) from the Ohio EPA.
- The American Recovery and Reinvestment Act of 2009 provided almost the entire amount (\$107.7 million) of the drinking water loans and \$206.0 million of the water pollution control loans made in FY 2010.
- In FY 2010, drinking water loans were granted for 63 projects to protect the quality and quantity of drinking water in 59 communities. Water pollution control and water quality restoration loans funded 306 new projects. In addition, seven previously awarded loans received supplemental funding. Overall, projects supported by these water pollution control and water quality restoration loans benefited 199 communities.



## Ohio's Public School Per Pupil Operating Expenditures Fall Slightly Below National Average

Per Pupil Operating Expenditures for Ohio and U.S.



Source: U.S. Census Bureau

- In FY 2008, Ohio's public school per pupil operating expenditures were \$10,173, \$86 (0.8%) below the national average of \$10,259.
- Ohio had been above the national average since FY 1991. In FY 2004, Ohio's per pupil expenditures were \$676 (8.2%) above the national average. The difference has narrowed in each subsequent year.
- During the ten-year period from FY 1999 to FY 2008, Ohio's per pupil operating expenditures increased by \$3,601 (54.8%). The national average increased by \$3,801 (58.9%). During the same period, inflation, as measured by the consumer price index (CPI), was 28.6%.
- In FY 2008, Ohio's per pupil operating expenditures of \$10,173 ranked 18th among the 50 states. The following table shows the ranking and per pupil expenditures for Ohio's neighboring states. Ohio's per pupil expenditures were higher than all of these states except Pennsylvania.

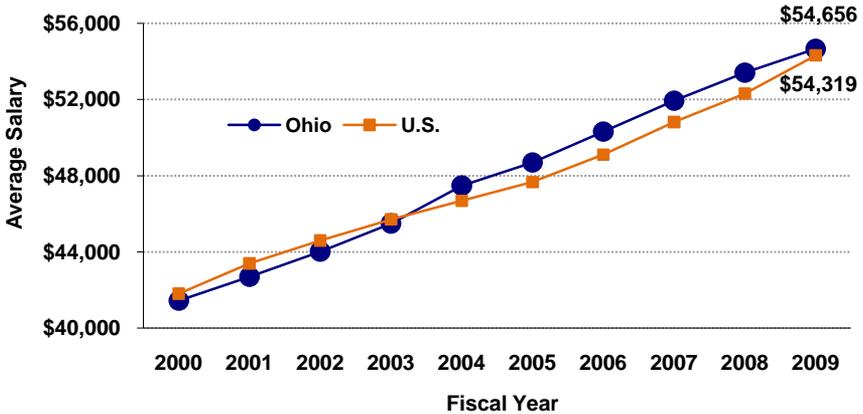
### Public School Per Pupil Operating Expenditures for Neighboring States, FY 2008

Neighboring State	National Rank	Per Pupil Expenditures
Pennsylvania	11	\$12,035
Michigan	20	\$10,069
West Virginia	23	\$9,852
Indiana	37	\$9,036
Kentucky	39	\$8,686



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

Average Teacher Salaries for Ohio and U.S.



Sources: National Education Association; Ohio Department of Education

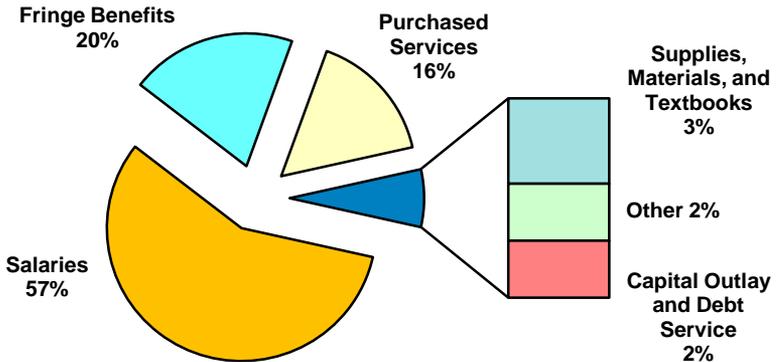
- After trending at or below the national average from FY 2000 to FY 2003, Ohio's average teacher salaries have been slightly above the national average since FY 2004.
- Ohio's average teacher salary for FY 2009 was 0.6% (\$337) higher than the national average.
- Ohio's average teacher salary increased by 31.9% from \$41,434 in FY 2000 to \$54,656 in FY 2009. The national average increased by 29.9%, from \$41,807 in FY 2000 to \$54,319 in FY 2009. During the same period, inflation, as measured by the consumer price index (CPI), was 26.8%.
- In FY 2009, Ohio's average teacher salary of \$54,656 ranked 15th in the nation. The following table shows the ranking and average teacher salary for Ohio's neighboring states. Ohio's average teacher salary was higher than all of these states except Pennsylvania and Michigan.

### Average Teacher Salaries for Neighboring States, FY 2009

Neighboring State	National Rank	Average Salary
Michigan	11	\$57,327
Pennsylvania	12	\$57,237
Indiana	24	\$49,569
Kentucky	31	\$47,875
West Virginia	44	\$44,701

## School Districts Spend an Average of 77% of Their General Funds on Salaries and Fringe Benefits

### Breakdown of a Typical School District Budget, FY 2009



Source: Ohio Department of Education

- Salaries and fringe benefits accounted for approximately 77% of school district general fund budgets statewide in FY 2009. This percentage has decreased over the past five years from 80% in FY 2005.
- The portion of school district budgets spent on fringe benefits has remained essentially flat at 20% over the past five years, while the portion spent on salaries has decreased from 60% in FY 2005 to 57% in FY 2009.
- The cost of fringe benefits as a percentage of the cost of salaries has remained at about 36% since FY 2007, up from 34% in FY 2005.
- Public schools in Ohio employed about 246,000 full-time equivalent (FTE) workers in FY 2009, including about 118,900 FTE teachers.
- As the percentage of district budgets spent on salaries has declined, the percentage spent on purchased services such as pupil transportation, utilities, maintenance and repairs, and other services not provided by district personnel has increased, from 13% in FY 2005 to 16% in FY 2009.
- State law requires each school district to set aside a uniform per pupil amount for textbooks and instructional materials and for capital and maintenance needs. In FY 2011, the required set-aside amount is about \$172 per pupil for each category.



## Per Pupil Operating Spending Varies Across Different Types of Ohio School Districts

Spending Per Pupil by District Comparison Group, FY 2009				
Comparison Group – Description		Number of Districts	Enrollment %	Spending Per Pupil
Rural	Very low socioeconomic status (SES), very high poverty	97	8.9%	\$9,164
Small Rural	Low SES, low poverty	161	12.4%	\$8,680
Rural Town	Average SES, average poverty	81	7.9%	\$8,870
Urban	Low SES, high poverty	102	15.7%	\$9,764
Major Urban	Very high poverty	15	15.6%	\$13,116
Suburban	High SES, moderate poverty	107	24.3%	\$9,869
Suburban	Very high SES, low poverty	46	15.2%	\$11,085
<b>State Total*</b>		<b>609</b>	<b>100%</b>	<b>\$10,254</b>

\* Three small outlier districts are not included.

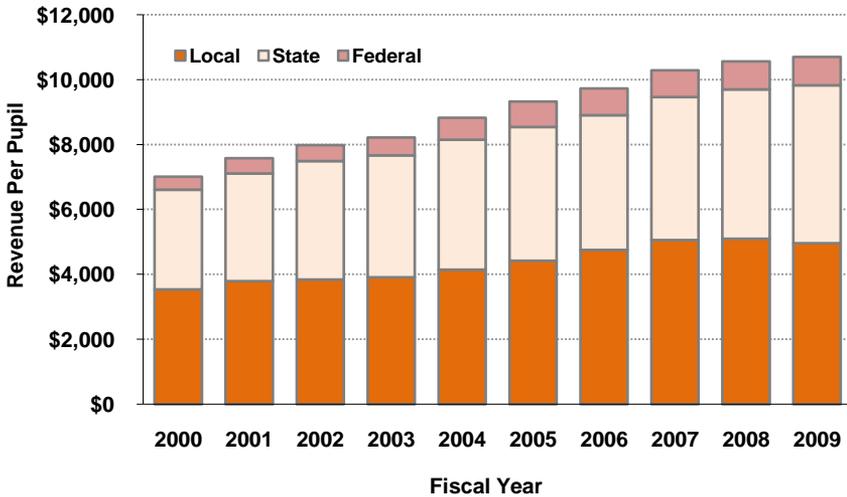
*Source: Ohio Department of Education*

- In FY 2009, the average per pupil spending for different district comparison groups varied from a low of \$8,680 for small rural, low poverty districts to a high of \$13,116 for major urban, very high poverty districts. The state average was \$10,254.
- Rural districts tend to have the lowest spending per pupil, averaging \$8,879 per pupil for the three rural comparison groups, which is 13.4% (\$1,375) below the state average. These districts include 29.2% of total state enrollment.
- Very high poverty major urban districts and the highest income suburban districts had the highest spending per pupil among all district comparison groups in FY 2009, spending 27.9% (\$2,862) and 8.1% (\$831), respectively, above the state average.
- On average, school districts spent 55.4% on instruction, 19.5% on building operations, 11.7% on administration, 10.2% on pupil support, and 3.2% on staff support.
- This spending allocation varies only slightly across district comparison groups. Rural districts tend to spend a higher than average percentage on building operations, which includes pupil transportation, suburban districts tend to spend a higher than average percentage on instruction, and urban districts tend to spend a higher than average percentage on staff support.



## Per Pupil Operating Revenue for Schools Increases 53% Since FY 2000

Per Pupil Operating Revenue Statewide



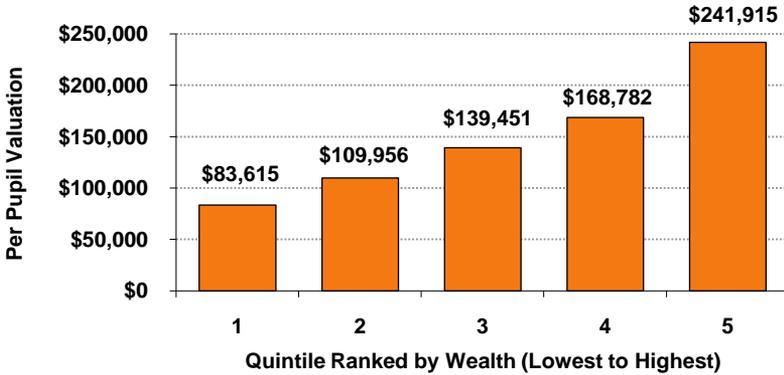
Source: Ohio Department of Education

- Ohio schools' per pupil operating revenue from all sources increased 52.6% from \$7,016 in FY 2000 to \$10,706 in FY 2009.
- During this ten-year period, local revenue per pupil increased 40.3% from \$3,540 to \$4,966; state revenue per pupil increased 58.3% from \$3,070 to \$4,861; and federal revenue per pupil increased 116.5% from \$406 to \$879.
- Local revenues comprised 46.4% of total school revenues in FY 2009. Locally voted property taxes and school district income taxes accounted for 96.4% and 3.6%, respectively, of local revenues.
- State revenues comprised 45.4% of total school revenues in FY 2009. State funding comes mainly from the General Revenue Fund, which receives revenues primarily from the state income and sales taxes. Most state funds are distributed through the school funding formula, while some are distributed through competitive and noncompetitive grants.
- Federal revenues comprised 8.2% of total school revenues in FY 2009. Federal revenues mainly target special education and disadvantaged students.
- With passage of the No Child Left Behind Act of 2001, the federal share of total school revenues has increased from an average of 5.9% between FY 1996 and FY 2002 to an average of 8.0% between FY 2003 and FY 2009.



## School District Property Values Vary Widely Across Ohio

Average Per Pupil Valuation by Wealth Quintile, FY 2010



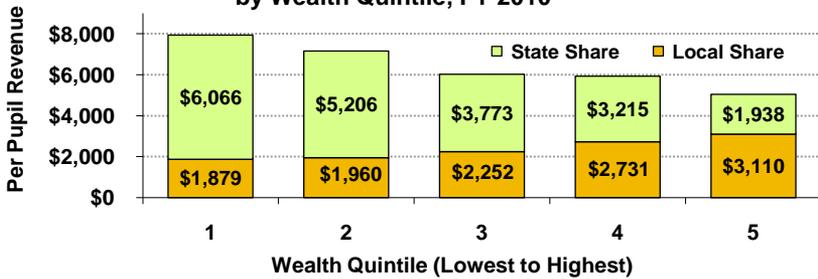
Sources: Ohio Department of Taxation; Ohio Department of Education

- In FY 2010, approximately 20% of Ohio's students resided in school districts with per pupil property valuations that averaged about \$84,000 while another 20% resided in school districts with per pupil property valuations that averaged about \$242,000. The statewide average valuation was \$145,200 per pupil.
- A 20-mill (2%) property tax levy generates \$1,680 per pupil for a district with a valuation per pupil of \$84,000 and \$4,840 per pupil for a district with a valuation per pupil of \$242,000.
- Since locally voted property tax levies represent 96.4% of school district local revenues, per pupil valuation (also called district property wealth) indicates each district's capacity to raise local revenue.
- To create the quintiles used on this and the following three pages, school districts are first ranked from lowest to highest in property valuation per pupil. They are then divided into five groups, each of which includes approximately 20% of total students statewide. As can be seen in the chart above, districts in quintile 1 have the lowest wealth and districts in quintile 5 have the highest wealth.
- Since FY 1991, a major goal of the state's school funding formula is to neutralize the effect of local property wealth disparities on students' access to a common, basic level of education as defined by the state.
- To achieve this goal, the formula first assumes a local contribution based on a uniform tax rate (for example, 22 mills or 2.2%), which results in different local contribution dollar amounts depending on a district's wealth. The formula then requires the state to make up the difference to bring the total up to a state-defined amount for each district.



## Low Wealth Districts Receive More State Aid Per Pupil than High Wealth Districts

State and Local Contribution to Basic Education by Wealth Quintile, FY 2010



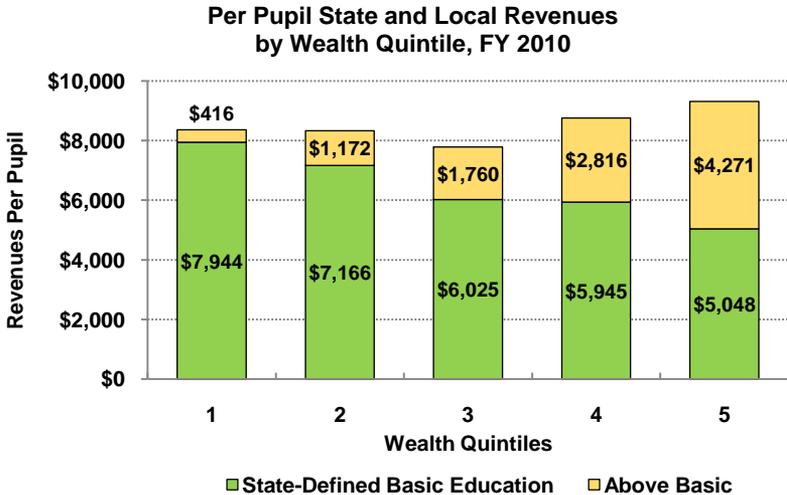
Source: Ohio Department of Education

- Low wealth districts receive more state aid per pupil than high wealth districts. In FY 2010, the quintile with the lowest wealth received \$6,066 per pupil on average whereas the quintile with the highest wealth received \$1,938 per pupil on average.<sup>1</sup>
- More state aid is directed toward lower wealth districts through two major avenues. The first is the Educational Challenge Factor (ECF), which causes the total state-defined basic education level per pupil to be higher for lower wealth districts. The second is the local share formula that uses a uniform tax rate, which results in a relatively lower local share per pupil for lower wealth districts.
- The ECF, which also directs more funding to districts with high poverty rates and low educational attainment rates, as well as the guarantee and the cap in the current formula cause a nonlinear relationship between wealth and the state-defined basic education level per pupil. The guarantee tends to increase the state share, whereas the cap tends to decrease the state share.
- The total state-defined basic education level per pupil for FY 2010 was \$7,944 for quintile 1, \$7,166 for quintile 2, \$6,025 for quintile 3, \$5,945 for quintile 4, and \$5,048 for quintile 5.
- The formula assumes a uniform 22-mill local tax effort for the local contribution to the state-defined basic education. In FY 2010, the revenue raised for the local contribution varied from an average of \$1,879 per pupil in quintile 1 to an average of \$3,110 per pupil in quintile 5.
- For the state as a whole, the state share of basic education revenues in FY 2010 was 62.8%. This share averaged 76.4% for quintile 1, 72.7% for quintile 2, 62.6% for quintile 3, 54.1% for quintile 4, and 38.4% for quintile 5.

<sup>1</sup> See page 43 for an introduction to this analysis and a description of the quintiles.



## Local Revenues Above the State-Defined Basic Education Level Cause Revenue Disparities

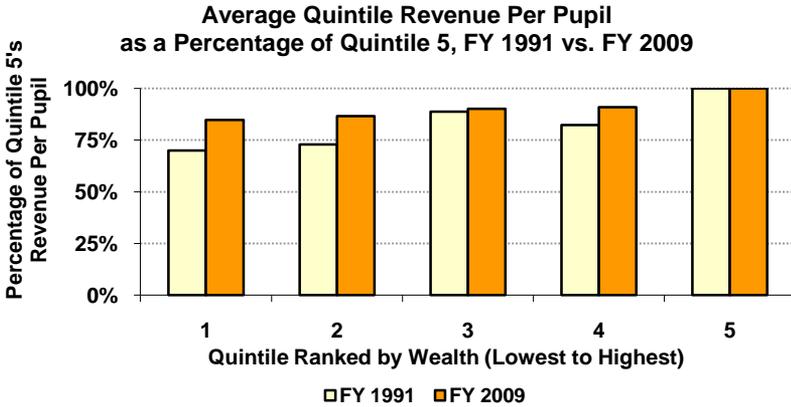


*Source: Ohio Department of Education*

- Although low wealth districts receive more state revenue per pupil, local revenues above the state-defined basic level continue to cause revenue disparities that favor the highest wealth districts.<sup>1</sup>
- Local revenues are determined by a combination of the wealth of the district as well as the ability and willingness of the district's taxpayers to approve tax levies. In Ohio, there is no limit on the amount of taxes local voters may approve for their schools.
- The biggest disparity occurs between the highest wealth quintile and the other four quintiles. For FY 2010, the average per pupil local revenue above the basic level in quintile 5 (\$4,271) was more than 10, 3, and 2 times higher than that in quintiles 1, 2, and 3, respectively. It was also about 1.5 times higher than that in quintile 4, the second highest wealth quintile (\$3,146).
- The state-defined basic education formula that directs more total funding and more state aid to low wealth districts helps narrow revenue disparities across Ohio's school districts. When taking into account state and local funding for education, quintile 5 districts still have the highest average revenue per pupil, at \$9,319 for FY 2010. However, this amount was only 11%, 12%, 20%, and 6%, respectively, more than that in quintile 1 (\$8,360), quintile 2 (\$8,338), quintile 3 (\$7,786), and quintile 4 (\$8,761).

<sup>1</sup> See page 43 for an introduction to this analysis and a description of the quintiles.

## Interdistrict Equity Improves Since FY 1991



*Source: Ohio Department of Education*

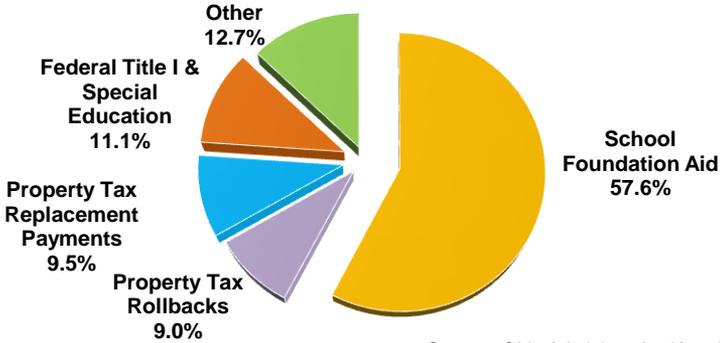
- From FY 1991 to FY 2009, the average revenue per pupil of the districts in the four lower quintiles got closer to that of the highest wealth districts (those in quintile 5).<sup>1</sup>
- The biggest changes came in the two lowest wealth quintiles. In FY 1991, the districts in quintile 1 received on average 70.0% of the revenue received by the districts in quintile 5. By FY 2009, the districts in quintile 1 received 84.7% of the revenue received by the districts in quintile 5. Likewise, the percentage for quintile 2 rose from 72.9% in FY 1991 to 86.6% in FY 2009.
- In FY 2009, the average revenue per pupil for the bottom four quintiles (representing 80% of students) was 88.1% of the average revenue per pupil for the highest wealth quintile, up from 78.5% in FY 1991.
- From FY 1991 to FY 2009, per pupil revenues grew on average by 162.6% (\$6,041) in quintile 1, 157.8% (\$6,112) in quintile 2, 120.4% (\$5,681) in quintile 3, 139.6% (\$6,103) in quintile 4, and 117.0% (\$6,214) in quintile 5.
- A few very wealthy districts continued to raise revenues well above the state average of about \$10,400 per pupil in FY 2009. In fact, two districts raised over \$20,000 per pupil.
- In FY 1991, approximately 76% of the variation in per pupil revenue across districts could be explained by the variation in per pupil property valuation. In FY 2009, this percentage dropped to about 28%. This means that the amount of financial resources available for the education of a student now depends less on the wealth of the district where the student lives than it did in FY 1991.

<sup>1</sup> See page 43 for an introduction to this analysis and a description of the quintiles.



## School Foundation Aid Comprised Over Half of Department of Education's Total Spending in FY 2010

Department of Education's Spending by Component, FY 2010



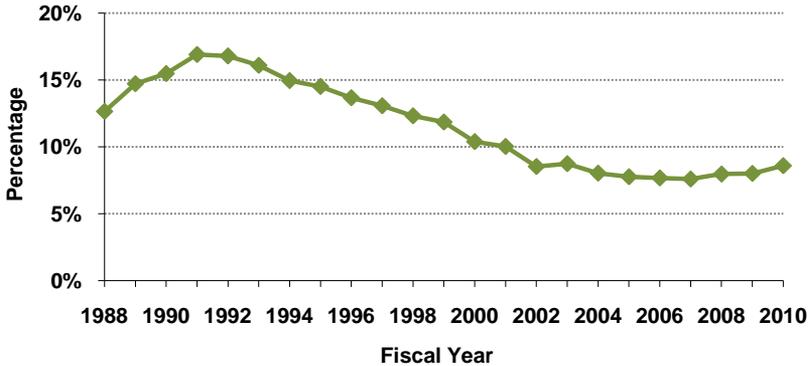
Source: Ohio Administrative Knowledge System

- In FY 2010, the Ohio Department of Education's (ODE) spending totaled \$11.79 billion across all funds. Of this total, \$6.80 billion (57.5%) was distributed as school foundation aid, the largest source of state funding for school operations. School foundation aid is funded by the state GRF (\$5.64 billion), lottery profits (\$745 million), and part of federal stimulus money deposited into the GRF (\$417.6 million).
- The second largest spending component was the federal Title I and special education programs at \$1.31 billion (9.5%). These federal funds target disadvantaged students and students with disabilities. In FY 2010, \$353.2 million (26.1%) of this funding was due to the federal stimulus.
- State direct payments for the phase-out of tangible personal property taxes accounted for another \$1.12 billion (9.5%) of the total. Part of those revenue losses are compensated through increased state aid as a result of a lower local share assumed in the formula.
- Property tax rollback payments (\$1.06 billion or 9.0%) reimburse school districts for revenue lost due to the 10% and 2.5% property tax rollback and homestead exemption programs.
- ODE's spending for FY 2010 was mainly supported by the GRF (\$7.75 billion or 65.7%), followed by federal funds (\$2.11 billion or 17.9%).
- In FY 2010, 98.0% (\$11.56 billion) of ODE's total spending was distributed as subsidies to schools and various other educational entities.
- ODE's payroll expenses of \$55.5 million accounted for 0.5% of the total. Excluding purchased service spending for student assessments and supply and maintenance spending for school food programs, ODE's operating expenses totaled \$112.0 million or 0.9% of its total spending in FY 2010.



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

Lottery Profits as a Percentage of Spending for K-12 Education



Sources: Ohio Lottery Commission; Ohio Legislative Service Commission

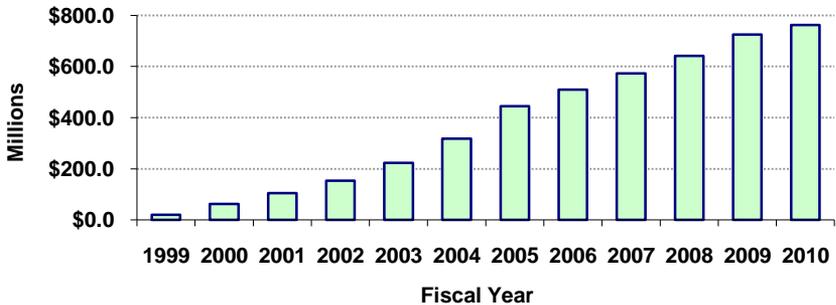
- Lottery profits in Ohio have always been a relatively small percentage of total GRF<sup>1</sup> and lottery spending on primary and secondary education. After reaching a peak of 16.9% in FY 1991, this percentage fell to a low of 7.6% in FY 2007 and has since increased to 8.6% in FY 2010.
- In 1973, voters amended the Ohio Constitution to allow the creation of the Ohio lottery. In 1987, voters approved an additional constitutional amendment that permanently earmarked lottery profits for education.
- Generally, lottery profits are combined with the GRF to support primary and secondary education in Ohio.
- The dollar amount of lottery profits spending increased by \$37.1 million in FY 2010 to \$745.0 million, the highest amount in the lottery's history. FY 2010 was the 3rd consecutive year lottery profits spending increased after nearly a decade of mostly declines since its previous high of \$718.7 million in FY 1999.
- From FY 1988 to FY 2010, total GRF and lottery spending on primary and secondary education increased by \$5.23 billion (151.8%). Of this growth, \$309.4 million (5.9%) was provided by the lottery.
- FY 2010 produced record lottery sales of \$2.5 billion. The increase in sales is due in part to the addition of Keno sales, which began in August 2008, and the multi-state jackpot game, Powerball, in April 2010.

<sup>1</sup> In FY 2010, GRF spending on primary and secondary education includes \$417.6 million in federal stimulus funding. There was no federal stimulus funding in prior years.



## School Choice Program Spending Continues to Increase

### Annual Spending on School Choice Programs

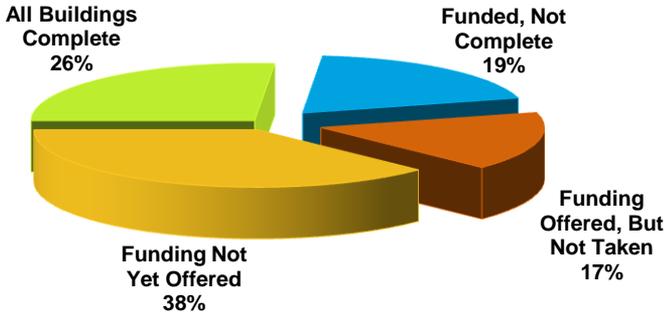


Source: Ohio Department of Education

- Ohio school choice programs include community schools, the Cleveland Scholarship and Tutoring Program (CSTP), the Educational Choice Scholarship Program, and the Autism Scholarship Program. Spending on these programs has increased from \$19.7 million in FY 1999 to \$762.6 million in FY 2010.
- Unlike traditional public schools, community schools do not have taxing authority and are funded primarily through state education aid transfers. Since the establishment of community schools in FY 1999, the amount of state education aid transfers has increased from \$11.0 million to \$680.4 million in FY 2010. Community school enrollment has increased from 2,245 to 93,893 students.
- The CSTP provides state-funded scholarships for students in the Cleveland City School District. After its establishment in FY 1997, the number of CSTP scholarship students grew from 1,994 to a peak of 6,272 in FY 2008 and declined slightly to 5,479 in FY 2010. State expenditures for CSTP have increased from \$5.0 million in FY 1997 to \$16.0 million in FY 2010.
- Starting in FY 2007, the Educational Choice Scholarship Program has provided scholarships to students entitled to attend a school that has been in academic emergency or academic watch for two of the three most recent years. Scholarships are financed by deductions from state aid to scholarship recipients' districts of residence. From FY 2007 to FY 2010, the number of students receiving scholarships increased from 3,169 to 11,784; funding for the program increased from \$10.4 million to \$46.1 million.
- The Autism Scholarship Program provides scholarships to qualified autistic children. Since its inception in FY 2004, funding for the program has increased from \$3.3 million to \$20.1 million in FY 2010. Scholarships are also financed by deductions from state aid to scholarship recipients' districts of residence.

## Full-Facility Fixes Completed in 26% of Ohio School Districts and JVSDs

### Status of Districts Completing Master Facility Plans, July 2010



Source: Ohio School Facilities Commission

- At the end of FY 2010, 26% of school districts and joint vocational school districts (JVSDs) had completed projects that fully addressed their facility needs as assessed by the School Facilities Commission (SFC). These include 169 (28%) of the 612 regular school districts and six (12%) of the 49 JVSDs.
- Another 19% of districts have been funded, but their projects are not complete. These include 120 (20%) of the regular districts and eight (16%) of the JVSDs. These districts may already have buildings in the design or construction phase or may still need local funding.
- An additional 17% of districts have been offered funding, but have either deferred the offer or allowed it to lapse because they were unable to secure the required local share. These include 102 (17%) of the regular districts (64 deferred and 38 lapsed) and seven (14%) of the JVSDs (all deferred). These districts will be eligible for funding in the future.
- The final 38% of districts have not yet been offered funding. These include 222 (36%) of the regular districts and 28 (57%) of the JVSDs. Of these, 12 regular districts are participating in the Expedited Local Partnership Program (ELPP), whereby local funds spent on master facility plans now will be credited to the districts' local shares when they become eligible for state funding.
- The total estimated cost of all projects funded by the end of FY 2010 was \$16.7 billion. Of that total, the state share was \$10.7 billion (64%) and the local share was \$6.0 billion (36%).
- Through the end of FY 2010, the General Assembly has appropriated nearly \$10.9 billion and SFC has disbursed a total of \$8.6 billion for school facilities projects.



## Ohio Schools Show Improvement on Report Card Ratings

Number of Districts by Report Card Rating, FY 2006-FY 2010					
Rating	2006	2007	2008	2009	2010
Excellent with Distinction	-	-	74	116	81
Excellent	192	139	152	154	215
Effective	299	347	292	251	240
Continuous Improvement	112	113	83	79	64
Academic Watch	7	11	9	9	9
Academic Emergency	0	0	0	1	1

Source: Ohio Department of Education

- In FY 2010, 536 districts (87.9%) were rated effective or higher, compared to 491 districts (80.5%) in FY 2006.
- A district's report card rating depends on four basic measurements: (1) the number of state academic standards met, (2) the performance index score, (3) whether adequate yearly progress (AYP) has been met, and (4) the value-added designation, which was added in FY 2008.
- Ohio's 26 academic standards include minimum proficiency rates on all 24 achievement assessments, as well as minimum graduation and student attendance rates. In FY 2006, the state as a whole met 17 out of a possible 25 standards at that time. In FY 2010, the state met 18 of the current 26 standards.
- The performance index, ranging from 0 to 120, is a composite measure of achievement of all students on all achievement assessments. The index for the state as a whole improved from 92.9 in FY 2006 to 93.3 in FY 2010.
- AYP, a rating established by the federal No Child Left Behind Act, requires districts to meet annual performance goals for student subgroups. In FY 2006, 193 districts (31.6%) met AYP, compared to 283 districts (46.3%) in FY 2010.
- The value-added measure tracks an individual student's test scores from one year to another. Districts are rated on how their students' academic growth, as measured by the achievement assessments, compares to the expected growth standard set by the state.
- In FY 2010, 202 districts (33.1%) were above, 179 districts (29.4%) had met, and 229 districts (37.5%) were below the expected growth standard. In FY 2008, the first year the value-added measure was used, 274 districts (44.9%) were above, 142 districts (23.3%) had met, and 194 districts (31.8%) were below the expected growth standard.

## School Enrollment in Ohio Declines

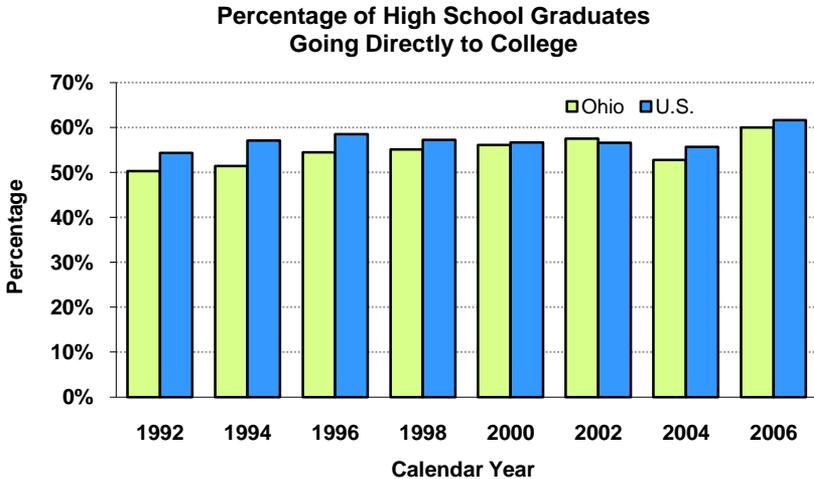
Ohio School Enrollment, FY 2000-FY 2010						
Fiscal Year	Public		Nonpublic		Total	
	Enrollment	Annual Change	Enrollment	Annual Change	Enrollment	Annual Change
FY 2000	1,836,491	--	242,989	--	2,079,480	--
FY 2001	1,834,888	-1,603	242,845	-144	2,077,733	-1,747
FY 2002	1,830,958	-3,930	239,080	-3,765	2,070,038	-7,695
FY 2003	1,838,068	7,110	232,092	-6,988	2,070,160	122
FY 2004	1,843,898	5,830	222,830	-9,262	2,066,728	-3,432
FY 2005	1,845,351	1,453	213,312	-9,518	2,058,663	-8,065
FY 2006	1,842,943	-2,408	207,054	-6,258	2,049,997	-8,666
FY 2007	1,835,188	-7,755	204,402	-2,652	2,039,590	-10,407
FY 2008	1,825,997	-9,191	202,301	-2,101	2,028,298	-11,292
FY 2009	1,815,952	-10,045	196,979	-5,322	2,012,931	-15,367
FY 2010	1,815,377	-575	189,521	-7,458	2,004,898	-8,033
<b>Total Change</b>		<b>-21,114</b>		<b>-53,468</b>		<b>-74,582</b>

Source: Ohio Department of Education

- Total school enrollment in Ohio has decreased by 74,582 students over the last decade, from 2.08 million in FY 2000 to 2.00 million in FY 2010.
- Except for FY 2003, total school enrollment in Ohio has declined every year during this same period.
- Of the total enrollment decrease since FY 2000, 71.7% (53,468) occurred in nonpublic schools and 28.3% (21,114) occurred in public schools. This represents a 22.0% decline in nonpublic school enrollment over those ten years, compared to a 1.1% decline in public school enrollment.
- In FY 2010, nonpublic school enrollment represented approximately 9.5% of total enrollment in Ohio, compared to 11.7% in FY 2000.
- Public school enrollment increased in fiscal years 2003, 2004, and 2005, for a total increase of 14,393 over these three years. Except for FY 2003, however, these increases were more than offset by decreases in nonpublic school enrollment (a decrease of 25,768 over these three years).
- Public school enrollment has decreased every year since FY 2005. During these five years, the largest annual decrease in public school enrollment was 10,045 students in FY 2009. The smallest annual decrease during these five years was 575 students in FY 2010.



## Percentage of Ohio High School Graduates Going Directly to College Increased in 2006



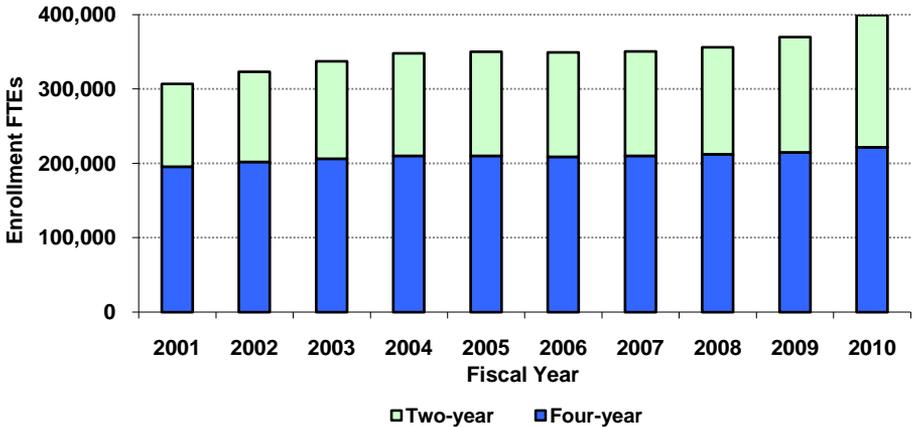
Sources: ACT; College Board; NCHEMS; Ohio Board of Regents

- After a dip in 2004, the percentage of Ohio high school graduates going directly to college increased 7.2 percentage points from 52.8% to 60.0% between 2004 and 2006. The national average increased by 5.9 percentage points in the same period, from 55.7% to 61.6%.
- From 1992 to 2006, the percentage of Ohio high school graduates going directly to college has been below the national average every year except 2002. In 2006, Ohio's percentage was 1.6 percentage points below the national average.
- In fall 2007, 45% of graduates from Ohio public high schools enrolled directly in an Ohio college or university – 29% in a four-year institution and 16% in a two-year institution.
- ACT and SAT scores are indicators that help predict how well students will perform in college. Since 1992, ACT and SAT scores for Ohio high school seniors have been consistently higher than the national average.
- The average Ohio ACT score was 21.7 in 2009, in comparison with the national average of 21.1. The average Ohio SAT score was 1606 in 2009, in comparison with the national average of 1509.



## Higher Education Enrollment Increased in FY 2010, Particularly on Two-Year Campuses

Total Subsidy-Eligible FTE Students\*



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

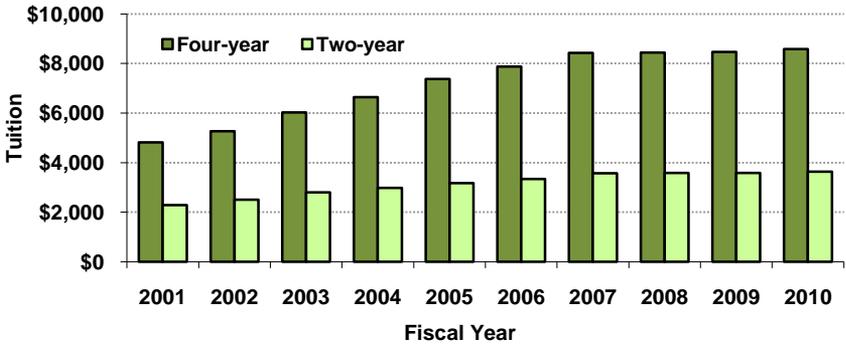
Source: Ohio Board of Regents

- In FY 2010, total student enrollment at public colleges and universities increased by 29,579 FTEs (8.0%) from FY 2009. Of this increase, 77.4% (22,888 FTEs) was at two-year campuses and 22.6% (6,691 FTEs) was at four-year campuses.
- Over the ten years from FY 2001 to FY 2010, total student enrollment increased by 92,449 FTEs (30.2%). Of this growth, 71.8% occurred at two-year campuses.
- The greatest enrollment growth during this period occurred in FY 2008 through FY 2010. Of the 42,998 FTE increase between FY 2008 and FY 2010, 33,473 (77.8%) occurred at two-year campuses.
- This recent enrollment growth at two-year campuses may be partly due to the decline in the economy. High growth in the two-year sector also occurred in FY 2002 through FY 2004, a period of economic slowdown.
- Increasing total higher education headcount enrollment at public and private institutions by 230,000 students by FY 2017 is one of the main goals identified in a March 2008 report entitled *Strategic Plan for Higher Education, 2008-2017*. This would represent an enrollment increase of about 49% over the ten years from FY 2008 to FY 2017. Of the planned total enrollment increase, 38% is expected to come from students age 25 or older.



## Higher Education Tuitions Remained Nearly Flat in FY 2010

Average In-State Undergraduate Tuitions  
by Campus Type\*



\* Averages are weighted by each institution's full-time equivalent (FTE) enrollment.

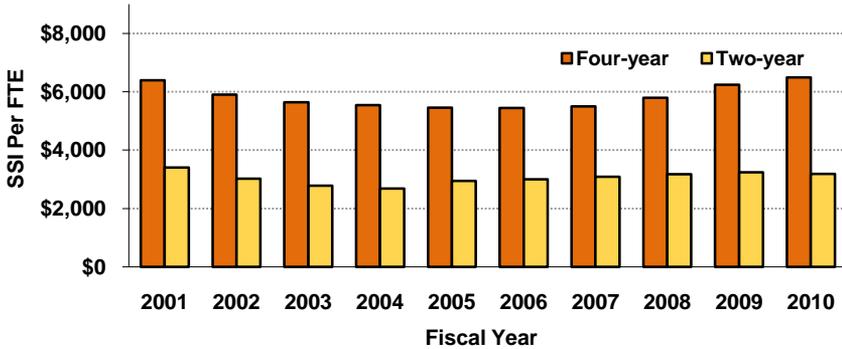
Sources: Ohio Board of Regents; National Center for Education Statistics

- The General Assembly capped in-state undergraduate tuition increases at 3.5% for Ohio's public colleges and universities in FY 2010 and FY 2011. The General Assembly also imposed caps on annual increases in tuition every year from FY 1999 to FY 2009 with the exception of FY 2002 and FY 2003.
- The largest annual tuition increase from FY 2001 to FY 2010 occurred in FY 2003 for both four-year (14.3% or \$754) and two-year (11.7% or \$307) campuses.
- From FY 2001 to FY 2010, average in-state undergraduate tuition at four-year campuses increased from \$4,812 to \$8,582, a change of \$3,770 (78.3%). Tuitions at two-year campuses increased from \$2,282 to \$3,629, a change of \$1,347 (59.0%).
- As tuitions at four-year campuses have increased faster than at two-year campuses, the difference between the average tuition at the two types of institutions has nearly doubled from \$2,530 in FY 2001 to \$4,953 in FY 2010.
- In FY 2009, the average undergraduate tuitions at two-year and four-year campuses in Ohio exceeded the U.S. average tuitions by 47.4% (\$1,013) and 27.7% (\$1,749), respectively.
- Following mandatory tuition freezes in FY 2008 and FY 2009, Ohio's average four-year tuition dropped from 5th highest in the nation in FY 2007 to 11th highest in the nation in FY 2009 and Ohio's average two-year tuition dropped from 7th highest in FY 2007 to 14th highest in FY 2009.



## State Share of Instruction Per Student for Four-Year Campuses Increases Every Year Since FY 2006

SSI per FTE Student\* by Campus Type



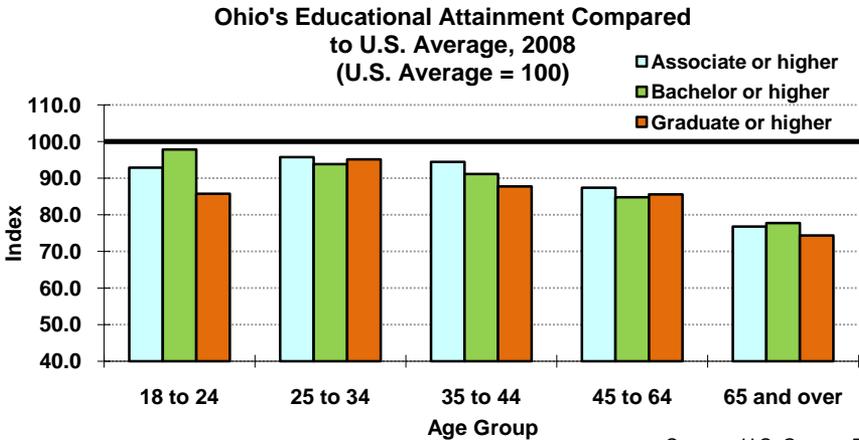
\* An FTE (full-time equivalent) student takes the equivalent of 15 credit hours per quarter. Out-of-state undergraduate students are not included as they are not eligible for state subsidy.

Source: Ohio Board of Regents

- After a five-year decline, the State Share of Instruction (SSI) per student for four-year campuses increased in FY 2007 (1.1%), FY 2008 (5.2%), FY 2009 (7.7%), and FY 2010 (4.0%). SSI is the main state subsidy to public colleges and universities to help support the institutions' core academic activities.
- SSI per student on two-year campuses increased every year from FY 2005 to FY 2009. However, despite a 12.6% increase in total SSI for two-year campuses in FY 2010, a large increase (14.8%) in enrollment caused SSI per student to decrease 1.9%.
- In FY 2010, SSI per student for two-year campuses (\$3,182) was 36.0% of SSI per student for four-year campuses (\$6,489). SSI allocations to four-year campuses are higher than those to two-year campuses because four-year campuses offer higher cost baccalaureate, graduate, and professional degree courses.
- Most of the SSI is allocated to campuses through formulas. Prior to FY 2010, SSI was largely based on each campus's enrollment and courses offered. Starting in FY 2010, the formula was changed to include performance incentives for areas such as student course and degree completion.
- FY 2010 also saw the end of funding for various challenge programs that had previously provided incentives in different areas. These programs provided a total of \$132.1 million to institutions in FY 2009, averaging \$357 per student.



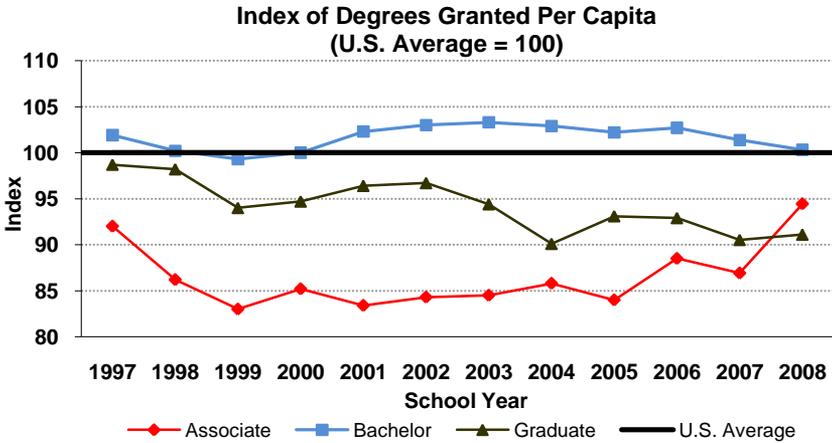
## Postsecondary Educational Attainment of Young Ohioans Approaches National Average



- This index compares Ohio's educational attainment to the national average. An index score of 95 indicates that Ohio is 5% below the national average.
- Although the percentage of Ohioans with postsecondary degrees is below the national average for all age groups, the percentages for younger Ohioans are closer to the national average than those for older Ohioans.
- For each age group (beginning with 18 to 24 year olds), the index for Ohioans with at least a bachelor's degree is 97.9, 93.9, 91.1, 84.8, and 77.7, respectively. The percentage of Ohioans within each age group who hold at least a bachelor's degree is 8.8%, 27.4%, 27.7%, 24.4%, and 15.1%, respectively, compared to the national average of 9.0%, 29.2%, 30.4%, 28.8%, and 19.4%.
- Compared to all states plus Washington D.C. and Puerto Rico, Ohio ranks 21st for the percentage of people aged 18 to 24 with at least a bachelor's degree, 29th for ages 25 to 34, 32nd for ages 35 to 44, 41st for ages 45 to 64, and 42nd for ages 65 and over.
- Ohio's relatively low educational attainment for older age groups may reflect the state's strong industrial and agricultural economic history. These industries often did not require a college education for many types of jobs.
- Aggregating over all age groups, the percentage of Ohioans with at least a bachelor's degree is 21.9% in 2008. Ohio ranks 38th in this percentage; the national average is 25.0%. Compared with contiguous states, Ohio's percentage is higher than Indiana (20.5%), Kentucky (18.4%), and West Virginia (15.9%), but lower than Pennsylvania (24.1%), and Michigan (22.5%).



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

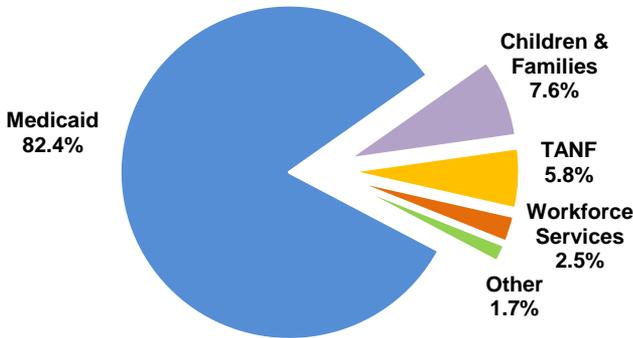


- This index compares degrees granted by Ohio's colleges and universities to the national average on a per capita basis. An index score of 105 indicates that Ohio is 5% above the national average; an index score of 95 indicates that Ohio is 5% below the national average.
- In 2008, the number of bachelor's degrees granted per capita in Ohio was about 0.3% above the national average. Ohio has been above the national average on this measure since 2001, although the percentage above has declined in recent years.
- In 2008, the numbers of associate degrees and graduate degrees granted per capita in Ohio were about 5.6% and 8.9%, respectively, below the national average. Between 2007 and 2008, Ohio's associate degrees jumped 7.5 percentage points closer to the national average.
- On a per capita basis, in 2008 Ohio ranked 24th highest among the states for associate degrees granted, 30th for bachelor's degrees, and 25th for graduate degrees. Aggregating all postsecondary degrees granted, Ohio ranked 25th in the nation.
- In 2008, Ohio granted 26,830 associate degrees, 59,385 bachelor's degrees, and 26,916 graduate degrees. Ohio's public institutions accounted for 70.7%, 64.2%, and 62.9%, respectively, of the various degrees granted.
- Of all students who pursue an associate degree at an Ohio institution, 25.2% graduated in three years or fewer, compared to 27.5% nationally. For bachelor's degree programs, 55.6% of Ohio students graduated in six years or fewer, compared to 55.9% nationally.



## Medicaid Comprises Over 80% of ODJFS Expenditures

Job and Family Services Spending by Component, FY 2010



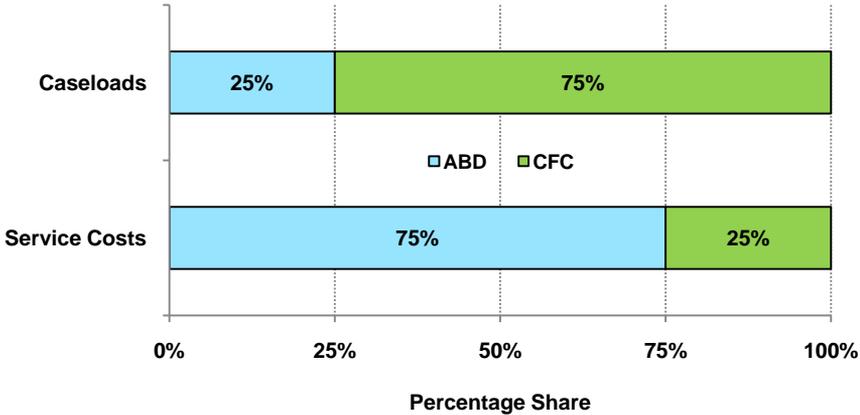
Source: Ohio Administrative Knowledge System

- In FY 2010, the Ohio Department of Job and Family Services (ODJFS) expended \$18.4 billion across all funds. Of this total, \$15.2 billion (82.4%) was spent on Medicaid, the largest single state program. Medicaid is funded by the state and federal GRF (\$8.6 billion) and non-GRF (\$6.6 billion) sources, including federal stimulus moneys of \$700.6 million deposited into the GRF and \$687.0 million deposited into non-GRF funds.
- The second largest spending component was Children and Families at \$1.4 billion (7.6%). This component includes adoption, child care, child support enforcement, child welfare, and foster care.
- Temporary Assistance for Needy Families (TANF) accounted for another \$1.1 billion (5.8%) of the total. TANF reduces the dependency of needy parents by promoting job preparation and work and provides cash assistance and noncash supports. It is mainly funded with a federal block grant and the GRF.
- Spending on Workforce Services was \$466.3 million (2.5%) of the total, and was supported by federal Workforce Investment Act grants and federal funds for the administration of the unemployment compensation program.
- The "Other" component was \$307.7 million (1.7%) and includes food assistance, computer projects, and support services.
- In FY 2010, 86.0% (\$15.8 billion) of ODJFS's total spending was distributed as subsidies to make payments to Medicaid providers and provide employment and financial assistance to families. In addition, transfers, including federal Medicaid reimbursement to other state agencies, accounted for 11.2% (\$2.1 billion) of the total. Payroll expenses and purchased personal services were \$287.6 million (1.6%) and \$113.1 million (0.6%), respectively.



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

ABD and CFC Shares of Medicaid Caseloads and Service Costs, FY 2009

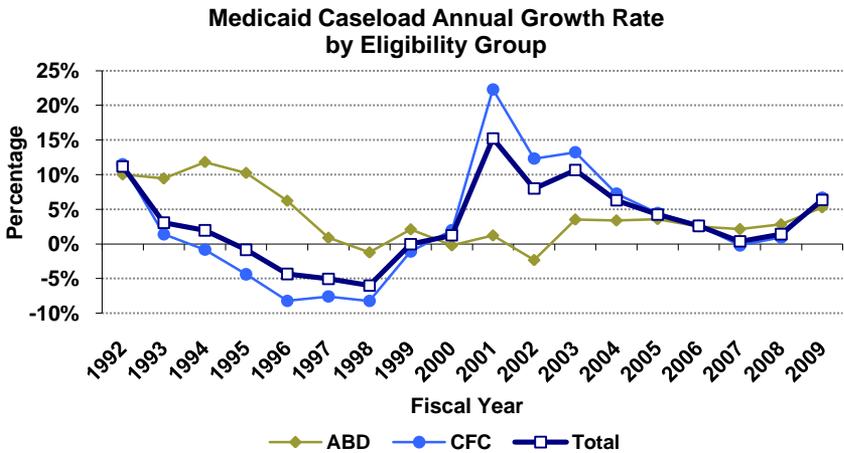


Source: Ohio Department of Job and Family Services

- In FY 2009, the aged, blind, and disabled (ABD) population made up 25% of the Medicaid caseloads but accounted for 75% of the service costs. In contrast, the covered families and children (CFC) population made up 75% of the Medicaid caseloads but only accounted for 25% of the service costs.
- Medicaid caseloads totaled 1.9 million in FY 2009, of which 0.5 million were ABD and 1.4 million were CFC. Of \$14.2 billion in Medicaid service costs in FY 2009, \$10.6 billion was incurred for the benefits of the ABD population and \$3.6 billion was incurred for the CFC population.
- In Ohio, Medicaid provides health insurance coverage to the ABD and CFC populations. The ABD population includes low-income elderly who are age 65 or older and individuals with disabilities. The CFC population includes children and parents from low-income families and low-income pregnant women.
- In FY 2009, the average monthly Medicaid cost was \$1,309 for an ABD member compared to \$225 for a CFC member.
- The cost of long-term care is one of the reasons for the higher expense of the ABD population. To illustrate, expenditures on nursing facilities alone, which are almost entirely for the benefit of the ABD population, accounted for 25% of the total Medicaid service expenditure in FY 2009. Moreover, the ABD population heavily utilizes some of the services that have the fastest growing costs, such as prescription drugs.



## Medicaid Caseloads Grew Rapidly in FY 2009



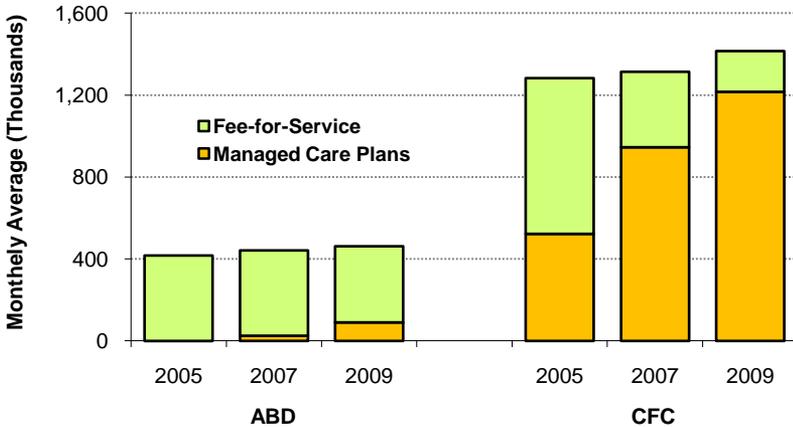
Source: Ohio Department of Job and Family Services

- Medicaid caseloads jumped in FY 2009 during the recent economic downturn. From FY 2008 to FY 2009, total caseloads increased by 6%, from 1.8 million to 1.9 million.
- Due to the economic slowdown and several eligibility expansions for family and child coverage, total Medicaid caseloads increased rapidly in the early 2000s. From FY 2000 to FY 2004, total Medicaid caseloads increased by 46%, from 1.1 million to 1.6 million. After FY 2004, caseloads grew modestly before leveling off at 1.7 million in FY 2007.
- The strong economy during most of the 1990s contributed to slower growth in Medicaid caseloads. From FY 1992 to FY 1999, total caseloads decreased by 11%, from 1.2 million to 1.1 million.
- In Ohio, Medicaid provides health insurance coverage to the covered families and children (CFC) and aged, blind, and disabled (ABD) populations. CFC includes low-income children and parents and low-income pregnant women. ABD includes low-income individuals who are age 65 or older and persons of all ages with disabilities.
- Due to the decline in the Ohio Works First cash assistance caseload as a result of welfare reform, CFC caseloads declined steadily in the 1990s, reaching a low of 0.7 million in FY 1999. CFC caseloads grew rapidly in the early 2000s, increasing 67% from FY 2000 to FY 2004 when they reached 1.2 million.
- ABD caseloads grew 10% annually, on average, in the first half of the 1990s. Then annual growth slowed to 0.4% on average from FY 1996 to FY 2000, followed by annual growth averaging 2.6% from FY 2001 to FY 2009.



## Medicaid Managed Care Caseloads Expand

Medicaid Caseloads, FY 2005-FY 2009



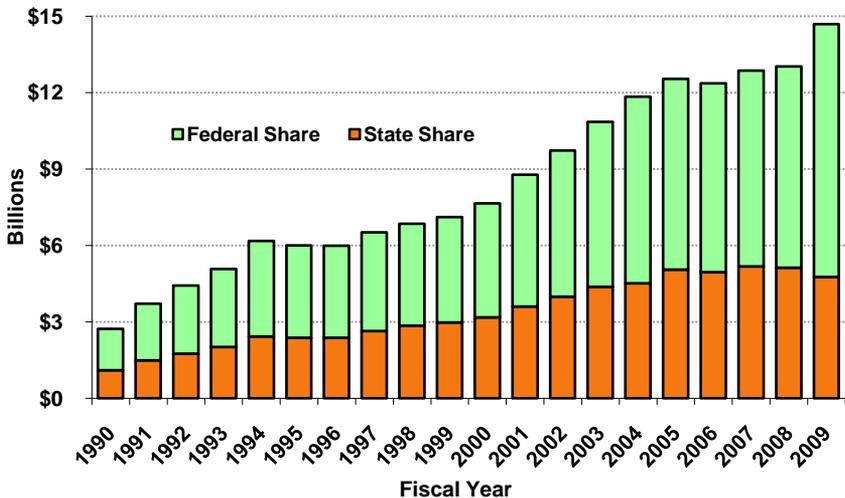
Source: Ohio Department of Job and Family Services

- Due primarily to the statewide expansion implemented in FY 2006, Medicaid managed care caseloads increased by 149% from FY 2005 to FY 2009. The managed care share of total Medicaid caseloads increased from 31% in FY 2005 to 70% in FY 2009.
- For the covered families and children (CFC) category, the managed care caseloads increased from 524,000 in FY 2005 to 1.2 million in FY 2009, increasing CFC's managed care share from 41% to 86%. For the aged, blind, and disabled (ABD) category, the managed care caseloads increased from 1,000 to 91,000, increasing its share from less than 0.3% to 20%.
- H.B. 66 of the 126th General Assembly required that the CFC population and certain ABD populations be enrolled in managed care plans.
- Ohio Medicaid began to use managed care in 1978. Prior to the mandated expansion in H.B. 66, Medicaid managed care was limited to large metro areas and exclusively focused on the CFC population.
- Under the traditional fee-for-service system, Medicaid reimburses health care professionals and institutions for providing approved medical services and products based on set fees for the specific types of services rendered.
- Under the alternative managed care system, a Medicaid enrollee typically receives all care through a single point of entry. The state pays a fixed monthly premium per beneficiary for any health care included in the benefit package, regardless of the amount of services actually used.



## Medicaid Expenditures Jumped in FY 2009

Medicaid Expenditures, FY 1990-FY 2009



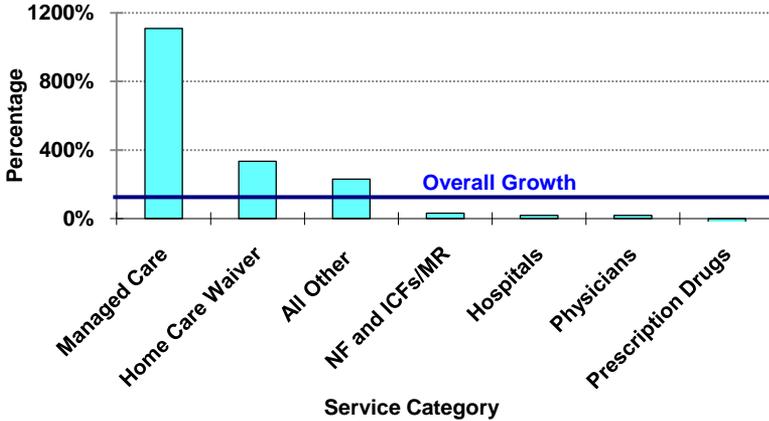
Source: Centers for Medicare & Medicaid Services

- Ohio's Medicaid expenditures jumped in FY 2009 mainly due to the recent economic slowdown. Medicaid expenditures grew by 12.8% from FY 2008 to FY 2009. Medicaid expenditures also rose rapidly in the early 1990s and early 2000s, averaging 22.9% per year from FY 1990 to FY 1994 and 11.5% per year from FY 2000 to FY 2004. Those high growth rates were a result of an economic downturn, poor labor market conditions, increasing health care costs, and eligibility expansions.
- Medicaid expenditures in FY 2009 totaled \$14.7 billion, 5.4 times greater than FY 1990 expenditures of \$2.7 billion. The average annual growth rate over this 20-year period was 9.3%.
- The only decrease in Medicaid expenditures in the 2000s occurred in FY 2006, due to the implementation of pharmacy benefits under Medicare Part D, which began January 1, 2006. As a result of Medicare Part D, Medicaid no longer pays for prescription drugs for individuals qualified for both Medicaid and Medicare.
- On average, the federal government pays for 60% of Ohio's Medicaid expenditures and the state pays the remaining 40%. The federal share is determined annually based upon the most recent per capita income for Ohio relative to that of the nation. For the period of October 1, 2008 through June 30, 2011, federal reimbursement for Medicaid is enhanced under the American Recovery and Reinvestment Act of 2009 and P.L.111-226.



## Managed Care Spending Outpaces All Other Medicaid Service Categories

Percent Growth by Service Category  
FY 1999-FY 2009

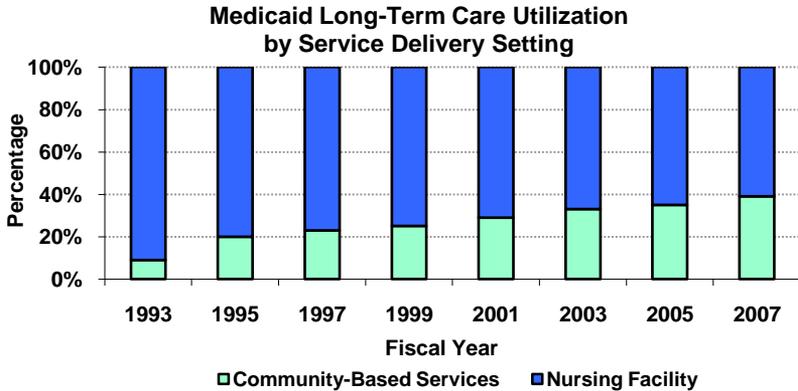


Source: Ohio Department of Job and Family Services

- Over the last decade, Medicaid spending growth has been concentrated in Managed Care. While overall growth for Medicaid was 120% from FY 1999 to FY 2009, spending for Managed Care grew by 1,108%.
- H.B. 66 of the 126th General Assembly, which required that specific Medicaid populations be enrolled in managed care beginning in FY 2006, is largely responsible for the growth in Managed Care spending.
- Implemented in the FY 1997-FY 1998 biennium, Home Care is a Medicaid waiver program providing home and community-based services to individuals with serious disabilities and unstable medical conditions who would otherwise be eligible for Medicaid nursing home services.
- Although spending for nursing facilities (NFs) and intermediate care facilities for the mentally retarded (ICFs/MR) grew slower than overall Medicaid spending, spending for NFs and ICFs/MR continues to be one of the major Medicaid spending categories.
- In FY 1999 Medicaid spending within the Ohio Department of Job and Family Services (ODJFS) totaled \$5.5 billion, broken down as follows: NFs and ICFs/MR (42%), Hospitals (22%), Drugs (14%), Managed Care (7%), All Other (9%), Physicians (5%), and Home Care Waivers (1%).
- In FY 2009, Medicaid spending within ODJFS totaled \$12.2 billion, broken down as follows: Managed Care (40%), NFs and ICFs/MR (25%), All Other (13%), Hospitals (12%), Drugs (4%), Physicians (3%), and Home Care Waivers (3%).



## Percentage of Medicaid-Eligible Elderly Opting For Community-Based Long-Term Services Increases



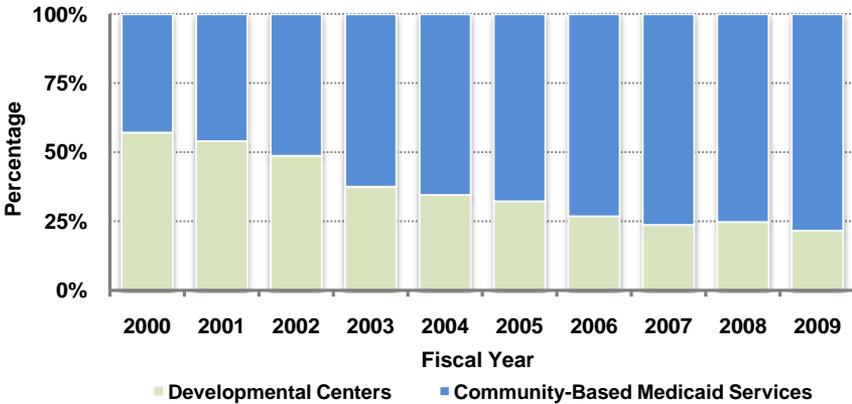
*Source: Scripps Gerontology Center, Miami University*

- Since FY 1993, the number of Medicaid-eligible elderly choosing community-based long-term care services has increased steadily. Consequently, the share of community-based long-term care services increased from 9% in FY 1993 to 39% in FY 2007. In contrast, the nursing facility share decreased from 91% to 61% over the same period.
- In FY 2007, 74,165 Medicaid-eligible elderly received long-term care services in Ohio, of whom 45,538 were served by nursing facilities at an average cost of \$136 per day. Many consumers who enter a nursing facility stay for less than six months to receive rehabilitative or recovery care. The remaining 28,627 consumers received community-based services through various Medicaid waiver programs discussed below.
- PASSPORT, the largest Medicaid waiver program, and Choices provide in-home long-term care services to elderly consumers. In FY 2007, these two programs served 26,292 consumers at an average daily cost of \$38 and \$51 per person, respectively.
- The Transitions Aging Carve-Out Program provides community-based services to elderly consumers with serious disabilities and unstable medical conditions. In FY 2007, the program served 1,439 consumers at an average daily cost of \$85 per person.
- The Program for All Inclusive Care (PACE) provides seniors with site-based managed care services. In FY 2007, the program served 662 consumers in the Cincinnati and Cleveland areas.
- Assisted Living started to provide long-term care services in certified residential care facilities for persons age 21 and older near the end of FY 2007. A total of 234 consumers age 60 or older were served that year.



## Community-Based Services Comprises Larger Share of Medicaid Spending for the Developmentally Disabled

Percentage of Expenditures by Service Delivery Setting



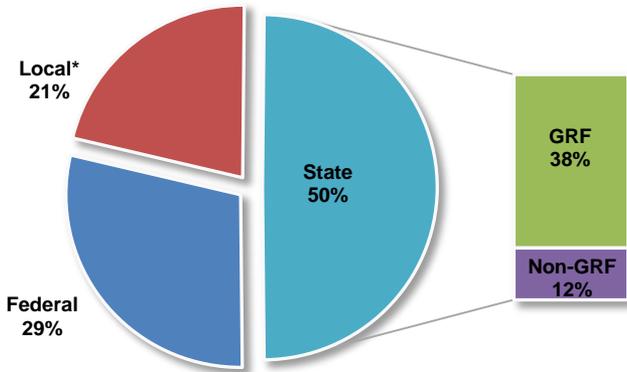
Source: Ohio Department of Developmental Disabilities

- In FY 2009, 78% of Medicaid expenditures for the developmentally disabled were for community-based services and the remaining 22% were for services provided by developmental centers. The shares were 43% and 57%, respectively, in FY 2000. Since FY 2002, community-based services have accounted for a larger share of Medicaid expenditures for the developmentally disabled.
- From FY 2000 to FY 2009, expenditures for community-based Medicaid services increased 381% from \$178.0 million to \$855.8 million, while developmental center expenditures hovered at \$231.7 million per year.
- The Department of Developmental Disabilities (DODD) administers two community-based Medicaid waiver programs, which enable people with developmental disabilities to remain in their homes or community-based settings. Both waiver programs provide services and support designed to maximize quality of life while also ensuring health and safety and to increase skills, competencies, and self-reliance.
- Enrollment in DODD's waiver programs grew from about 5,600 in FY 2000 to 22,400 in FY 2009, an increase of 300%. During the same period, the number of individuals served through developmental centers decreased 25% from 1,990 to 1,500.
- In FY 2009, community-based Medicaid services were made available to an additional 1,500 individuals as a result of the Martin Settlement (March 2007), which ended a class action lawsuit that sought to allow individuals with developmental disabilities to receive community-based services.



## State Provided Half of Total Funding for Mental Health Services in FY 2009

Mental Health Services Spending by Funding Source, FY 2009



\* Local funding includes levies for alcohol and drug addiction services.

Source: Ohio Department of Mental Health

- In FY 2009, mental health services spending totaled \$1.34 billion in Ohio. State funds comprised about half of these expenditures at \$665.2 million, of which \$511.9 million (38%) came from the GRF and \$153.3 million (12%) came from various non-GRF funds. The federal government provided \$386.1 million (29%), and the remaining \$287.1 million (21%) was from local levies and other county funds.
- The Ohio Department of Mental Health (ODMH) is responsible for ensuring that mental health services are available in the state through a system of local mental health boards and state mental hospitals.
- In FY 2009, Ohio's 50 community-based mental health boards served 325,000 individuals throughout the state. These boards include 47 alcohol and drug addiction and mental health service boards and three county mental health service boards. Boards contract with various service providers to deliver mental health services to clients in the community.
- ODMH operates five behavioral healthcare organizations that provide inpatient services at seven hospital sites. In FY 2009, the state hospitals served 6,790 individuals at a cost of \$217.7 million. Average daily cost per resident was \$589.
- In FY 2009, an average of 109,900 individuals each month received Medicaid mental health services through ODMH. Of the \$386.1 million provided by the federal government in FY 2009, \$313.5 million (81%) was federal reimbursement for Medicaid services.



## Ohio Ranks 13th Highest in Adult Obesity

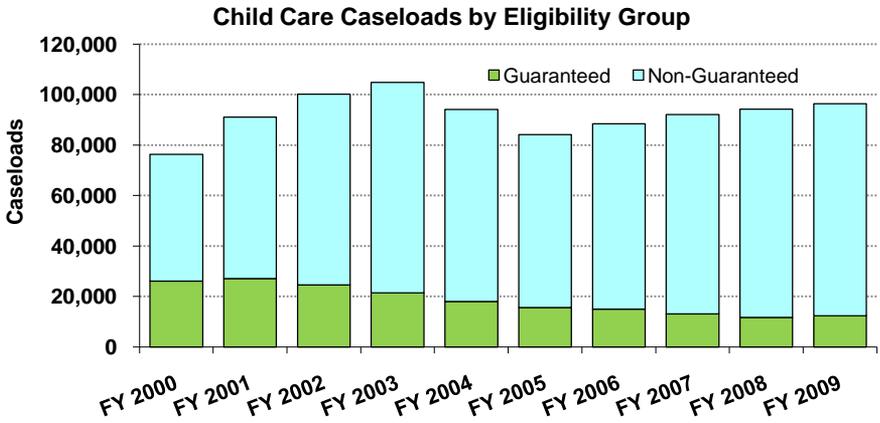
Ohio Obesity and Related Health Statistics		
Category	Ohio	National Rank
Adult Obesity, 2007-2009	29.0%	13th
Adult Diabetes, 2007-2009	9.8%	9th
Adult Hypertension, 2005-2009	29.1%	13th
Childhood Obesity, 10-17 Year Olds, 2007	18.5%	12th

Source: Robert Wood Johnson Foundation

- For 2007-2009, Ohio had the 13th highest adult obesity rate (29.0%) in the nation. Mississippi had the highest rate (33.8%); Colorado had the lowest (19.1%). Individuals with a Body Mass Index (BMI) of 30 or higher are classified as obese. BMI is a measure of an individual's weight in relation to his or her height.
- Obesity has been linked to higher incidences of chronic diseases such as diabetes and hypertension. For 2007-2009, Ohio had the 9th highest rate of adult diabetes (9.8%) and for 2005-2009 the 13th highest rate of adult hypertension (29.1%). West Virginia had the highest adult diabetes rate (11.7%); Colorado had the lowest (5.7%). Mississippi had the highest rate of adult hypertension (34.8%); Utah had the lowest (20.5%).
- For 2007, Ohio had the 12th highest rate of obesity (18.5%) in the nation among children age 10 to 17 years old. Mississippi had the highest rate (21.9%); Oregon had the lowest (9.6%). Childhood obesity is defined as having a BMI that is greater than the 95th percentile for the child's age group. Obese children over six years of age are 50% more likely to be obese as adults.
- The 128th General Assembly enacted S.B. 210 to combat the growing problem of child obesity in Ohio. S.B. 210 establishes nutritional standards for certain foods and beverages sold in schools, requires students to have periodic body mass index measurements, establishes a pilot program requiring daily physical activity for students, makes other changes regarding physical education, and establishes the Healthy Choices for Healthy Children Council.
- Obesity has been associated with higher healthcare costs. In 2006, obesity-related medical costs were almost 10% (\$147 billion) of overall annual medical spending in the United States.



## Growth Rates for Child Care Caseloads Vary Between Two Publicly Funded Eligibility Groups



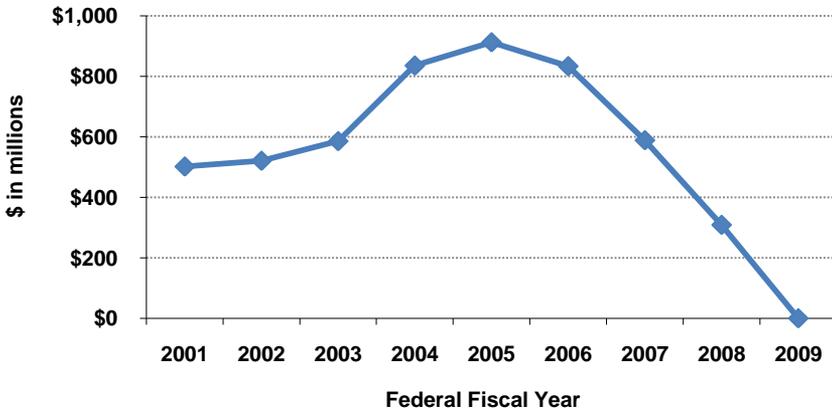
Source: Ohio Department of Job and Family Services

- Over the last ten years, the caseloads for the "non-guaranteed" category of publicly funded child care have increased by an average of 6.5% per year, whereas guaranteed caseloads have decreased by an average of 7.7% per year. Overall, child care caseloads increased by 26% from about 76,300 in FY 2000 to 96,300 in FY 2009.
- The non-guaranteed category includes families that are not enrolled in the Ohio Works First (OWF) Program but have incomes below the threshold established by the state. The guaranteed category includes families enrolled in or transitioning out of OWF.
- Non-guaranteed caseloads generally fluctuate with changes made to the income eligibility threshold. From FY 2000 to FY 2003, caseloads for this category increased 61% to 83,400. Caseloads subsequently dropped 18% to about 68,500 in FY 2005 due to a reduction in eligibility from 185% to 150% of the federal poverty guidelines (FPG).
- The state increased eligibility back to 185% FPG in FY 2006 and to 200% FPG in FY 2009. Caseloads have since grown to about 84,000, a 23% increase from FY 2005 to FY 2009.
- As OWF caseloads for cash assistance have continued to decline as a result of welfare reform, the number of families receiving guaranteed child care subsidies has also continued to decline, decreasing by 53% from about 26,100 in FY 2000 to 12,300 in FY 2009.
- In FY 2009, Ohio spent \$563.7 million on child care subsidies. Funding sources include the state GRF, the federal Temporary Assistance for Needy Families (TANF) block grant, and other federal grants.



## TANF Surplus Depleted in Federal Fiscal Year 2009

### Ohio's Cumulative Unspent TANF Balance



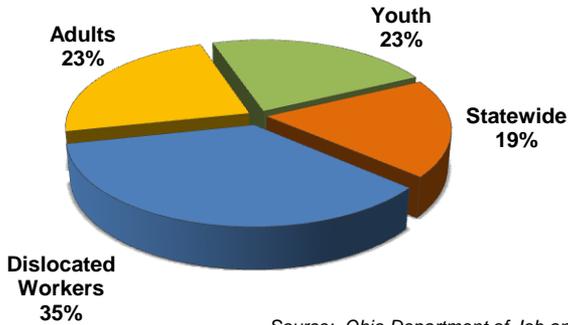
Source: Ohio Department of Job and Family Services

- Ohio's cumulative Temporary Assistance for Needy Families (TANF) surplus (unobligated and unliquidated dollars from previous grant years) was depleted by September 30, 2009, the end of federal fiscal year (FFY) 2009. The TANF surplus peaked at \$913 million in FFY 2005, and then declined four years in a row before the balance was exhausted at the end of FFY 2009.
- The federal government allows states to reserve any unobligated and unliquidated TANF grant funds at the end of a grant year. The surplus is held by the federal government and is available for future spending on benefits that meet the federal definition of "assistance." In Ohio, the only benefit that meets that definition is cash assistance under the Ohio Works First (OWF) Program.
- As surplus TANF dollars were used for OWF, current-year TANF dollars were used for other forms of assistance for TANF-eligible individuals such as child care, short-term support services, and welfare diversion programs.
- Ohio accrued a relatively large surplus between FFYs 2000 and 2005 due to a number of factors including underspending by counties. Since 2005, the state has made programmatic changes and eliminated county underspending.
- Ohio receives its \$728 million annual federal TANF Block Grant in quarterly installments. To receive this grant, the state must spend \$417 million per year in state funds for purposes that meet the TANF maintenance of effort requirement.



## Dislocated Workers Account For the Largest Share of Workforce Investment Act Expenditures

WIA Expenditures by Program, FY 2009



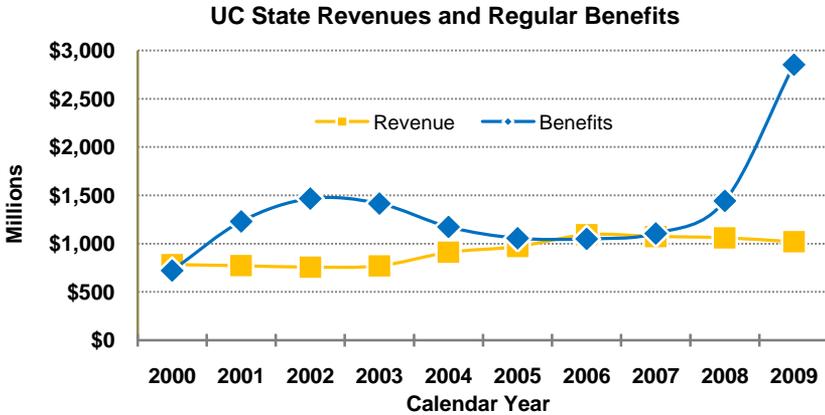
Source: Ohio Department of Job and Family Services

- In FY 2009, the state expended \$171.2 million in federal Workforce Investment Act (WIA) funds, which includes \$8.8 million in WIA stimulus funds. The Dislocated Workers program, which mainly serves those who have been laid off, accounted for the largest share of expenditures at \$60.3 million (35%). Of this total, \$14.7 million was used to fund Rapid Response, which provides additional assistance to areas that experience substantial increases in the number of unemployed individuals.
- The Adults program, which serves job seekers aged 18 or older, accounted for \$40.0 million (23%) of FY 2009 WIA expenditures. The Youth program, which serves low-income and at-risk youth aged 14 to 21, accounted for another \$39.2 million (23%) of the total.
- In FY 2009, WIA served 45,890 Ohioans,<sup>1</sup> including 18,900 (41%) Adults participants, 14,770 (32%) Dislocated Workers, and 12,220 (27%) Youth.
- WIA is a federally funded program for employment and workforce development activities. The federal government allocates WIA funds by the number of eligible participants in each of the three programs. The Ohio Department of Job and Family Services distributes the state's WIA allocation to local workforce investment boards to provide workforce development activities through local One-Stops.
- One-Stops act as the primary public resource for job and career counseling, training, job searching, employment services, and other services. Twenty workforce investment boards administer 90 One-Stops in the state with at least one in each county.

<sup>1</sup> Participant data does not include individuals served with WIA stimulus funds. About half (\$4.3 million) of WIA stimulus funds were expended for the Youth program.



## Ohio's Unemployment Compensation Benefit Payments Exceeded Revenues by \$1.83 Billion in 2009



*Source: Ohio Department of Job and Family Services*

- In 2009, regular unemployment compensation (UC) benefit payments totaled \$2.85 billion, \$1.83 billion higher than UC revenues of \$1.02 billion. Benefits payments almost doubled in 2009 from the prior-year level due largely to the recent economic downturn, which resulted in a substantial increase in unemployed Ohioans.
- UC benefits exceeded revenues in eight of the past ten years. During the years of shortfall, the state used the balance in Ohio's Unemployment Compensation Trust Fund to pay benefits. The balance of the fund peaked in August 2000, at \$2.42 billion, and steadily declined until January 2009, when the fund was depleted.
- Once the trust fund was depleted, Ohio began borrowing from the federal government to pay benefits. Ohio has borrowed \$2.31 billion as of July 2010. Thirty other states have also borrowed federal dollars to pay benefits. States must pay back borrowed amounts out of their trust funds once balances have been restored.
- The federal government has waived interest on borrowings through December 31, 2010. After that, interest will begin to accrue and the first interest payment will be due on September 30, 2011. Interest must be paid from state funds.
- State UC revenue consists of taxes paid by Ohio employers and accrued interest on the trust fund balance. Ohio employers are taxed on the first \$9,000 of each employee's wages. Rates are set in state law and are based on an employer's "experience" of unemployment. In 2009, the tax rates ranged from 0.5% to 9.2% and averaged about 3.0%, or \$270 per employee.



## Workers' Compensation Paid Close to \$2 Billion in Benefits to Ohio's Injured Workers in FY 2009

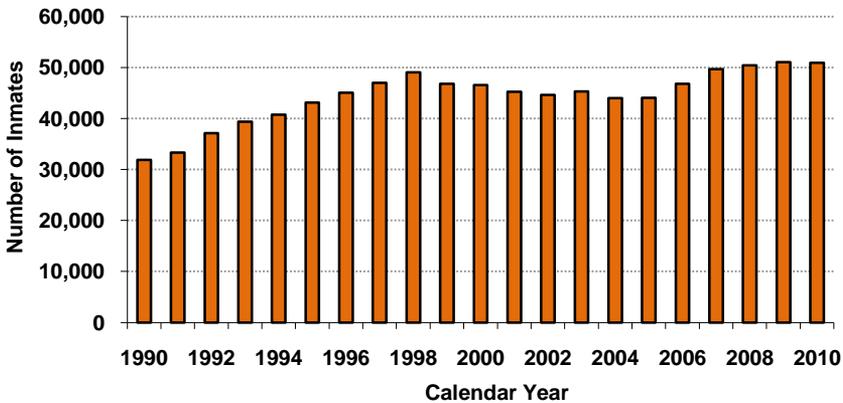
<b>Workers' Compensation Claim and Paid Benefit Statistics</b>			
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Benefits (\$ in millions)</b>			
Medical	\$788.7	\$839.5	\$833.5
Lost Time	\$1,162.0	\$1,224.4	\$1,130.8
<b>Total</b>	<b>\$1,950.8</b>	<b>\$2,063.9</b>	<b>\$1,964.3</b>
<b>Number of New Allowed Claims</b>			
<b>Total</b>	<b>154,677</b>	<b>143,199</b>	<b>118,855</b>
<b>Number of Open Claims</b>			
<b>Total</b>	<b>1,540,543</b>	<b>1,415,491</b>	<b>1,321,214</b>

Source: Ohio Bureau of Workers' Compensation

- The Bureau of Workers' Compensation (BWC) paid \$1.96 billion in benefits for lost time and medical claims to Ohio's injured workers in FY 2009. This was almost \$100 million lower than the \$2.06 billion paid in FY 2008 but close to \$14 million higher than the \$1.95 billion paid in FY 2007.
- Of the \$1.96 billion paid in FY 2009, 57.6% (\$1.13 billion) was for lost time benefits and 42.4% (\$833.5 million) was for medical benefits.
- The total number of new allowed claims – the net of total new claims and dismissed claims – decreased from 154,677 in FY 2007, to 143,199 in FY 2008, and to 118,855 in FY 2009.
- The total number of open claims also decreased from 1.54 million in FY 2007, to 1.42 million in FY 2008, and to 1.32 million in FY 2009.
- In FY 2009, BWC collected a total of \$2.36 billion in premiums and assessments to insure against claims. This was \$222.5 million higher than what was collected in FY 2008 but \$34.5 million lower than in FY 2007.
- As of June 30, 2009, BWC had total assets of \$22.42 billion and total liabilities of \$19.91 billion among all funds, for a total of \$2.52 billion in net assets. BWC's net assets totaled \$2.31 billion at the end of FY 2007 and \$2.50 billion at the end of FY 2008.
- BWC administers the largest exclusive workers' compensation system in the country, covering roughly 261,000 employers in FY 2009, including close to 4,000 state and local public employers. An exclusive system is one in which the state provides coverage for all public and private employers, excluding those who qualify to self-insure. Nearly 1,200 employers qualified to self-insure in FY 2009.

## Prison Population Decreases Slightly in 2010

**Prison Population**  
(As of July 1 of Each Year)

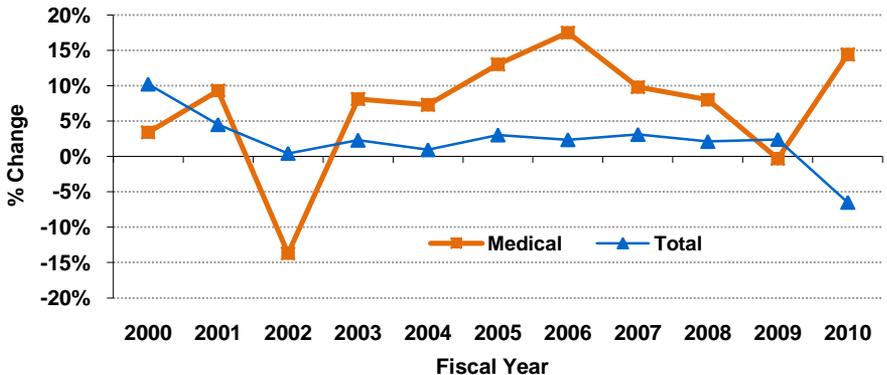


Sources: Ohio Department of Rehabilitation and Correction; U.S. Bureau of Justice Statistics

- As of July 1, 2010, Ohio's adult prison system consisted of 31 correctional institutions, approximately 13,300 employees, and 50,947 inmates, a decrease of 113 inmates (0.2%) from 2009.
- Ohio's prison population grew from 31,862 in 1990 to 49,029 in 1998, an increase of 53.9%. In FY 1998, the Department of Rehabilitation and Correction's GRF spending exceeded \$1 billion for the first time. From 1999 to 2005, the prison population decreased by an average of 1.5% annually to 44,082. From 2006 to 2009, the prison population increased by an annual average of 3.8% to 51,060.
- As of December 31, 2009, Ohio's prison population (51,606) ranked 6th in the nation, behind California (171,275), Texas (171,249), Florida (103,915), New York (58,687), and Georgia (53,371). Pennsylvania (51,249), Michigan (45,478), Illinois (45,161), and Arizona (40,627) ranked just below Ohio. These ten states accounted for 56.4% of the total population in state prisons.
- Ohio's ratio of inmates per corrections officer peaked at 8.8:1 in 1993, subsequently decreased steadily to 5.7:1 by 2005, before gradually increasing to 7.0:1 in 2009 and 2010. As of September 30, 2009, the national average ratio of inmates per corrections officer was 7.5:1.
- For FY 2010, the average cost to incarcerate an inmate in an Ohio prison was \$25,368 per year, or \$69.50 per day. Security, which includes the supervision and control of inmates, typically consumes the largest portion of those costs at around 40%.

## Prison Medical Service Spending Outpaces Total DRC Spending in Recent Years

Annual GRF Expenditure Growth for DRC  
Prison Medical Services vs. Total Spending

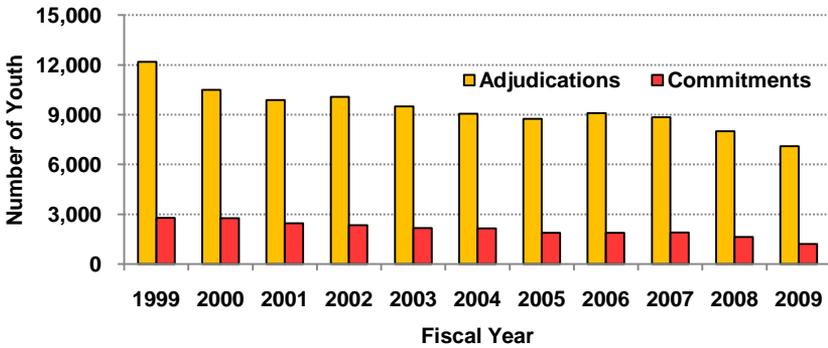


Source: Ohio Department of Rehabilitation and Correction

- Since FY 2000, GRF spending for inmate medical services has outpaced the Department of Rehabilitation and Correction's (DRC) total GRF spending in all but three years. From FY 2009 to FY 2010, GRF spending for inmate medical services increased 14.4% while DRC's total GRF spending decreased 6.5% due primarily to budget constraints.
- From FY 2000 to FY 2010, GRF spending for inmate medical services increased 96.2% from \$115.1 million to \$225.8 million while DRC's total GRF spending increased 15.3% from \$1.29 billion to \$1.48 billion. The share of DRC's total GRF spending devoted for inmate medical services increased from 9.0% in FY 2000 to 15.2% in FY 2010.
- FY 2002 was the only year in the last decade in which inmate medical spending experienced a significant annual decrease. The 13.7% decrease in FY 2002 was primarily due to budget reductions and accounting system changes.
- The main contributing factors behind the rapid growth in inmate medical spending include general medical inflation, aging inmate population, and the October 2005 *Fussell v. Wilkinson* settlement. This settlement ended a lawsuit alleging that Ohio's correctional health care system was constitutionally inadequate. The implementation of the settlement increases inmate medical spending by about \$28 million per year.
- DRC's operations are mainly funded by the GRF. In FY 2010, \$1.48 billion (89.8%) of DRC's \$1.65 billion total operating spending came from the GRF. Of this GRF total, \$110.0 million was supported by federal stimulus funds.

## Felony Adjudications and Commitments to the Department of Youth Services Decrease

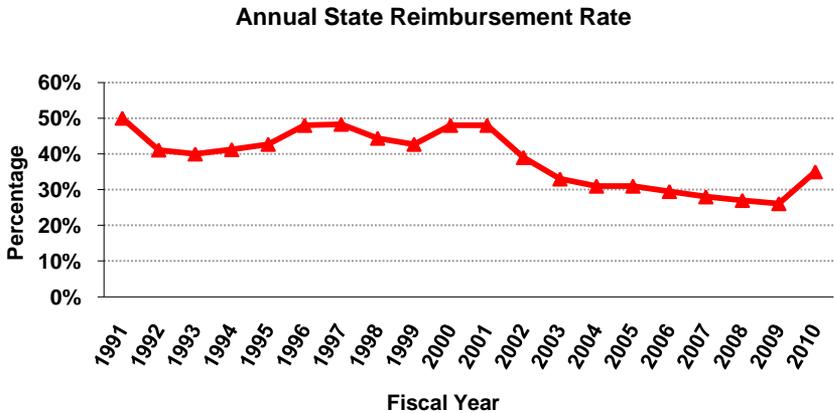
Annual Felony Adjudications and DYS Commitments



Source: Ohio Department of Youth Services

- The number of felony cases adjudicated in juvenile courts decreased by 41.7% from 12,185 in FY 1999 to 7,103 in FY 2009, with an average declining rate of 5.1% per year.
- During this same period, the number of youth adjudicated to institutions administered by the Department of Youth Services (DYS) decreased by 56.2% from 2,778 in FY 1999 to 1,216 in FY 2009, with an average declining rate of 7.6% per year.
- The institutional population decrease is partly due to a component of RECLAIM Ohio, which diverts youth from state institutions by providing funds to counties to subsidize residential and nonresidential treatment and supervision programs within the community. In FY 1999, RECLAIM Ohio provided \$35.2 million to counties for community treatment and supervision. This funding increased to \$41.0 million in FY 2009, an increase of 16.7%.
- In FY 2009, the average daily cost for DYS to house, care for, and treat a juvenile offender was \$300, an increase of 71.4% from FY 1999.
- In FY 1999, DYS administered 12 institutions with an average daily population of 1,986 youth and 1,066 direct care staff. By the end of FY 2009, DYS had six institutions with an average daily population of 1,430 youth and 1,033 direct care staff.
- In the past two years, DYS has closed three institutions (Marion and Mohican juvenile correctional facilities and the Freedom Center in Delaware County) due to the decreasing institutional population and budgetary constraints.

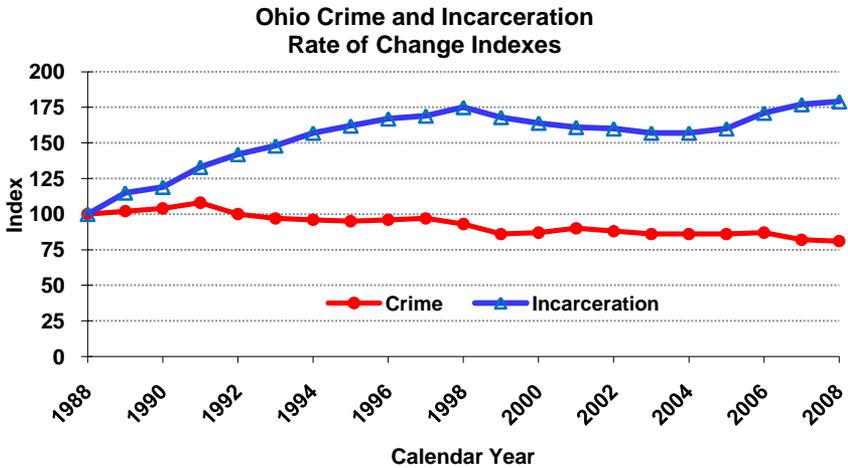
## State Reimbursement Rate for County Indigent Defense Costs Registers its First Increase Since FY 2000



*Source: Ohio Public Defender Commission*

- In FY 2010, the state reimbursement rate for county indigent defense costs increased for the first time since FY 2000, from a 20-year low of 26.2% in FY 2009 to 35.0% in FY 2010. This increase, which reverses the declining trend in the 2000s, reflects the enactment of several new non-GRF funding sources by the FY 2010-FY 2011 biennial budget that have boosted the amount of funding available for reimbursement.
- In Ohio, counties are required to provide and pay for legal counsel for indigent persons, when a right to counsel exists. The state reimburses counties up to 50% of allowable costs. If the amount appropriated is insufficient to pay the full 50%, available funds are prorated to the counties.
- FY 1991 was the last year the state reimbursed counties for 50% of their allowable costs. The reimbursement rate ranged between 40% and 48% from FY 1992 to FY 2001 and declined steadily after that until FY 2010.
- In FY 2010, the costs to the state and counties for providing indigent defense services increased from \$37.2 million in FY 1991 to \$115.8 million, an increase of 211.3% (\$78.6 million). The total number of cases subject to the state's indigent defense reimbursement provisions increased by 95.5%, from 196,501 to 384,154.
- The board of county commissioners in each county determines the method of providing indigent defense services. Currently, counties use one of four methods: court appointed counsel (41), county public defenders (28), contract with the state's Office of the Ohio Public Defender (11), or contract with nonprofit corporations (8).

## Ohio's Crime Rate Decreases While Incarceration Rate Rises in Recent Years

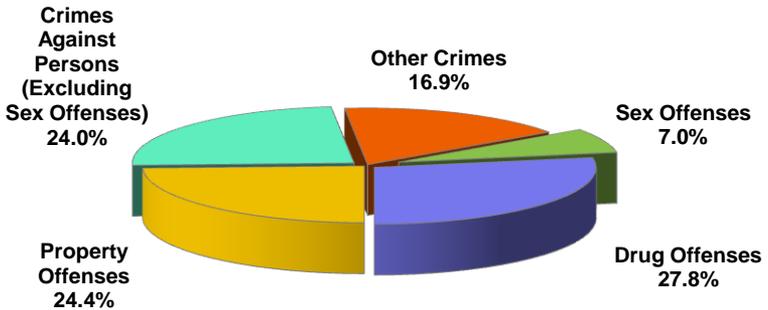


Source: U.S. Department of Justice, Bureau of Justice Statistics

- These two indexes compare Ohio's crime and incarceration rates for a given year to the rates for the base year 1988. A crime index of 105 in a given year indicates that the state's crime rate in that year is 5% higher than in 1988.
- Over the past two decades, Ohio's crime rate increased by 8% from 1988 to 1991 and then began a generally slow pattern of decline. In 2008, Ohio's crime rate was about 19% lower than that of 1988.
- In contrast, Ohio's incarceration rate has exhibited considerably more variation: rising rapidly through 1998, declining through 2004, and then increasing each year through 2008. Ohio's incarceration rate increased by 14.3% between 2004 and 2008.
- In 2008, Ohio's crime rate was 3,760 crimes per 100,000 residents, 2.5% higher than the national average of 3,667. In that same year, the crime rates in the nation ranged from a high of 4,964 in South Carolina to a low of 1,847 in South Dakota.
- In 2008, Ohio's incarceration rate was 449 per 100,000 residents, almost on par with the national average of 445. In that same year, the incarceration rates in the nation ranged from a high of 853 in Louisiana to a low of 151 in Maine.
- The crime and incarceration rates used in this page are measured by the number of violent and property crimes and the number of offenders sentenced to prison for more than one year per 100,000 residents, respectively.

## Most Crimes That Put Offenders Into Prison Fall Into Three Main Categories

Prison Commitments by Offense Category, FY 2009



Source: Ohio Department of Rehabilitation and Correction

- In FY 2009, 26,165 offenders were committed to prison, of which 19,915 (76.1%) were committed under the categories of drug offenses, property offenses, and crimes against persons (excluding sex offenses).
- Drug offenders (7,264) were the largest group, accounting for 27.8% of total commitments in FY 2009. Of this total, 3,672 (50.6%) were convicted for the offense of drug possession. Commitments for drug offenses have been around 30% of total commitments since the early 1990s.
- Property crime offenders (6,384) were the second largest group at 24.4% in FY 2009. Of this total, 4,259 (66.7%) were convicted for the offenses of burglary (2,266) or theft (1,993). In the early 1980s, property crime offenders constituted around 50% of total commitments, a figure that had steadily declined before leveling off at around 25% in the early 2000s.
- Offenders committed for crimes against persons (excluding sex offenses) were the third largest group at 6,267 (24.0%) in FY 2009, of which 1,981 (31.6%) were convicted for a robbery-related offense. Since the late 1990s, this group of offenders has constituted around 25% of total commitments.
- Sex offenses for which offenders were committed to prison in FY 2009 included registration violations (581), rape (420), gross sexual imposition (280), unlawful sexual contact with a minor (253), and sexual battery (142). Sex offenders have historically accounted for around 6% of total commitments.
- Other crimes for which offenders were committed to prison in FY 2009 included firearms offenses (1,238), resisting arrest (483), escape (477), driving under the influence (462), and forgery (449).

## Ohio's Court System in Brief

### Supreme Court

- Chief Justice and 6 justices
- State constitutional questions
- Appeals from 12 district courts of appeals
- Appeals from Board of Tax Appeals and Public Utilities Commission
- All death penalty cases

### Courts of Appeals

- 12 district courts; 69 judges
- Reviews of judgments of common pleas, municipal, and county courts
- Appeals from Board of Tax Appeals

### Court of Claims

- 1 court; judges assigned by Chief Justice
- Suits against the state for personal injury, property damage, contract, and wrongful death
- Compensation for victims of crime

### Courts of Common Pleas

- 88 courts (1 in each county); 394 judges

#### General Division

- Civil and criminal cases

#### Domestic Relations Division

- Divorces, dissolutions, and custody cases

#### Probate Division

- Estates, mental illness, and adoption cases

#### Juvenile Division

- Paternity actions and most filings involving minors

### Municipal Courts

- 128 courts; 212 judges
- Misdemeanor offenses and traffic cases
- Civil actions up to \$15,000

### County Courts

- 38 courts; 44 judges
- Misdemeanor offenses and traffic cases
- Civil actions up to \$15,000

### Mayor's Courts

- 332 courts
- Violations of local ordinances and state traffic laws
- Not courts of record

Source: Ohio Supreme Court

## Seventy-Two Percent of New Cases Were Filed in Municipal Courts in 2009

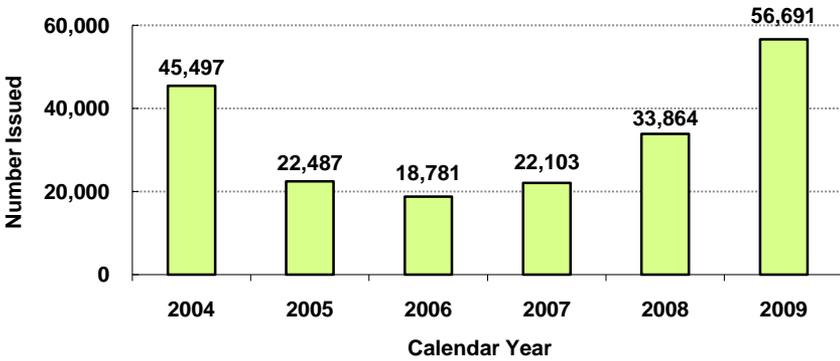
Type of Court	Number of New Cases Filed	As a % of Total
Supreme Court	2,363	0.08%
Courts of Appeals	10,433	0.35%
Court of Claims	902	0.03%
Courts of Common Pleas	637,766	21.45%
<i>General Division</i>	258,463	8.69%
<i>Domestic Relations Division</i>	73,463	2.47%
<i>Probate Division</i>	88,178	2.97%
<i>Juvenile Division</i>	217,662	7.32%
Municipal Courts	2,141,124	72.02%
County Courts	180,351	6.07%
<b>Total</b>	<b>2,972,939</b>	<b>100.00%</b>

*Source: Ohio Supreme Court*

- In 2009, a total of 2.9 million new cases were filed in Ohio's courts. Of this total, 2.1 million (72.0%) were filed in municipal courts. County courts, which handle similar cases, accounted for another 180,351 (6.1%). A county court exists when an area of the county is not served by a municipal court.
- Of the total number of new filings in 2009, 21.5% were filed in 88 courts of common pleas. All but five courts of common pleas have specialized divisions to hear cases involving different subject matter. Adams, Morgan, Morrow, Noble, and Wyandot counties' courts of common pleas have no specialized divisions.
- In 2009, a total of 258,463 new cases statewide were filed in courts of common pleas, general division, of which 89,053 (34.5%) involved foreclosure, an increase of 3.8% over 2008. From 1999 to 2009, the number of new foreclosure filings statewide increased by 185.2%.
- Of the 2.9 million new filings in 2009, 44.5% involved traffic law violations, which are generally under the jurisdiction of municipal and county courts.
- The total annual number of new filings statewide has been relatively stable over the last four years, ranging between 2.9 million and 3.2 million per year.
- The Supreme Court, the courts of appeals, and the courts of common pleas are created by the Ohio Constitution. The court of claims, county courts, and municipal courts are created by statute.

## Concealed Carry Licenses Increase in Recent Years

New Concealed Carry Licenses Issued



Source: Office of the Ohio Attorney General

- In 2009, new concealed carry licenses issued by county sheriffs increased 67.4% from 2008 to 56,691, surpassing the 45,497 licenses issued from April to December 2004, the inaugural year of Ohio's Concealed Handgun Law. New licenses issued averaged around 21,000 annually from 2005 to 2007 before increasing to 33,864 in 2008. In total, sheriffs have issued close to 200,000 new concealed carry licenses since April 2004.
- Licenses issued before March 14, 2007 expire four years after issuance. Licenses issued after that date expire five years after issuance. In 2008, the first renewal year, 31,319 renewal licenses were issued. In 2009, renewal licenses totaled 16,443.
- Since April 2004, sheriffs have issued 424 temporary emergency licenses, which allow a person who submits evidence of imminent danger to receive an immediate nonrenewable 90-day license.
- Sheriffs must immediately suspend any license upon notification that the licensee has been arrested or charged with certain offenses or if the licensee is the subject of a protection order issued by a court. The number suspended annually ranged from a low of 78 in 2004 to a high of 378 in 2009.
- Sheriffs must revoke the license of any person who no longer meets the eligibility requirements to carry a concealed handgun. The number revoked annually ranged from a low of 42 in 2004 to a high of 378 in 2009.
- Sheriffs must deny an application by any person who fails to meet the eligibility criteria. The number denied annually ranged from a low of 384 in 2006 to a high of 636 in 2009.

## Ohio Leads the Nation in Compliance with Federal Sex Offender Registration and Notification Act

### Number of Registered, Nonincarcerated Sexual Offenders in Ohio As of July 2010

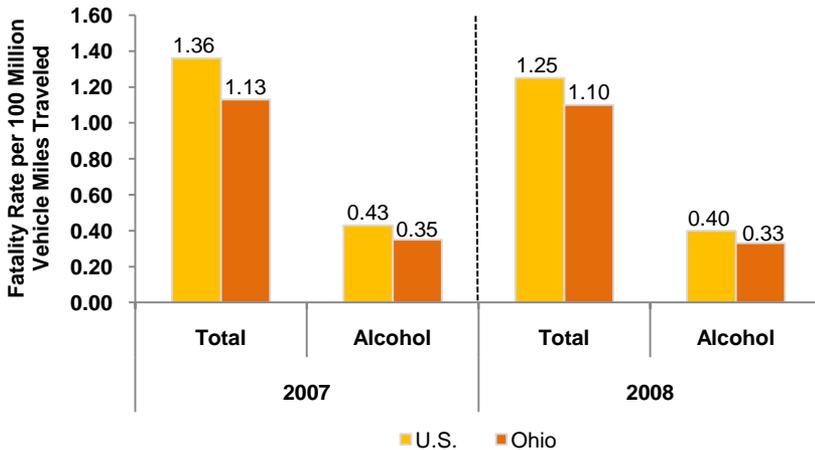
Category	Juvenile Offenders	Adult Offenders	Total Offenders
<b>SORNA Registrants</b>			
<b>Tier I</b> Offender must register with county sheriff at least once annually for a period of 15 years	375	2,341	2,716
<b>Tier II</b> Offender must register with county sheriff every 180 days for a period of 25 years	350	5,873	6,223
<b>Tier III</b> Offender must register with county sheriff every 90 days for life	446	5,273	5,719
<b>Megan's Law Registrants</b>	0	5,194	5,194
<b>Grand Total</b>	<b>1,171</b>	<b>18,681</b>	<b>19,852</b>

Source: Office of the Ohio Attorney General

- In September 2009, Ohio became the first state in the nation to be in compliance with the federal Sex Offender Registration and Notification Act (SORNA). This was accomplished by the enactment of S.B. 10 of the 127th General Assembly, which replaces the state's prior sex offender classification system (Megan's Law) with a system that classifies offenders as Tier I, Tier II, or Tier III sex offenders/child-victim offenders.
- Each tier of offenses has its own registration and public notification requirements. Generally, Tier I offenders are those who have been convicted of the "least serious" offenses, while Tier III offenders are those who have been convicted of the "most serious" offenses.
- As of July 2010, Ohio had 19,852 registered, nonincarcerated sex offenders, including 5,194 offenders whose classifications were reverted back to the prior system due to a June 2010 Ohio Supreme Court decision. The decision voided parts of S.B. 10 that authorized the reclassification of sex offenders who had already been classified under the prior system. Of those 5,194 offenders, 4,446 (86%) are now classified as sexual predators or sexually oriented offenders as designated under Megan's Law.
- Under the Megan's Law registration system, certain offenders are required to verify their addresses every 90 days while others are required to register annually. Registration requirements are for 10 years, 20 years, or life.
- As of May 2010, Delaware and Florida are the only two other states that are also in compliance with the federal SORNA requirements.

## Ohio's Total Traffic Fatality and Alcohol-Impaired Fatality Rates Are Lower than National Averages

Total Fatality Rates and Alcohol-Impaired Fatality Rates for Ohio and U.S.



Source: National Highway Traffic Safety Administration

- In 2007 and 2008, Ohio's total traffic fatality and alcohol-impaired driving fatality rates were below the corresponding rates for the nation as a whole. Approximately one-third of total traffic fatalities in Ohio were alcohol-related in comparison with approximately 40% for the nation as a whole.
- Ohio's traffic fatality rate declined from 1.13 to 1.10 fatalities per 100 million vehicle miles traveled (VMT) between 2007 and 2008; the number of total fatalities decreased from 1,255 to 1,190, a 5.2% decrease. In comparison, the national traffic fatality rate declined from 1.36 to 1.25 fatalities per 100 million VMT; the number of total fatalities decreased from 41,259 to 37,261, a 9.7% decrease.
- Ohio's alcohol-impaired driving fatality rate declined from 0.35 to 0.33 fatalities per 100 million VMT between 2007 and 2008; the number of alcohol-impaired driving fatalities decreased from 389 to 356, an 8.5% decrease. In comparison, the national alcohol-impaired driving fatality rate declined from 0.43 to 0.40 fatalities per 100 million VMT; the number of alcohol-impaired driving fatalities decreased from 13,041 to 11,773, a 9.7% decrease.
- Since 2000, the total number of convictions for operating a motor vehicle while under the influence (OVI) in Ohio has fluctuated between roughly 55,000 and 60,000 annually. Less than 1% of those OVI convictions involved an alcohol-related traffic fatality.



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