Policy Matters Ohio's Guide to the State Budget

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The money in Ohio's budget belongs to all of us, and every Ohioan should have a voice in how we spend it. But budget language, documents, and processes can be mind-boggling, even for experts. That's where Policy Matters comes in. We believe every Ohioan should be able to access, understand, and advocate for their priorities in our state budget. We created this guide to help make that a reality.

If there's something missing, or a question you want answered, contact our Budget Researcher, Kathryn Poe, directly: kpoe@policymattersohio.org.

The language

Ohio's **Fiscal Year (FY)** runs from July 1st through June 30th the following year. It is referred to by the year in which it ends. For example, FY21 starts in July 2020 and ends June 30th, 2021.

Ohio has a two-year **budget cycle**. The current budget is for Fiscal Year 2024 through Fiscal Year 2025.

Budget season begins in January, six months before the current budget expires. That's when legislators make decisions about the size and shape of the next budget. It's our biggest window of opportunity to advance our budget priorities.

Budgets, Funds, and Appropriations

In conversations about the budget, three concepts are similar enough to cause confusion:

Budgets are plans for how to spend public dollars. They must go through a specific legislative process that's different from how other bills are passed.

Appropriations are legal authorizations by the legislature to fund a program, department, or agency. They are included in budgets but can also be passed on their own or in other kinds of legislation.

Funds are "pots of money" from which public dollars are drawn to pay for programs, departments, or agencies.

Budgets contain appropriations, which authorize the state to draw money from funds.

"The Budget"

When we refer to "the Budget," we usually mean the **General Operating Budget.** It includes three separate documents:

- **The Main Operating Budget** (aka "the Big Budget") provides funding for most state agencies, the legislature, and the judiciary. It draws from the General Revenue Fund (GRF), Federal Funds and Grants, Special Purpose Taxes, and Fiduciary (aka "Pass-through") funds.

- **The Transportation Budget** funds the departments of Transportation and Public Safety, and other programs paid for with motor vehicle fuel taxes and registration fees.

- **Workers' Compensation Budgets** fund two agencies that are paid for by public- and private-sector employers: the Bureau of Workers' Compensation and the Ohio Industrial Commission.

Other major spending bills *not* included in the General Operating Budget include the **Capital Budget**, which funds the acquisition, construction, equipment, or renovation of buildings and other facilities. The Capital Budget has its own budget cycle, alternating years with the General Operating Budget.

Agencies who receive money through the Capital Budget include:

- Public Works Commission
- Department of Natural Resources
- Department of Rehabilitation & Correction
- Ohio Facilities Construction Commission
- Department of Higher Education (universities, colleges, etc.)
- Other (a slice of the money usually goes for "community projects," local capital projects around the state)

The Capital Budget does not fund Department of Transportation projects. Capital appropriations for the DOT are usually part of the Transportation Budget.

Appropriations in the Capital Budget last for two years, but the big construction projects they fund often take longer to complete. Legislators use **Capital Reappropriations Bills** to provide additional funding for these projects.

State budgets include money from Ohio taxpayers and other sources, like the federal government. State-level advocates typically have more influence on decisions about the **state-share**: money that comes from the state of Ohio. For that reason, it may be helpful to focus on a program or department's **state-share funding percentage**: the portion of its funding paid for with in-state dollars.

Earmarks set aside part of an appropriation for a specific purpose. These often have maximums ("up to") or minimums ("not less than"). Earmarking can be written like this: "*The appropriation item [ALI], NAME shall be used to…*"

Earmarks typically include **intent language**, in which the legislature explains, qualifies, or elaborates on the spending being authorized in a line-item appropriation.

These are some of the most important terms for understanding budget-speak. Others come up in context throughout this guide. You'll see them highlighted in bold and defined in the text. If there is something we missed, contact Policy Matters Budget Researcher Kathryn Poe at kpoe@policymattersohio.org.

The documents

In addition to the budget itself, the state also produces a variety of documents to help Ohioans understand the budget at every stage of the process. These documents make up their own little library that every Ohioan should be able to navigate.

Ohio's color-coded budget books

A state budget must pass through a specific legislative process, different from the one used for other forms of legislation. This includes three important documents that are published in helpfully color-coded books:

Bluebooks contain the governor's proposed budget. This Executive Budget is the starting point for the budget process, released by governor in late January or early February and describing the administration's spending priorities for the next budget cycle. There are typically three parts: Budget Recommendations, Tax Expenditure Report, and Budget Highlights. The most recent Bluebook was released by Gov. DeWine in 2023, for the FY24-25 budget cycle. See his Bluebook Budget Recommendations here.

Redbooks contain the Legislative Service Commission's (LSC) analysis of the Executive Budget, describing the past, present, and proposed funding for each state agency. Redbooks for the FY 24-25 budget cycle are available here.

Greenbooks contain the LSC's analysis of the final version of the budget, as passed by the legislature and signed into law by the governor. Greenbooks for the FY24-25 budget cycle are available here.

The LSC produces individual Greenbooks for each agency. If you're looking for a specific program or line item, start with the agency's Greenbook.

"The Comp Doc"

During budget season, the LSC's **Comparison Document** (aka Comp Doc) is probably the most useful document for advocates who want to see how funding proposals change throughout the budget process. The Comp Doc compares each new version of the bill (starting with the Executive Budget) as it moves through the legislature. The document is extremely detailed, going provision by provision and organized by agency. The final version of the Comp Doc compares the bill "as introduced" in the governor's

proposal, “as passed” by the House, “as passed” by the Senate, and “as enacted” when the governor signed it into law. (The LSC also produces “as introduced” versions at each stage of the process.) The final version of the Comp Doc for the 2024-25 budget is available here. Use your computer’s search function (CTRL+F on a PC; Command + F on a Mac) to find items you’re looking for, or discover when they were removed/added to the budget.

“COBLI”

In its **Catalog of Budget Line Items (COBLI)**, the LSC describes the legal authority, purpose, and revenue source for every line item in the budget, agency by agency. COBLI also includes a six-year history of each line item, so you can see how its funding has changed in recent budgets. The 2023 COBLI (for the FY2024-25 budget) is available here.

This document is recommended reading — especially the introduction, which contains some helpful information about the budget process in general.

Historical Revenues and Expenditures

For the true budget wonks, these spreadsheets show the history of Ohio’s revenue and expenditures for major taxes and federal grants. This is a good resource for figuring out how a certain type of revenue or spending has changed over time. The most recent versions of these records are available here.

Read these spreadsheets carefully. They don’t necessarily work for apples-to-apples comparisons. For example, some include federal funds while others don’t. For help with any of the documents described in this guide, contact Budget Researcher, Kathryn Poe at kpoe@policymattersohio.org.

Navigating budget documents

The length and complexity of budget documents can make it difficult to find information about funding for a specific program. It helps to know which agency it’s funded through, and whether it’s federally or state-funded.

Finding specifics is even easier if you know which section of the budget covers your program, or the name of the specific line item. Most useful of all is knowing the **Appropriation Line Item (ALI).**

“ALI”

An **ALI** is a six-digit number or code that identifies a specific line item in the budget. The first three digits indicate the agency or division. The last three digits run from 100 to 600 and indicate the object of the expenditure.

Typically, these codes do not change between budget cycles, allowing us to track funding changes over time. However, an ALI will change if it is moved to another

department, or if its department reorganizes. When this happens, changes are noted in the COBLI and the Executive Budget.

Sometimes legislators don't know how much a line item will cost. In these cases, the line item is funded for "the amount that is necessary to accomplish the purpose." Yes, seriously.

How to use a Greenbook

If you know what agency you're looking for, start by searching the corresponding Greenbook.[1] (Search for keywords by using [CTRL+F] on a PC or [Command + F] on a Mac.)

At the top of every Greenbook, you can find a "Quick look" section that summarizes the department's purpose and includes high-level facts about its funding. Figure 1 shows the summary section of the most recent Greenbook for the Ohio Arts Council.

Figure 1

LBO Greenbook

Ohio Arts Council

Quick look...

- The Ohio Arts Council, created in 1965, assists in the development of the arts and the preservation of Ohio's cultural heritage by providing financial assistance and services to Ohio artists and arts organizations.
- The Council's governing body consists of a board of 19 members that is supported by 18 full-time employees.
- The budget provides $27.3 million for FY 2024 and $27.6 million for FY 2025.
- More than 93% of funding appropriated from the GRF.

Fund Group	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
General Revenue	$21,223,683	$22,116,051	$25,502,000	$25,563,000
Dedicated Purpose	$414,367	$526,463	$495,000	$495,000
Federal	$1,133,151	$1,987,573	$1,350,000	$1,500,000
Total	$22,771,200	$24,630,087	$27,347,000	$27,558,000
% change	--	8.2%	11.0%	0.8%
GRF % change	--	*4.2%*	*15.3%*	*0.2%*

[1] *If you don't find what you need, check the budget bill itself, or the agency's Redbook. If that doesn't work, check older Greenbooks or Redbooks. Sometimes information is listed when the line item originated, several Greenbooks back.*

The table gives an overview of funding in the previous budget and the current one:

- The **Fund Group** column indicates where the money for this department comes from. For example, Figure 1 shows that the Ohio Arts Council is funded with a combination of General Revenue, Dedicated Purpose, and Federal Funds.

- The two **Actuals** columns indicate the amount spent on this line item in each of the previous years. For example, Figure 1 shows that in FY22, the Ohio Arts Council *actually* received (and spent) about $22.8 million.

- The two **Appropriations** columns indicate how much funding the agency can receive in each of the coming budget years. For example, Figure 1 shows that in FY24, the Ohio Arts Council will receive about $27.3 million in funding.

- The **% change** row compares funding in the corresponding year to funding in the previous year. It is a good indicator of how funding has changed recently. **If any of these are less than the rate of inflation, the value of the program's funding has decreased.*

- The **GRF % change** row indicates the change in how much of the GRF is dedicated to this agency.

Greenbooks also contain a general breakdown of line items for their department. Figure 2 shows the line item breakdown for the 2023 Department of Job and Family Services Greenbook. In addition to the Fund Group and ALI, this table also includes the ALI Name, and the number and name of the Category assigned by the agency.

Figure 2

Categorization of ODJFS's Appropriation Line Items for Analysis of FY 2024-FY 2025 Budget				
Fund	**ALI**	**ALI Name**		**Category**
General Revenue Fund Group				
GRF	600410	TANF State Maintenance of Effort	1	Family Stability
GRF	600450	Program Operations	7	Program Management
GRF	600502	Child Support – Local	3	Child Support
GRF	600521	Family Assistance – Local	1	Family Stability
GRF	600533	Child, Family, and Community Protection Services	2	Families and Children
GRF	600534	Adult Protective Services	2	Families and Children
GRF	600551	Job and Family Services Program Support	1	Family Stability
GRF	600561	Parenting and Pregnancy	2	Families and Children
GRF	600562	Adoption Grant Program	2	Families and Children
GRF	655425	Medicaid Program Support	6	Medicaid
GRF	655522	Medicaid Program Support – Local	6	Medicaid
GRF	655523	Medicaid Program Support – Local Transportation	6	Medicaid
Dedicated Purpose Fund Group				
4A80	600658	Public Assistance Activities	1	Family Stability
4A90	600607	Unemployment Compensation Administration Fund	4	Unemployment Compensation Administration

Greenbooks also provide details about specific line items. For example, Figure 3 provides details for a line item called "Family Assistance — Local." It describes what the line item is used for and provides the same sort of data described in Figure 1.

Figure 3

C1:2: Food Assistance

This category of appropriations includes the sources of funding for food assistance programs, including distributing resources through food banks and administrative costs for the Supplemental Nutrition Assistance Program (SNAP). While the state shares in the cost of administering SNAP at a 50% rate for administration, benefits are fully funded by the federal government and are not appropriated by the General Assembly.

The tables below show the line items included in this category and the appropriated funding. Please note that some food assistance earmarks under federal line item 600689, TANF Block Grant, are discussed in C1:1, which is directly above.

Family Assistance – Local (ALI 600521)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
GRF ALI 600521, Family Assistance – Local	$45,566,310	$53,248,000	$53,248,000
% change	--	16.9%	0.0%

This GRF line item is used by ODJFS to provide to CDJFSs the state's share of county administration for public assistance programs, mainly for Disability Assistance programs and Food Assistance, including SNAP. H.B. 33 of the 135th General Assembly actually requires that about $43.9 million in each fiscal year be provided to CDJFSs for this purpose. In addition, H.B. 33 earmarks $2.5 million in each fiscal year from this line item to assist county departments in their efforts to increase fraud prevention, early detection of fraud, and investigations on potential fraud that may be occurring in public assistance programs. County departments must have submitted an ODJFS-approved plan detailing these efforts.

A portion of this line item, along with item 600450, Program Operations, is used as match for the SNAP Program.

To find this line item in the actual text of the budget, use CTRL+F or CMD+F to search for the ALI Number in the "As Enacted" version of the FY2024-25 budget (HB 33). Figure 4 illustrates the results of a search for line item 600521.

Figure 4

SECTION 307.10. JFS DEPARTMENT OF JOB AND FAMILY SERVICES

General Revenue Fund

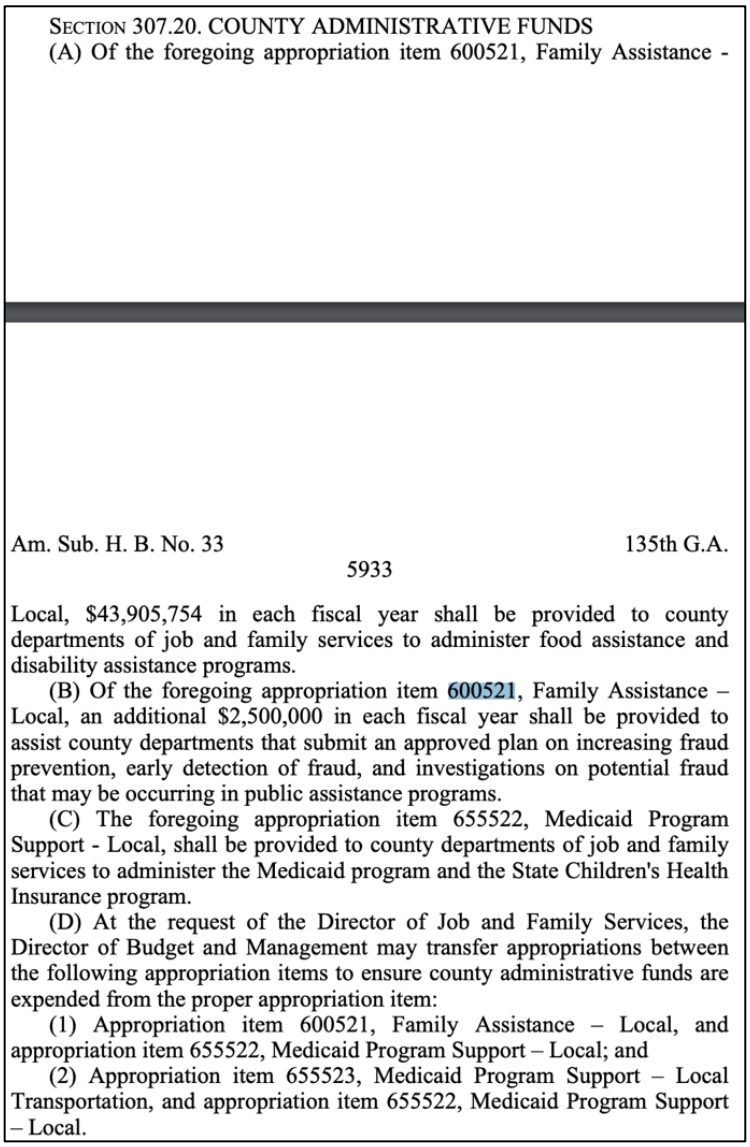
GRF	600410	TANF State Maintenance of Effort	$ 149,268,000	$	149,268,000
GRF	600450	Program Operations	$ 197,705,000	$	199,975,000
GRF	600502	Child Support- Local	$ 26,400,000	$	26,400,000
GRF	600521	Family Assistance - Local	$ 53,248,000	$	53,248,000
GRF	600533	Child, Family, and Community Protection Services	$ 13,500,000	$	13,500,000
GRF	600534	Adult Protective Services	$ 9,720,000	$	9,720,000
GRF	600551	Job and Family Services Program Support	$ 750,000	$	750,000
GRF	600561	Parenting and Pregnancy Program	$ 7,000,000	$	7,000,000
GRF	600562	Adoption Grant Program	$ 15,000,000	$	15,000,000
GRF	655425	Medicaid Program Support	$ 15,605,000	$	15,673,000
GRF	655522	Medicaid Program Support - Local	$ 44,000,000	$	49,000,000
GRF	655523	Medicaid Program Support - Local Transportation	$ 43,530,000	$	43,530,000
TOTAL GRF General Revenue Fund			$ 575,726,000	$	583,064,000

Dedicated Purpose Fund Group

4A80	600658	Public Assistance Activities	$ 19,900,000	$	19,900,000
4A90	600607	Unemployment Compensation Administration Fund	$ 11,400,000	$	11,400,000
4E70	600604	Family and Children Services Collections	$ 650,000	$	650,000
5AJ1	6006A8	Foodbanks	$ 7,500,000	$	7,500,000
5CV3	6006A5	Foodbank Assistance ARPA	$ 10,000,000	$	0
5DM0	600633	Audit Settlements and Contingency	$ 1,000,000	$	1,000,000
5DM0	6006A9	Benefit Bridge	$ 3,000,000	$	5,000,000

To find the bill's language about your line item, use the search window to skip down to the ALI's appearance in the text of the bill. Figure 5 shows the in-text language about line-item 600521.

Figure 5



SECTION 307.20. COUNTY ADMINISTRATIVE FUNDS
(A) Of the foregoing appropriation item 600521, Family Assistance -

Am. Sub. H. B. No. 33 135th G.A.
5933

Local, $43,905,754 in each fiscal year shall be provided to county departments of job and family services to administer food assistance and disability assistance programs.

(B) Of the foregoing appropriation item 600521, Family Assistance – Local, an additional $2,500,000 in each fiscal year shall be provided to assist county departments that submit an approved plan on increasing fraud prevention, early detection of fraud, and investigations on potential fraud that may be occurring in public assistance programs.

(C) The foregoing appropriation item 655522, Medicaid Program Support - Local, shall be provided to county departments of job and family services to administer the Medicaid program and the State Children's Health Insurance program.

(D) At the request of the Director of Job and Family Services, the Director of Budget and Management may transfer appropriations between the following appropriation items to ensure county administrative funds are expended from the proper appropriation item:

(1) Appropriation item 600521, Family Assistance – Local, and appropriation item 655522, Medicaid Program Support – Local; and

(2) Appropriation item 655523, Medicaid Program Support – Local Transportation, and appropriation item 655522, Medicaid Program Support – Local.

You can see the ALI highlighted in the lower part of the image. This language describes the line item and earmarks: "(B) … an additional 2.5 M in each fiscal year…" is an example of an earmark.

The upper part of Figure 5 shows the bottom of the previous page, which contains an important piece of information: This line item is held in Section 307.20: County Administration. Add that to your list of information about your line item; it can be used to find more information about this and related line items in a variety of budget documents.

Funding sources

"The GRF"

The **General Revenue Fund (GRF)** is the primary pot of money that the state uses to fund programs, agencies, and departments. The GRF is made up of state tax revenues and federal grants, including the federal shares of K-12 education funding and Medicaid, our two largest programs.

The largest portion of the state share of the GRF pie goes to **K-12 education**. (This includes lottery profits.) The federal government adds much more.

The second-largest portion goes to **Medicaid**, most of which is paid for by the federal government based on the Federal Medical Assistance Percentage (or FMAP). When factoring in federal funds, Medicaid is the largest program in the state budget.

The GRF is funded primarily by the Sales and Income Taxes, but also includes other kinds of taxes, including Sales & Use Tax, Personal Income, Cigarette Tax, Public Utilities Taxes (Public Utility Excise Tax, Kilowatt Hour Tax, and Natural Gas Distribution Tax), Business Taxes (Commercial Activity Tax [CAT], Insurance taxes, Financial Institutions Tax, Petroleum Activity Tax), as well as money from licensing and fees. The history of these taxes can be found here.

Ohio's Office of Budget and Management (OBM) shares Monthly Financial Reports about the General Revenue Fund and the status of Ohio's economy. Click here to receive these monthly reports.

Other "Big Budget" funds

The state budget draws mostly from the GRF, but also from the following funds:

- **Local Government Fund (LGF)**: Supported by the Ohio Revenue Fund Taxes, is the only general-purpose state revenue received by localities. While the LGF is its own line item (ALI 110969), most analysis (including ours) tends to also include line items like Auto Registration Distribution and Property Tax Replacement Phase-Out in the LGF group.

- **Public Library Fund (PLF):** (ALI 110965) Each month, the PLF receives a percentage of the state's tax receipts that go into the state's General Revenue Fund (GRF). Governor DeWine's budget proposal includes a commitment to Ohio's public libraries by funding the Public Library Fund (PLF) at 1.7% in FY 24 and FY 25 in permanent law.

- **Lottery Profit Education Fund (LPEF):** All Lottery Profits are constitutionally earmarked for primary and secondary education.

- **Budget Stabilization Fund (BSF):** Commonly called the "Rainy Day Fund," the BSF contains revenue set aside to use in case of emergency. You can see the current balance of Ohio's BSF here.

Each of these funds is the source for discrete, predetermined allocations that don't necessarily interact with the GRF, which is the source for most state spending.

The timeline

The budget process begins in July of the year before budget season, when state agencies begin creating their budget requests. The Office of Budget and Management directs the state agencies on how to do so. Major agencies' requests are due October 21st. During this process, both the transportation and the Workers Compensation Budget will also be passed. The Main Operating Budget *must* be passed and sent to governor by the end of the Fiscal Year.

January/February: The start of a two year general assembly, when the House is seated, is when the governor proposes a two year budget after the State of the State. Newly elected governors get more time and must submit their executive budget by March 15th, but this excludes the transportation budget which must still be submitted within four weeks of the beginning of the General Assembly session. The governor proposes the budget and sends the document to the House of Representatives.

From February to April: The House Finance Committee hears testimony from state agencies about the proposed governor's budget. Sections of **the "big" budget** are broken up into smaller pieces and given to special **subcommittees** (committees that report to the main finance committee) that consider each section by topic. These subcommittees then hear testimony on their topic area, often by normal folks, state agencies, and topic-area specialists. Each sub-committee then edits their part of the "big" budget bill and sends it back to the main finance committee with amendments.

The **House Finance committee** then sends the budget to the House floor, where the entire House votes on whether to send it to the Senate. While on the floor, the budget can still be amended or changed. This is what's called an "Omnibus Amendment" where numerous changes to the bill are made before it's approved by the House.

Late April to Mid-June: Senate Finance Committee hears testimony on the House Budget. In this process, the Senate creates "the Senate version" of the budget and creates another "Sub-Bill" or "Replacement Bill" for the Main Operating Budget. This then goes to the full Senate for a vote.

- **Conference Committee (if needed):** Conference Committee is where state Senators and House members meet to agree on the final budget version (three from the House, three from the Senate—two from the majority party, one from

the minority). This “compromise” version is usually a combination of the two bills together and often includes big decisions about what is in the final.

- This process is typically done behind closed doors. The committee meets to ratify its decisions, albeit with attempted changes and negative votes from members who dissent. Once the conference committee has decided, then the **compromise budget** goes back to both the House and Senate (AGAIN).

June 30th/July 1: The governor signs the budget into law.

- The governor may **veto individual line items**.
- The General Assembly can override a line-item veto by a three-fifths majority vote of each house.

We created this graphic to **highlight important moments on the budget timeline**.

Other resources

from LSC

- LSC Budget Central is home to the FY2024-25 Main Operating Budget, agency Greenbooks, and other important documents. **Always check here first!*
- For a comprehensive introduction to Ohio’s budget, see Chapter 8 of the LSC’s 2023 Guide for Ohio Lawmakers.
- An overview of the current (FY2024-25) budget is available here.

from Policy Matters

- Budget 101: PMO Budget 101
- Budget Basics (2019)
- The People’s Budget (2023)
- Summary of Income Tax Changes (2023)
- Why Inflation Matters