

**Testimony Of  
Kimberly Murnieks  
Director, Ohio Office of Budget and Management**

**Ohio Senate Finance Committee  
Governor DeWine's Executive Budget Proposal  
Fiscal Years 2026 and 2027**

**April 1, 2025**

Chairman Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Senate Finance Committee, as the Director of the Office of Budget and Management, it is my privilege to present to you Governor DeWine's Executive Budget for Fiscal Years 2026 and 2027.

Mr. Chairman, I am pleased to report that, once again, Governor DeWine's Executive Budget is conservatively forecast and balanced. The Governor's plan significantly reduces the state tax burden for families with children, keeping Ohioans at the heart of it all. Our Rainy Day Fund is at a historic high and it will not be used in the upcoming biennium. In fact, our state's savings account will continue to grow through investment earnings, providing a strong reserve in the face of global economic uncertainties.

Before I get into the details of Governor DeWine's proposed budget, I want to take a few moments to look back at key results.

Over the past six years, we have seen the impact of our work together. We have developed and executed structurally balanced, future-oriented, and conservative budgets. We ensured that our finances remained on sure footing during challenging times. We focused our strengths – on kids, the workforce, communities, and on our economy. As a result, for the first time, Ohio earned the highest possible AAA credit ratings from all three major credit rating agencies.

This budget continues our conservative practices and Ohio citizens can be confident that our state's fiscal position is strong.

## **ECONOMIC OVERVIEW AND FORECAST**

Responsible governance and fiscal management guided Ohio through the last six years. As a result, Ohio's economy is well positioned heading into the next biennium.

## NATIONAL CONTEXT

Spurred on by federal stimulus and a robust and tight labor market, the American consumer defied expectations and increased spending in the early part of this decade. Supply-chain disruptions created shortages of goods, and Russia's invasion of Ukraine in February 2022 contributed to increasing prices. In June 2022, inflation rose to a four-decade high as the Consumer Price Index for All Urban Consumers peaked at a seasonally adjusted average annual rate of nine percent.

To combat inflation by reducing consumer demand and investment, the Federal Reserve started increasing interest rates in March of 2022. After the March rate increase, the Federal Open Market Committee voted to raise the target federal funds rate six more times in 2022 and four additional times in 2023, ultimately peaking at a target range of 5.25 to 5.5 percent. The federal funds rate remained at this level for two and a half years, until September 2024 when the Federal Reserve began to lower interest rates; first with a 0.5 percentage point reduction, followed by additional 0.25 percentage point reductions in each of the last two months of calendar year 2024, culminating in a target range of 4.25 to 4.5 percent.

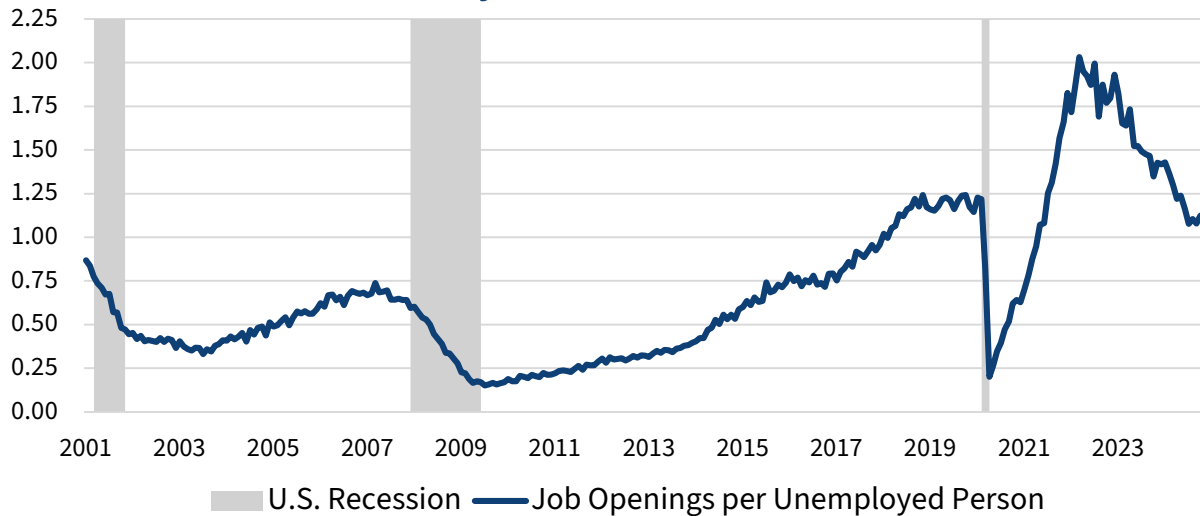
During this time, the U.S. labor market remained strong. However, the U.S. Labor Force Participation Rate has been declining since the beginning of the 21<sup>st</sup> century. In calendar year 2000, 67.3 percent of working aged individuals participated in the labor force. Comparatively, on average, 62.6 percent of people were participating in the labor force in 2024. This reduction is due in part because of the aging of the U.S. population. Baby boomers are retiring and aging out of the labor force at a faster rate than younger generations are joining it. With more job openings, and fewer people in the labor force, the labor market became tight.

U.S. nonfarm payroll employment increased rapidly in the early 2020s. The number of unfilled jobs hit an all-time high in March 2022 (over 12.2 million openings), before decreasing steadily as the labor market came back into a better balance.

One measure of labor market tightness is the ratio of nonfarm job openings compared to the level of unemployment. Labor market tightness peaked at over two job openings per unemployed person in March 2022 (see Figure 1). By November 2024, this measure was down to 1.1 jobs open per unemployed person. In December 2024, U.S. unemployment rate was at 4.1 percent.

As a result of the tight labor market, between 2022 and 2024, workers across the nation experienced outsized wage increases compared to recent history. Average hourly earnings accelerated nationally by 5.4 percent in 2022, 4.6 percent in 2023 and 3.9 percent in 2024, compared to an average year-over-year increase of 2.6 percent from 2010 to 2020.

**Figure 1: Level of Aggregate Labor Market Tightness,  
January 2001 – November 2024**



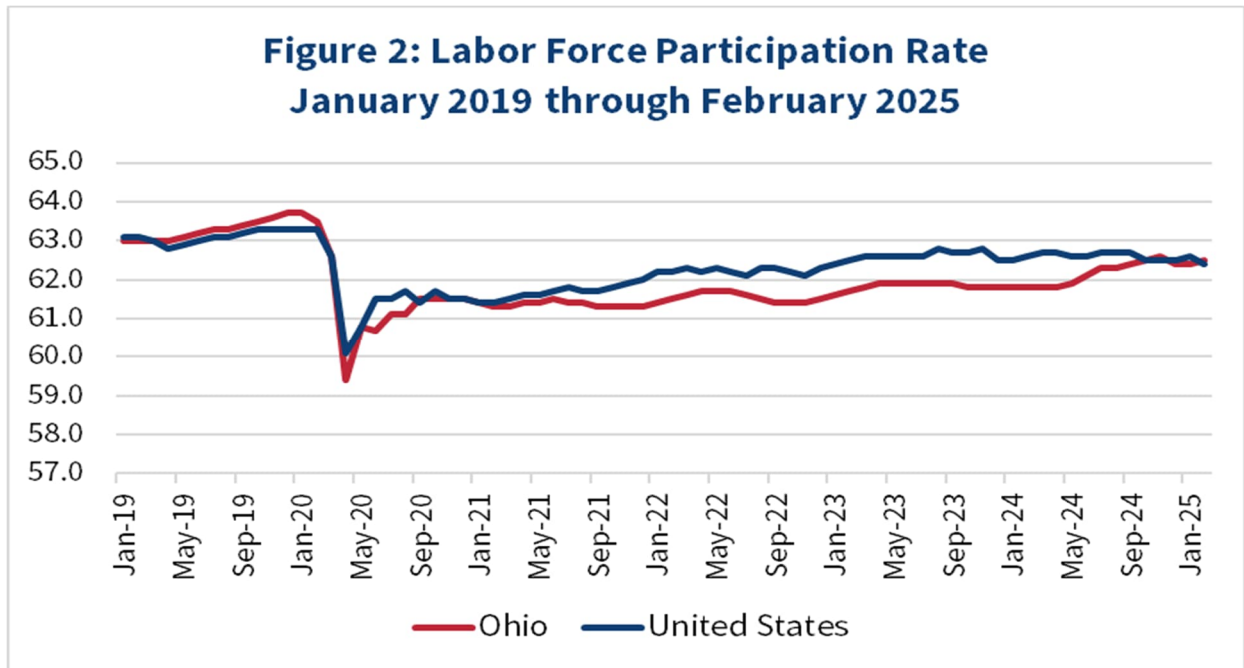
Source: U.S. Bureau of Labor Statistics and authors' calculations

## OHIO'S STANDING

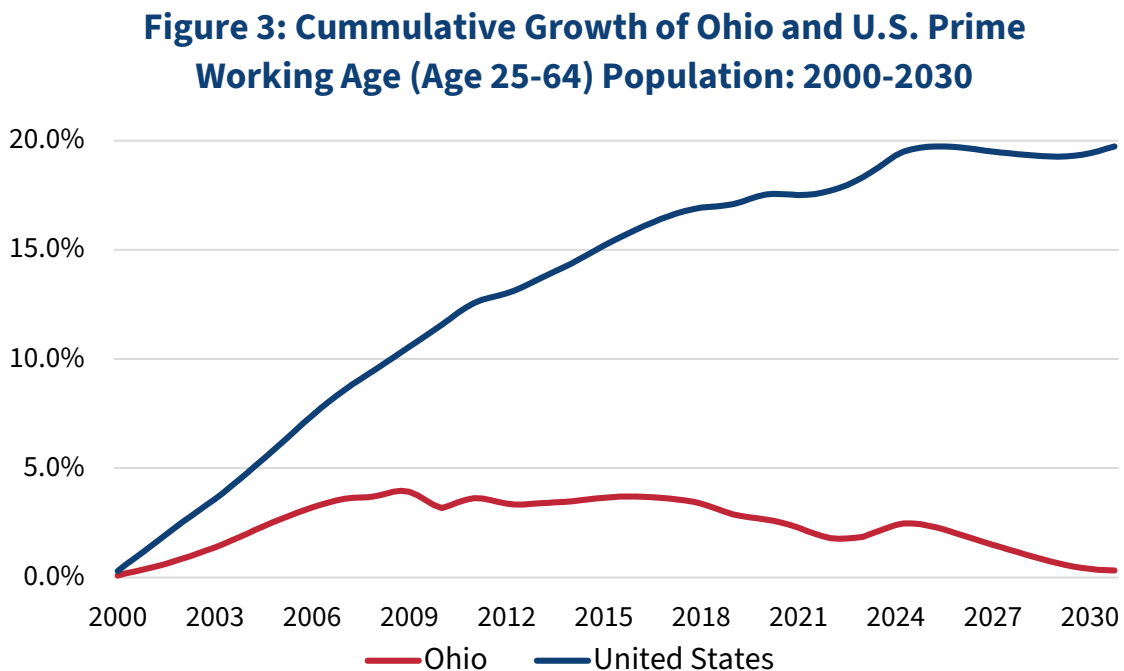
In 2023, Ohio's economic activity generated \$884.8 billion, maintaining our rank as the seventh largest state economy. Ohio's economy is diverse with strong contributions from the finance, insurance, real estate, rental and leasing sector; the trade, transportation, and utilities sector; and advanced manufacturing. Our economy is the 8<sup>th</sup> most diverse in the nation, and one of only three states whose Industrial Diversity has improved each year since 2012.

In 2022, Ohio added 99,500 nonfarm jobs, before adding 58,800 more jobs in 2023 and 61,400 through December 2024. With these increases, there were 5.7 million nonfarm jobs in Ohio, the highest level since the data series began in 1990. In December 2024, Ohio's unemployment rate was 4.4 percent, just 0.3 percentage point above the nation average.

When I stood before this Committee two years ago, we were mindful of Ohio's labor force participation rate. In February 2023, 61.7 percent of Ohioans participated in the labor force, compared to 62.5 percent nationally. Since then, Ohio's labor force expanded and our labor force participation has ticked up, to 62.5 percent in February 2025, while the national rate has stayed relatively constant (see Figure 2) and is forecasted to remain that way.

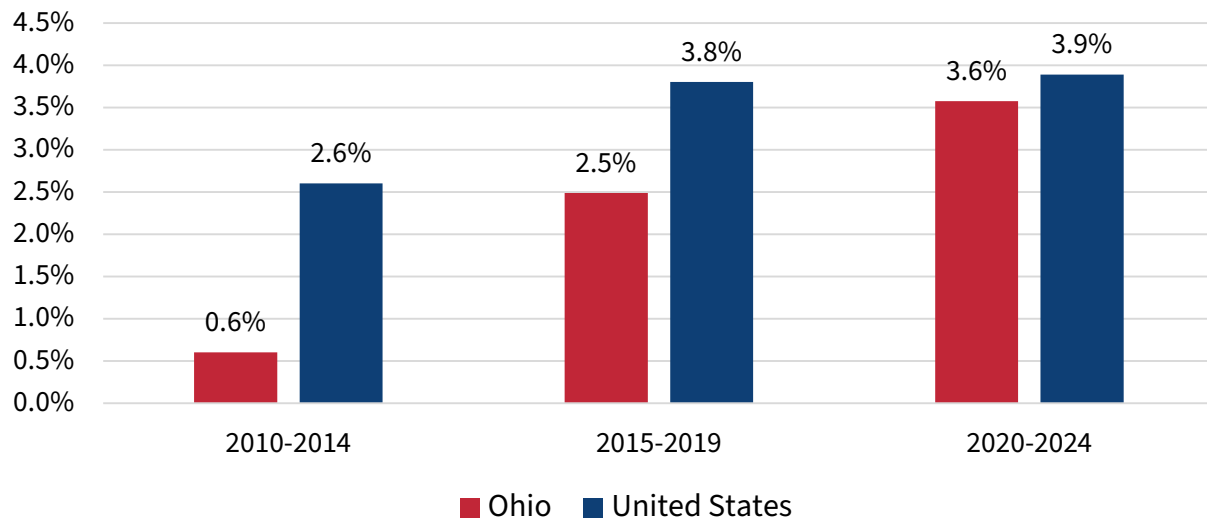


Despite improvement in Ohio's labor force participation rate, demographic concerns remain. As Figure 3 below shows, Moody's Analytics forecasts that the U.S. prime working age population will have grown by 20 percent from 2000 to 2030. Comparatively, Moody's predicts Ohio's prime working age population to grow only 0.3 percent because they forecast declines for Ohio in the latter half of this decade. Therefore, to continue to build on our economic strength, we must retain Ohioans – especially new graduates – while expanding our prime age workforce.



We are making strides on this front. Ohio's emerging population is steadily increasing. If we zero in on the 25-44 year-old age group, the gap between Ohio's 5-year average annual growth rate and the nation's has been closing in recent years. The priorities in Governor DeWine's budget focus on continuing this progress.

**Figure 4: Five-year Average Annual Growth Rate of 25-44 Year Olds in Ohio and the U.S.**



## THE FORECASTS

The Office of Budget and Management contracts with Moody's Analytics and S&P Global for economic forecasting data. After analysis of forecasts from both firms, we selected the Moody's December baseline to forecast tax revenues over the remainder of FY 2025 and the upcoming FY 2026 – 2027 biennium, primarily because Moody's provided a more consistent set of assumptions for key variables.

Moody's Analytics projects that real U.S. gross domestic product will slow from an estimated 2.8 percent growth rate in 2024 to 2.2 percent in 2025, 1.6 percent in 2026, and up to 1.8 percent in 2027. Key reasons for the forecast of slowing growth include recent strengthening in the U.S. dollar, a tighter monetary policy, the effects of tariffs, and additional inflationary pressures.

## SOURCES OF RISK AND UNCERTAINTY

As with any forecast, there are several upside and downside risks to the Moody's U.S. baseline forecast. On the upside, it is possible that stronger than assumed productivity growth could allow inflation to continue to fall while the economy outperforms expectations. The labor market might continue to grow faster than expected, allowing the Federal Reserve to continue with their preferred pace of interest rate cuts. Quicker than anticipated resolutions to ongoing global conflicts would allow for a path towards lower energy prices and could strengthen consumer spending, business confidence, and investment.

Looking at possible downside risks, progress at reducing inflation could be reversed. Tariffs, both those imposed by the U.S. and any retaliatory tariffs imposed by other countries, could push prices higher, reigniting inflation, and pushing consumer spending lower than predicted in the December baseline scenario. Additionally, an escalation of the conflicts in Ukraine and/or in the Middle East could weigh heavily on businesses and households alike. Energy prices could rise well above the baseline forecast, causing declines in capital markets that would lead to tighter financial conditions. Tighter financial conditions could greatly affect business activity and credit-dependent consumer spending, including housing and vehicle purchases.

## DETAILED NEAR-TERM OUTLOOK

There are thousands of variables in the Moody's Analytics economic forecasts. OBM pays particular attention to a relatively small group of key variables that either summarize the broad economy or that are directly used in equations to forecast our General Revenue Fund tax revenues. The fiscal years 2025-2027 forecasts for those variables, along with the history for fiscal years 2022-2024, are summarized in Table 1, below.

**Table 1: U.S. and Ohio Key Variables in the Moody's Analytics December 2024 Baseline Forecast**

| <b>Output</b>                                  | <b>FY 2022<br/>Actual</b> | <b>FY 2023<br/>Actual</b> | <b>FY 2024<br/>Actual</b> | <b>FY 2025<br/>Estimate</b> | <b>FY 2026<br/>Estimate</b> | <b>FY 2027<br/>Estimate</b> |
|--|---------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| U.S. Real GDP                                  | 4.3                       | 1.5                       | 3.8                       | 2.6                         | 1.8                         | 1.6                         |
| Ohio Real GDP                                  | 2.8                       | 0.1                       | 3.3                       | 2.0                         | 1.2                         | 1.1                         |
| <b>Income</b>                                  |                           |                           |                           |                             |                             |                             |
| U.S. Nominal Personal Income                   | 3.9                       | 4.5                       | 7.2                       | 4.7                         | 4.6                         | 4.4                         |
| Ohio Nominal Personal Income                   | 2.1                       | 3.9                       | 7.2                       | 4.6                         | 4.3                         | 4.1                         |
| Ohio Nominal Wage and Salary Income            | 7.5                       | 4.3                       | 7.0                       | 5.1                         | 4.3                         | 3.8                         |
| <b>Employment</b>                              |                           |                           |                           |                             |                             |                             |
| U.S. Nonfarm Employment                        | 4.8                       | 2.5                       | 2.5                       | 1.3                         | 0.7                         | 0.3                         |
| Ohio Nonfarm Employment                        | 3.1                       | 1.7                       | 1.3                       | 1.0                         | 0.6                         | 0.1                         |
| U.S. Unemployment Rate (percentage)            | 4.2                       | 3.6                       | 3.8                       | 4.2                         | 4.1                         | 4.1                         |
| Ohio Unemployment Rate (percentage)            | 4.3                       | 3.9                       | 3.7                       | 4.5                         | 4.6                         | 4.6                         |
| <b>Prices</b>                                  |                           |                           |                           |                             |                             |                             |
| CPI (all items)                                | 6.7                       | 5.1                       | 3.9                       | 2.2                         | 2.4                         | 2.4                         |
| PCE Deflator, Less Food and Energy             | 4.9                       | 3.8                       | 4.4                       | 2.5                         | 2.2                         | 2.3                         |
| <b>Consumer Spending</b>                       |                           |                           |                           |                             |                             |                             |
| U.S. Real Personal Consumption Expenditures    | 6.0                       | 1.6                       | 3.1                       | 3.0                         | 2.3                         | 1.6                         |
| U.S. Nominal Personal Consumption Expenditures | 12.3                      | 6.1                       | 7.1                       | 5.3                         | 4.9                         | 4.1                         |
| U.S. Retail and Food Service Sales             | 12.5                      | 5.1                       | 3.5                       | 3.6                         | 4.1                         | 3.2                         |
| U.S. Light Vehicle Sales (millions of units)   | 13.42                     | 14.03                     | 15.58                     | 16.31                       | 16.84                       | 17.04                       |

\*Annual percent change unless otherwise noted

\*\*Fiscal year totals are averages of quarterly data

## **GENERAL REVENUE FUND TAX FORECAST**

The economic forecast and the variables in Table 1 are then used to project state revenue. OBM collaborated with the Department of Taxation to develop tax estimates for fiscal years 2025 through 2027. These estimates reflect the total GRF tax revenue expected to be generated each fiscal year, and therefore available to support GRF appropriations in the budget.

The Governor's budget conservatively anticipates total tax revenue of \$28.4 billion in current FY 2025, increasing by 1.8 percent over last year. The forecast then projects current law (or "baseline") tax revenues of \$29.6 billion in FY 2026, 4.1 percent over projected FY 2025, and \$30.6 billion in FY 2027, 3.2 percent over FY 2026.

Because the Executive Budget proposes various tax policy changes to take effect in the upcoming biennium, the GRF tax revenue forecast after applying these tax changes totals \$29.6 billion in FY 2026 and \$30.6 billion in FY 2027. Because of the fiscally responsible net impact of the proposed changes described below, the rounded total GRF tax revenue amounts with the policy changes are not different than the rounded current law revenue amounts. In essence, the budget's tax policy plan pays for itself.

I will summarize our forecasts for the most significant tax sources.

### **PERSONAL INCOME TAX**

The personal income tax revenue estimates entail two different collection components: employer withholding, and taxes derived from non-wage income. Additionally, refund payment estimates are incorporated into the overall income tax forecast.

OBM forecasts a 4.9 percent increase in GRF revenue from this source in current FY 2025. A reduction in refunds is the prime driver of the year's expected growth while withholding growth is muted due to the effects of the withholding rate reductions. Revenue growth is also expected during the upcoming biennium, with current law baseline revenue from this source increasing by 6.6 percent in FY 2026 and by 3.9 percent in FY 2027.

Our forecast for personal income tax revenues is impacted by proposed changes in the Governor's Executive Budget. The budget plan includes a proposed increase to the Local Government Fund (LGF), which is credited against GRF personal income tax revenue. Under current law, the LGF receives 1.7 percent of GRF tax revenues; the budget proposes to increase the percentage to 1.75 percent. As a result, the LGF will grow as state GRF tax revenues increase and will also grow due to the proposed percentage increase.



Governor DeWine also proposes to provide families a refundable tax credit of up to \$1,000 per young child, specifically children ages six and under. This will provide meaningful relief to ease the financial burden of raising a family, benefiting over 400,000 families across Ohio.

#### NON-AUTO SALES AND USE TAX

Non-auto sales tax revenues were unusually volatile earlier this decade. After increasing by only 1.2 percent in FY 2020, FY 2021 growth was a historically strong 12.5 percent, an outcome caused by both a suppressed FY 2020 base year and high consumer demand – especially for taxable goods. FY 2022 revenue growth remained elevated, at 7.2 percent. In contrast, growth rates in FY 2023 and FY 2024 greatly moderated, to 3.7 percent and 2.6 percent, respectively. The forecast anticipates modest growth during the current year and next two years, with revenues expected to increase 2.1 percent in FY 2025, 4.6 percent in FY 2026, and 3 percent in FY 2027.

The budget also increases the Public Library Fund (PLF). Under current statute, the PLF would receive 1.7 percent of GRF tax revenues. One-half of PLF funding is credited against GRF non-auto sales tax revenue (the other half is credited against GRF kilowatt-hour tax revenue). The budget proposes to increase the percentage to 1.75 percent. As a result, PLF will grow as state GRF tax revenues increase and, relative to continuing law, will also grow due to the funding percentage increase.

#### AUTO SALES TAX

After experiencing unique disruption early this decade, the motor vehicle market has greatly stabilized. Price pressures began to ease during 2023, especially in the used car market.

Although underlying demand for motor vehicles remains solid, unit sales are unlikely to show strong growth over the next several years and prices may remain relatively flat. The revenue forecast for this source anticipates revenue staying nearly even for FY 2025, followed by a conservative 2.4 percent increase in FY 2026 and 0.6 percent growth in FY 2027.

#### TAX POLICY

Governor DeWine's tax policy is focused on families. The child tax credit provision will save families \$450 million each year. The credit incentivizes employment by being tied to income: for each child of qualifying age, children through age six, the credit equals five percent of a household's adjusted gross income until reaching its \$1,000 maximum per child. Because the program is designed to assist those needing it the most, the credit begins to phase-out at designated income levels based on filing status (married joint filers, married separate filers, and single filers).

Governor DeWine's budget includes several additional tax provisions to protect our historic buildings, making our neighborhoods and downtowns more vibrant, attractive, and economically successful.

To further incentivize our communities to protect and preserve the historic buildings that make Ohio unique, the historic preservation tax credit annual maximum would be permanently doubled starting in FY 2026 – from \$60 million to \$120 million. The budget also creates a new income tax credit to assist owners of historic homes with the cost of rehabilitating these unique Ohio landmarks. Owner-occupants would be able to claim a credit equal to 25 percent of eligible rehabilitation costs.

Finally, the Governor's budget addresses a tax policy area deserving modernization: the tax rates imposed on cigarettes and other tobacco products, including vapor products. The policy changes provide a meaningful disincentive to consume harmful products. The cigarette tax rate was last changed in 2015 and the rate on other tobacco products has not changed since the tax was originally imposed on such products in 1993. The budget increases the cigarette tax rate by \$1.50 per pack, resulting in a \$3.10 per pack state cigarette tax. The tax rate on other tobacco products would increase to provide parity with the average tax on cigarettes. The budget also closes a hole in the law that allows noncombustible products containing nicotine, but not containing tobacco, to escape taxation; such products would become subject to the same rate as vapor products.

The table on the next page details the GRF tax revenue forecasts by tax category – both the baseline tax revenue forecast and the proposed forecast after the tax policy changes in the Executive Budget are incorporated.

**Table 2: Current and Proposed General Revenue Fund Tax Revenues**

**CURRENT LAW General Revenue Fund Tax Revenues**

**FY 2024 - 2027**

(dollars in millions)

|                             | Actual            | Estimated         | FY24-25      | Baseline          | FY25-26      | Baseline          | FY26-27      |
|-----------------------------|-------------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| <b>Tax Revenue Source</b>   | <b>FY 2024</b>    | <b>FY 2025</b>    | <b>% Chg</b> | <b>FY 2026</b>    | <b>% Chg</b> | <b>FY 2027</b>    | <b>% Chg</b> |
| Auto Sales and Use          | \$1,917.2         | \$1,907.0         | -0.5%        | \$1,952.0         | 2.4%         | \$1,963.0         | 0.6%         |
| Non-Auto Sales and Use      | 11,783.3          | 12,027.0          | 2.1%         | 12,578.0          | 4.6%         | 12,952.0          | 3.0%         |
| Personal Income             | \$9,519.3         | \$9,987.0         | 4.9%         | \$10,649.0        | 6.6%         | \$11,068.0        | 3.9%         |
| Commercial Activity Tax     | 2,366.0           | 2,180.0           | -7.9%        | 2,079.0           | -4.6%        | 2,214.0           | 6.5%         |
| Kilowatt Hour Tax           | \$284.5           | \$286.4           | 0.7%         | \$277.8           | -3.0%        | \$271.0           | -2.4%        |
| Foreign Insurance           | 402.1             | 422.9             | 5.2%         | 453.8             | 7.3%         | 482.2             | 6.3%         |
| Domestic Insurance          | \$349.7           | \$351.0           | 0.4%         | \$363.7           | 3.6%         | \$379.5           | 4.3%         |
| Cigarette and Other Tobacco | 750.4             | 703.5             | -6.3%        | 678.7             | -3.5%        | 654.9             | -3.5%        |
| Other Taxes                 | 571.9             | 578.0             | 1.1%         | 587.6             | 1.7%         | 597.3             | 1.7%         |
| <b>Total</b>                | <b>\$27,944.5</b> | <b>\$28,442.8</b> | <b>1.8%</b>  | <b>\$29,619.6</b> | <b>4.1%</b>  | <b>\$30,581.9</b> | <b>3.2%</b>  |

Note: FY 2026 and FY 2027 current law amounts do not include the Executive Budget tax policy proposals.

**PROPOSED General Revenue Fund Tax Revenues**

**FY 2024 - 2027**

(dollars in millions)

|                             | Actual            | Estimated         | FY24-25      | Proposed          | FY25-26      | Proposed          | FY26-27      |
|-----------------------------|-------------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| <b>Tax Revenue Source</b>   | <b>FY 2024</b>    | <b>FY 2025</b>    | <b>% Chg</b> | <b>FY 2026</b>    | <b>% Chg</b> | <b>FY 2027</b>    | <b>% Chg</b> |
| Auto Sales and Use          | \$1,917.2         | \$1,907.0         | -0.5%        | \$1,952.0         | 2.4%         | \$1,963.0         | 0.6%         |
| Non-Auto Sales and Use      | 11,783.3          | 12,027.0          | 2.1%         | 12,570.6          | 4.5%         | 12,943.9          | 3.0%         |
| Personal Income             | \$9,519.3         | \$9,987.0         | 4.9%         | \$10,184.3        | 2.0%         | \$10,605.7        | 4.1%         |
| Commercial Activity Tax     | 2,366.0           | 2,180.0           | -7.9%        | 2,079.0           | -4.6%        | 2,214.0           | 6.5%         |
| Kilowatt Hour Tax           | \$284.5           | \$286.4           | 0.7%         | \$270.4           | -5.6%        | \$262.9           | -2.8%        |
| Foreign Insurance           | 402.1             | 422.9             | 5.2%         | 453.8             | 7.3%         | 482.2             | 6.3%         |
| Domestic Insurance          | \$349.7           | \$351.0           | 0.4%         | \$363.7           | 3.6%         | \$379.5           | 4.3%         |
| Cigarette and Other Tobacco | 750.4             | 703.5             | -6.3%        | 1,112.7           | 58.2%        | 1,117.9           | 0.5%         |
| Other Taxes                 | 571.9             | 578.0             | 1.1%         | 587.6             | 1.7%         | 597.3             | 1.7%         |
| <b>Total</b>                | <b>\$27,944.5</b> | <b>\$28,442.8</b> | <b>1.8%</b>  | <b>\$29,574.1</b> | <b>4.0%</b>  | <b>\$30,566.4</b> | <b>3.4%</b>  |

Note: FY 2026 and FY 2027 proposed amounts include the Executive Budget tax policy proposals.

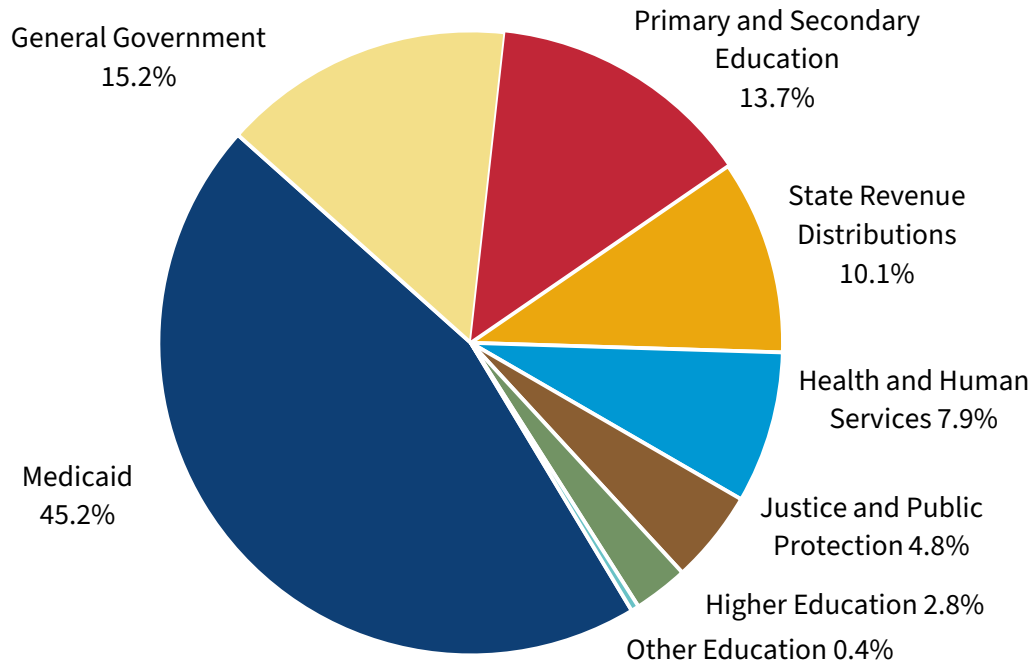
## **EXECUTIVE PRIORITIES FOR FY 2026-2027**

Mr. Chairman, I would now like to turn to the Governor's budget priorities. Recommended appropriations in the Executive Budget are made across 1,300 budget line items in 729 funds, which are grouped by similarity of purpose into 15 budget fund groups – the largest is the state General Revenue Fund, or GRF.

- The GRF receives the majority of the state's general-purpose tax revenues – including those sources that I have outlined today – and it is the most discretionary fund. While tax revenues make up the majority of the GRF, it also includes revenue that the state receives from the federal government as reimbursement for Medicaid.
- The next largest fund group is the Federal Fund group, which receives most of the funding that flows to the state from the federal government, such as grants from various federal agencies.
- Another notable fund group is the Dedicated Purpose Fund group, which includes revenue mostly from fees and fines – money that must be used for specific purposes outlined in statute.

The all-funds budget totals \$108.6 billion in FY 2026, an increase of about 2.9 percent from FY 2025 estimates, and \$110.7 billion in FY 2027, an increase of 1.9 percent from FY 2026. Figure 5 and Table 3 outline recommended appropriations from all funds, broken down by major category. The largest category in the all-funds budget is Medicaid, which accounts for about 45 percent, followed by General Government purposes, and K-12 Education.

**Figure 5: All Funds Appropriations, FY 2026-2027**

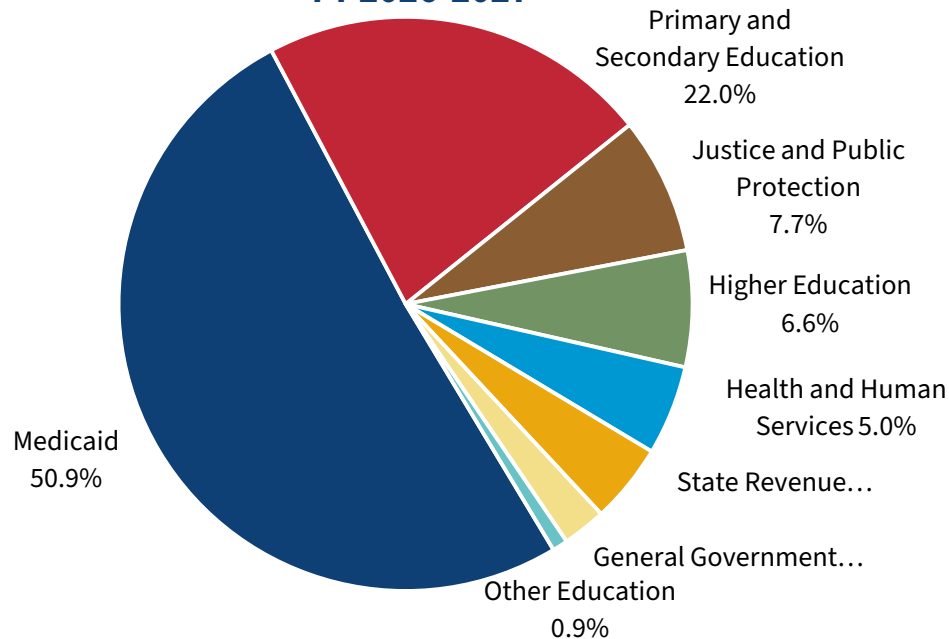


**Table 3: All Funds Appropriations (dollars in millions)**

| Function                        | FY 2025 Estimate | FY 2026 Executive | % Change    | FY 2027 Executive | % Change    | Total            |
|---------------------------------|------------------|-------------------|-------------|-------------------|-------------|------------------|
| Medicaid                        | \$43,873         | \$48,088          | 9.6%        | \$51,066          | 6.2%        | \$99,154         |
| General Government              | \$19,317         | \$17,715          | -8.3%       | \$15,555          | -12.2%      | \$33,270         |
| Primary and Secondary Education | \$15,341         | \$14,862          | -3.1%       | \$15,082          | 1.5%        | \$29,945         |
| State Revenue Distributions     | \$10,320         | \$10,959          | 6.2%        | \$11,109          | 1.4%        | \$22,069         |
| Health and Human Services       | \$8,226          | \$8,245           | 0.2%        | \$9,006           | 9.2%        | \$17,251         |
| Justice and Public Protection   | \$4,890          | \$5,121           | 4.7%        | \$5,403           | 5.5%        | \$10,524         |
| Higher Education                | \$3,065          | \$3,162           | 3.2%        | \$3,044           | -3.8%       | \$6,206          |
| Other Education                 | \$573            | \$465             | -18.9%      | \$437             | -6.1%       | \$901            |
| <b>Total</b>                    | <b>\$105,604</b> | <b>\$108,618</b>  | <b>2.9%</b> | <b>\$110,701</b>  | <b>1.9%</b> | <b>\$219,319</b> |

The total GRF recommendation, which includes federal Medicaid reimbursements deposited to the GRF, is \$44.7 billion in FY 2026, just 2.6 percent over FY 2025, and \$46.7 billion in FY 2027, 4.5 percent over FY 2026. Figure 6 and Table 4 visualize these figures. The vast majority of the appropriations are not for spending on state government. In fact, more than 87 percent are for subsidies and shared revenue payments to local partners, including schools, counties, cities, and other local governments, colleges and universities, hospitals, pharmacists, and more. Additionally, the top 10 GRF line items alone account for 83 percent of GRF spending, funding Medicaid, K12 education, higher education, Department of Rehabilitation and Correction institutional operations, and property tax reimbursements to local governments.

**Figure 6: Total General Revenue Fund Appropriations,  
FY 2026-2027**

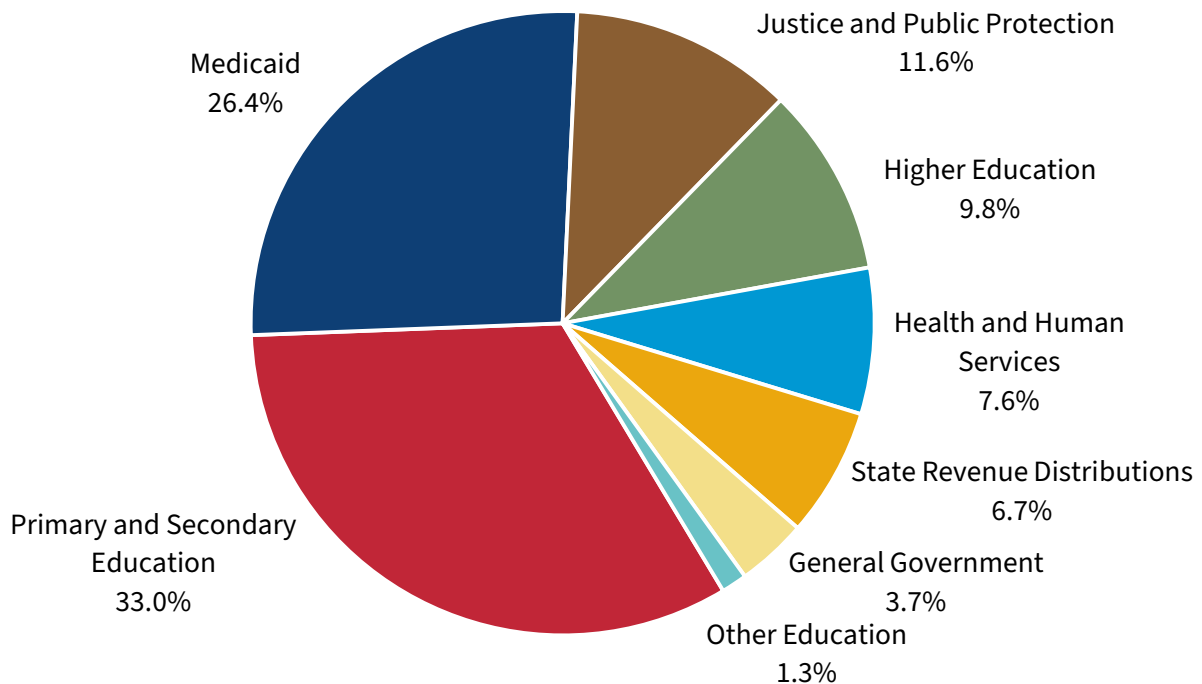


**Table 4: Total General Revenue Fund Appropriations (dollars in millions)**

| Function                        | FY 2025 Estimate | FY 2026 Executive | % Change    | FY 2027 Executive | % Change    | Total           |
|---------------------------------|------------------|-------------------|-------------|-------------------|-------------|-----------------|
| Medicaid                        | \$21,922         | \$22,403          | 2.2%        | \$24,040          | 7.3%        | \$46,443        |
| Primary and Secondary Education | \$9,783          | \$9,966           | 1.9%        | \$10,141          | 1.8%        | \$20,107        |
| Justice and Public Protection   | \$3,271          | \$3,431           | 4.9%        | \$3,611           | 5.3%        | \$7,042         |
| Higher Education                | \$2,961          | \$3,013           | 1.7%        | \$2,976           | -1.2%       | \$5,989         |
| Health and Human Services       | \$2,115          | \$2,303           | 8.9%        | \$2,304           | 0.0%        | \$4,608         |
| State Revenue Distributions     | \$1,886          | \$2,030           | 7.6%        | \$2,057           | 1.3%        | \$4,087         |
| General Government              | \$1,164          | \$1,095           | -5.9%       | \$1,138           | 3.9%        | \$2,234         |
| Other Education                 | \$432            | \$415             | -3.7%       | \$386             | -7.1%       | \$801           |
| <b>Total</b>                    | <b>\$43,534</b>  | <b>\$44,656</b>   | <b>2.6%</b> | <b>\$46,654</b>   | <b>4.5%</b> | <b>\$91,311</b> |

The state-only GRF budget – the most flexible, discretionary portion of the budget – totals \$30 billion in FY 2026, just 2.4 percent over FY 2025, and \$30.9 billion in FY 2027, 2.8 percent over FY 2026. As Figure 7 and Table 5 show, K-12 Education is the largest portion of our state-only GRF budget, accounting for 33 percent, followed by Medicaid, Justice and Public Protection, and Higher Education.

**Figure 7: State Only General Revenue Fund Appropriations,  
FY 2026-2027**



**Table 5: State Only General Revenue Fund Appropriations  
(dollars in millions)**

| Function                        | FY 2025 Estimate | FY 2026 Executive | % Change    | FY 2027 Executive | % Change    | Total           |
|---------------------------------|------------------|-------------------|-------------|-------------------|-------------|-----------------|
| Primary and Secondary Education | \$9,783          | \$9,966           | 1.9%        | \$10,141          | 1.8%        | \$20,107        |
| Medicaid                        | \$7,740          | \$7,795           | 0.7%        | \$8,275           | 6.2%        | \$16,070        |
| Justice and Public Protection   | \$3,271          | \$3,431           | 4.9%        | \$3,611           | 5.3%        | \$7,042         |
| Higher Education                | \$2,961          | \$3,013           | 1.7%        | \$2,976           | -1.2%       | \$5,989         |
| Health and Human Services       | \$2,115          | \$2,303           | 8.9%        | \$2,304           | 0.0%        | \$4,608         |
| State Revenue Distributions     | \$1,886          | \$2,030           | 7.6%        | \$2,057           | 1.3%        | \$4,087         |
| General Government              | \$1,164          | \$1,095           | -5.9%       | \$1,138           | 3.9%        | \$2,234         |
| Other Education                 | \$432            | \$415             | -3.7%       | \$386             | -7.1%       | \$801           |
| <b>Total</b>                    | <b>\$29,352</b>  | <b>\$30,048</b>   | <b>2.4%</b> | <b>\$30,889</b>   | <b>2.8%</b> | <b>\$60,938</b> |

Mr. Chairman, members of the Finance Committee, as I have demonstrated in the revenue discussion, our state is on firm financial footing. Businesses large and small are flocking to Ohio because they see what we see – Ohio is one of the best places to start and raise a family, to go to school, to find a job, start or grow a business, and to live and thrive.

When OBM works with the Governor to plan the Executive Budget, we begin as I have this morning, with the economic forecast. We then layer on models to project the available GRF tax revenues as I have discussed today. We estimate the resources available in each of the other federal, dedicated purpose, and all other funds, and we then craft the Governor's budget plan, ensuring that every one of those 729 funds are balanced. We confirm that revenues are available to support the priorities in the budget plan.

#### MAKING GOVERNMENT MORE EFFICIENT AND EFFECTIVE

Governor DeWine's budget prioritizes children, our workforce, Ohio communities, and our economy, and is focused on making state government more efficient and cost-effective. I would like to take a few moments to talk about our efforts to improve the efficiency of state government.

I mentioned earlier that Ohio currently has the highest possible credit ratings from all three rating agencies, and there is more good news about Ohio's debt and credit situation. During FY 2024-2025, the capital budget bill authorized OBM to transfer available cash from the GRF to support projects instead of issuing long-term debt. The savings achieved from using cash is estimated to save taxpayers \$1.3 billion in interest costs over the next 20 years. At the same time, Ohio was paying off existing debt obligations. By the end of calendar year 2024, the total outstanding debt had fallen by \$3 billion, or 30 percent. What's more, outstanding debt as a percentage of annual personal income was 1.04 percent – the lowest level going back to 1980 when our earliest records start. As a measure of debt per capita – and adjusting for inflation – Ohioans are paying less now on a per person basis towards state GRF-supported debt than at any point in the past four and a half decades.

And our state agencies are focused on efficiencies – just a few examples:

- The Bureau of Motor Vehicles' Get-In-Line-Online virtual queuing system saved Ohioans more than 684,000 hours of wait time since its launch in 2019.
- The Department of Administrative Services continues to implement the comprehensive electronic procurement system, increasing competition in state purchases which saved \$21 million in fiscal year 2024.
- The Department of Behavioral Health deployed a new electronic health record system, which allows the doctors and nurses in our psychiatric hospitals to view real-time



information, shortening admission processes, and increasing the number of patients that can be seen per day.

- Using advanced data analytics, our OBM team, working with InnovateOhio, identified more than \$9.4 million in duplicate payments since the tool was implemented in 2019, and worked with agencies to recoup the funds.
- The Ohio Department of Children and Youth was created in the last state operating budget to make Ohio the best place in the nation to raise a family. A year into combining functions and programs from six different state agencies, the Department has streamlined eligibility processes for childcare and state preschool programs, expanded available services, and increased early identification resources, more efficiently and effectively serving children and families across our state.
- Looking at higher education, this budget creates a Strategic Square Footage Reduction fund, to make revolving loans to state institutions of higher education to enable the voluntary reduction of physical square footage – eliminating unusable square footage and reducing annual maintenance and upkeep costs.
- Since 2023, the Common Sense Initiative and state agency partners have collaborated to remove more than 930 Ohio regulations that provided no value as part of the Cut the Code initiative. As a result of these deletions and other streamlining efforts already completed, approximately 2.3 million words of Ohio regulations have been eliminated, and this budget includes proposals to take out another 2.3 million words and 3,200 total rules.

In my remaining moments today, I will discuss highlights of our future-focused budget plan.

## FOCUS ON CHILDREN AND FAMILIES

Everyone agrees that Ohio's children are our future – Ohio cannot continue to grow into a prosperous state without investing in our kids. Governor DeWine's administration has worked to improve our families' lives by coordinating important agency initiatives such as evidence-based home visiting services, quality childcare, mental health programming, and foster care system reforms.

The Governor's last budget took the bold step of creating a new cabinet-level agency, the Department of Children and Youth, to place a greater focus on improving our communities for children and families. This budget builds upon the successes realized in the transition to the new agency by continuing to invest in key effective programs:

- \$149 million over the biennium is recommended for Help Me Grow, Ohio's evidence-based home visiting program, to encourage prenatal and well-baby care, and parenting education to promote comprehensive health and child development. This includes expansion of the Family Connects program statewide, providing a free, in-home nurse visit for families with newborns, supporting new families through a critical transition and setting them up to thrive through the child's whole life. In FY 2024, Help Me Grow reached over 11,000 families with over 170,000 total visits completed, a 9% increase over the previous year.
- The budget plan continues support for childcare for families up to 200 percent of the federal poverty level through publicly funded childcare and the Childcare Choice Voucher program. This supports the industry and its workforce, which will increase access and ease the financial burden on low-income working parents and caregivers struggling to provide adequate childcare.
- One-time payments to adoptive parents help defray the cost of adoption. The budget supports grants of at least \$10,000 to parents who adopt, with additional incentives for fostering to adopt and adopting a child with special needs.

One of Governor DeWine's major focuses is children's literacy. The Governor and First Lady thank you for your support of the Dolly Parton Imagination Library of Ohio, which provides a free book each month to children from birth to age five. Thanks to our work together, over 60 percent of Ohio young children are now enrolled.

In addition to making sure our kids get a great start in life, the Executive Budget supports families to ensure we all can thrive. A key priority is behavioral health. Governor DeWine's administration is dedicated to ensuring that those living with mental illness and substance use disorders, including Ohio's most vulnerable populations, receive effective treatment and long-term recovery supports, so that they can lead productive, healthy lives. First and foremost, this budget seeks to make behavioral health services visible, accessible, and effective, promoting positive changes in current mental health trends. This budget will invest \$2.6 billion over the biennium to build and support a behavioral health system to treat Ohioans early and in their communities.

Key mental health priorities in the Governor's budget include:

- Prioritizing the development of comprehensive, timely crisis services that are available to individuals of all ages, ensuring communities have the support they need in times of crisis. The budget invests \$73 million over the biennium in key initiatives such as the 988 Suicide and Crisis Lifeline, where compassionate, accessible care and support is available for anyone experiencing mental health distress or for those concerned about a loved one who may need crisis support.

- Investing in Ohio's youth and communities with more than \$130 million over the biennium to expand Youth Mobile Response and Stabilization Services (MRSS) to all 88 counties in Ohio. Mobile Response Stabilization Services provide youth, aged 20 and under, with structured face-to-face behavioral health crisis intervention and support.
- Implementation of resiliency-focused prevention in Ohio's schools. The Department of Behavioral Health will provide evidence-based prevention curricula for each grade band free of charge to Ohio's public schools.

The health of Ohioans directly impacts their ability to raise their families and contribute to our workforce and economy.

Governor DeWine's budget invests \$25 million to support the Public Health Laboratory, which performs newborn screening, alcohol and drug testing, rabies testing, and bioterrorism response.

The negative health effects of smoking on Ohioans take an enormous toll on our families and on our health care system. Every year there are approximately 480,000 deaths caused in the United States due to tobacco, over 20,000 each year in Ohio. Smoking also puts an enormous cost on our families, our state budget, and on employers – \$6.56 billion annually is spent on health care costs in Ohio due to smoking, \$1.85 billion in Medicaid costs are tied to smoking, a drag on our budget and our state's economy.

Our children are at risk – nearly one-third of high school students in Ohio use e-cigarettes, which can lead to smoking. Over 1,600 kids in Ohio become new daily smokers each year. Governor DeWine's budget is focused on reversing that trend by providing \$20 million to the Tobacco Use Prevention and Cessation program.

With \$6.4 million over the biennium, this budget ensures that technology is considered as part of all service support plans for people with developmental disabilities. Making technology-based supports available will help Ohioans with developmental disabilities to experience life more fully integrated into communities.

People with disabilities are valuable members of our workforce and this budget ensures that Ohio maximizes available federal funding for vocational rehabilitation services, providing vocational training, mental and physical restoration, and placement assistance to more than 43,000 Ohioans with disabilities per fiscal year. This funding ensures that underserved populations, including high school and college students with developmental disabilities, receive the services they need to be productive in our workforce. In federal FY 2024, more than 5,000 Ohioans with disabilities that participated in vocational rehabilitation services found employment. The average hourly wage for Ohioans with disabilities was \$16.60, a 5.8 percent increase compared to the prior year.

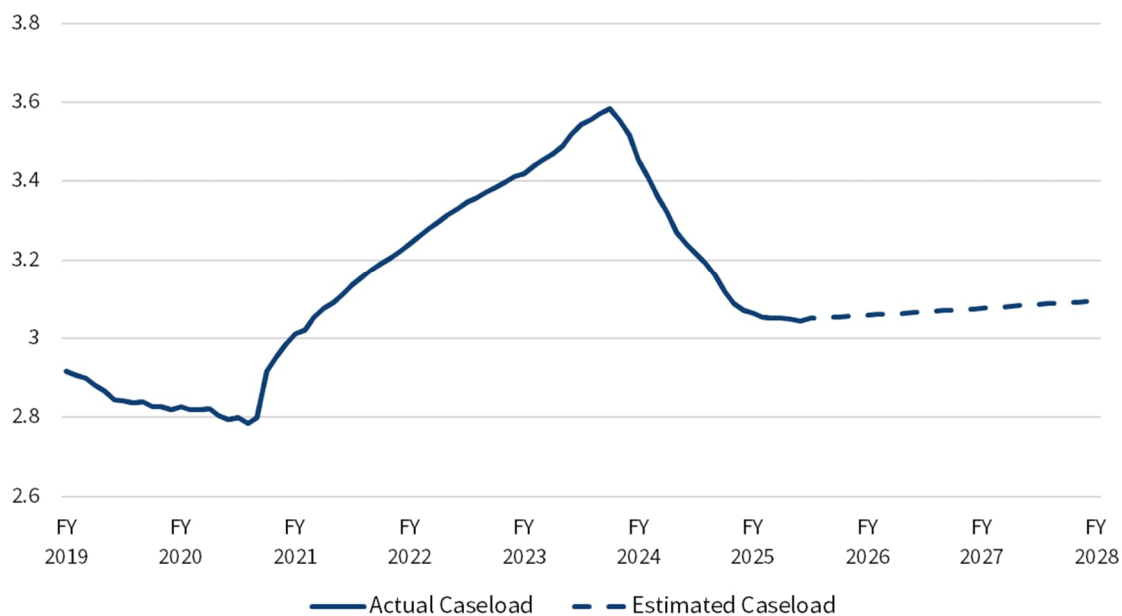
In further support of Governor DeWine’s health initiatives, this budget includes \$42.3 billion in FY 2026 and \$45 billion in FY 2027 for the Department of Medicaid. The majority of this funding is federal – the recommended state-only GRF appropriation for the Department of Medicaid is \$6.5 billion in FY 2026 and \$7 billion in FY 2027.

While the majority of Medicaid spending occurs through the Department of Medicaid, significant spending also occurs through seven partner agencies: the Departments of Aging, Behavioral Health, Children and Youth, Developmental Disabilities, Health, Job and Family Services, and Education and Workforce. The recommended all-funds appropriations for the Medicaid program, including partner agencies, totals \$48.1 billion in FY 2026 and \$51.1 billion in FY 2027.

More than three million Ohioans are currently served through Medicaid. Ohio’s Medicaid enrollment decreased by roughly 400,000 between July 2023 and December 2024, but is forecasted to increase slightly by 50,000 by the end of FY 2027. The caseload increase is expected to primarily occur among the aging Medicaid-eligible population and is a notable cost driver of the budget.

**Figure 8**

**Medicaid Caseload - Actual and Forecast  
(Enrollment in Millions)**



About 75 percent of total Medicaid claims last year were from four provider types: Hospital claims totaled \$7.3 billion, Pharmacy claims totaled \$6.3 billion, Waiver Home Health/Private Duty Nursing claims totaled \$4.1 billion, and Nursing Facilities claims totaled \$3.1 billion.

The Governor's budget includes Medicaid program priorities to increase efficiency and accountability by:

- Implementing an Expansion Group (Group VIII) work requirement to ensure that only working adults will be eligible for services under this eligibility category.
- Utilizing the "lower bound" projection for the managed care program for FY 2026-2027.

#### FOCUS ON OHIO'S WORKFORCE FOR THE FUTURE

Ohio is quickly becoming the go-to home for companies with state-of-the-art facilities and manufacturing capabilities that create products on the cutting edge. Businesses are investing in Ohio because of our stability, our location, and our resources, including the promise of a dedicated workforce trained to operate and manufacture high-tech products. We also have increased demand for employees in healthcare and other vital industries. Opportunities are abundant in Ohio today – when I checked this past weekend, we had over 148,000 jobs available on OhioMeansJobs – and almost 100,000 of those jobs (97,477) come with a salary of over \$50,000 per year. For our economy to grow, we must continue to focus on building an educated, highly trained, innovative workforce and we must ensure that every Ohioan has the skills for the in-demand jobs available today and that each of us continues to upskill for the future.

Governor DeWine's budget prioritizes access to our two- and four-year universities. Through the efforts of the Department of Higher Education, this budget will make college and job skills training attainable for more Ohioans.

Importantly, this budget prioritizes higher education access for students by continuing funding for the Ohio College Opportunity Grant (OCOG), significantly improving student affordability and access to higher education and providing financial assistance only to Ohio residents with the highest levels of financial need.

Further, Governor DeWine's budget provides additional investments in our economic future:

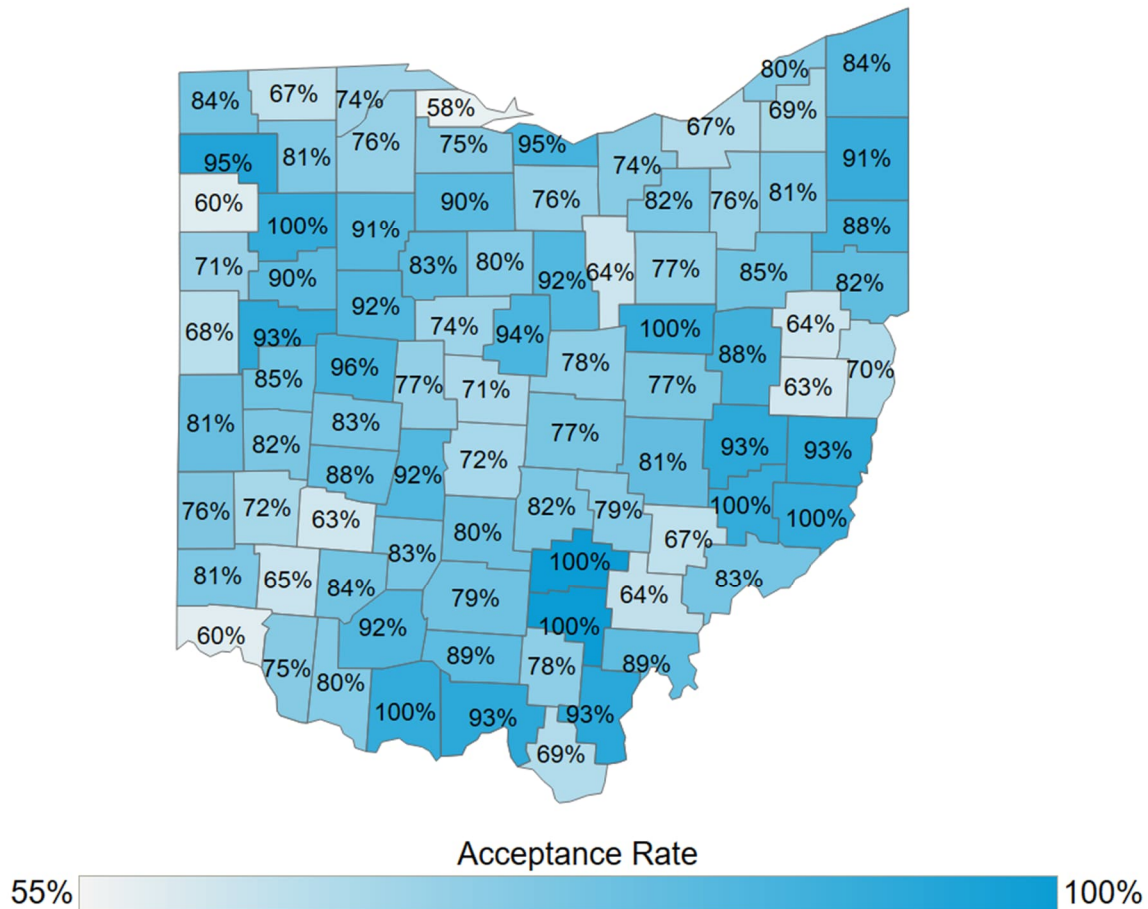
- We continue funding years two and three of the Governor's Merit Scholarship, awarding \$5,000 scholarships - for four years of full-time enrollment at an Ohio higher education institution - to every student in the top five percent of their high school graduating class. This critical investment in Ohio's future encourages high-achieving high school graduates to remain in Ohio to pursue their post-secondary studies. In its inaugural year, Ohio's graduating high school class of 2024 included 6,250 students eligible for the Governor's Merit Scholarship. Of these eligible students, roughly 76 percent accepted the scholarship to attend an Ohio college or university beginning fall 2024. Prior to the Governor's Merit Scholarship, the historical average was

approximately 60 percent of top achieving high school graduates who stayed in Ohio to attend college. Preliminary data show that 87 percent of nominated students have accepted the Merit Scholarship for the fall of 2025. That number will be refined after May 1<sup>st</sup> with university acceptance decisions.

- The budget will also guarantee admission to any state institution of higher education for high school graduates in the top ten percent of their graduating class, and requires that any recipient of the Governor's Merit Scholarship be entitled to admission at any state higher education campus.

### Figure 9

## Governor's Merit Scholarship Acceptance Rate (For enrollment in fall 2024, by county)



- The Choose Ohio First Scholarship will receive \$34 million in FY 2026 and \$36 million in FY 2027. These scholarships are part of the strategic effort to deepen Ohio's economic strength by developing talent in STEM related fields, including health professions.

- The State Share of Instruction institutional subsidy, providing essential operating funds to Ohio's state supported colleges and universities, will implement a post-graduation employment outcomes component within the formula to prioritize employment outcomes of graduates.

The best way to ensure our children can grow to reach their full potential is to provide access to a quality education.

Through the Department of Education and Workforce, the Governor's budget will:

- First and foremost, invest \$23.4 billion over the biennium to support students, schools, and districts with increased funding through the K-12 school funding formula and school choice options. This record investment continues the phase-in of the school funding formula implemented in FY 2022, funding students where they are educated and increasing investment in economically disadvantaged students and pupil transportation programs, while also beginning to phase out the funding of empty desks in schools with decreasing enrollment by reducing funding guarantees.
- Provide grants to help school districts invest in school bus safety features, increase annual bus driver training to six hours, and expand access to advanced driver training. Governor DeWine convened the Ohio School Bus Safety Working Group, and the budget includes \$34 million to implement several of their recommendations.
- Create the Principal Apprenticeship Program with \$5 million per year to prepare and develop school principals by learning under veteran principals so they are ready to face the challenges of school leadership.
- Increase per-pupil funding, from \$1,000 to \$1,500, to support brick and mortar community schools through the Community School Facilities program, while maintaining Quality Community School Support and also providing support for economically disadvantaged students. These funds will help successful charter schools build the capacity to serve more Ohio students.
- Continue to improve student literacy by providing literacy coaches in schools and districts with the lowest reading proficiency and ensuring that all schools are using high-quality curriculum aligned with the science of reading.
- Bring driver's education back to our high schools through the new Driver Training in Schools Grant Program. Grants administered by the Department of Public Safety will allow schools to provide Ohio's students with driver training opportunities to ensure that every Ohio student can obtain their driver's license and operate a vehicle safely. School is the logical – and most accessible – place for teens to learn how to drive

safely. Our budget proposal helps schools partner with independent driver training academies or start their own driver training programs to make this training affordable for families and bring it directly to students.

Career technical centers throughout the state provide valuable training and credentialing to those pursuing high-wage jobs that do not require a college degree. Ohio has high-paying jobs available for in-demand careers. However, school districts face barriers to expanding and establishing programs to fill that need.

The Governor's budget continues to prioritize workforce readiness for K-12 students by investing \$7 million each fiscal year to award competitive grants to Tech Prep Regional Centers that serve as the liaisons to Ohio's 91 career-technical planning districts, 23 community colleges and 14 universities to ensure high-quality career-technical education programs for students.

#### FOCUS ON OUR COMMUNITIES

Our unique communities make Ohio special, and Governor DeWine's budget creates attractive economic environments that will allow businesses to provide good paying jobs, to protect our diverse natural resources, to preserve and sustain our farmlands that feed our country, and to provide for affordable housing for families.

The Governor's Executive Budget will take bold steps to advance our communities:

- \$100 million will support the expansion of affordable housing in rural and border counties where economic development projects are creating demand for Ohio workers. This new program will develop the infrastructure for single family and multi-family housing in rural and border communities, building on the successes Ohio, and neighboring states, have had in attracting companies to the Midwest.
- \$25.2 million in each fiscal year will continue the successful TechCred program, which provides support to employers looking to upskill their workforce by earning industry-recognized credentials. Since 2019, over 120,000 credentials have been awarded through TechCred and nearly 3,500 employers have been awarded the opportunities to upskill or reskill their workforces.
- A total of \$49 million in each fiscal year will keep Ohioans safe while on the job – with \$34.3 million in grants for employers to purchase safety equipment, and \$14.7 million for the Workforce Safety Innovation Center that prioritizes the development of new protective equipment.

H2Ohio is a comprehensive, data-driven approach to improving our water quality over the long term. Concerted efforts by the Departments of Agriculture and Natural Resources, the



Ohio Environmental Protection Agency, and the Lake Erie Commission ensure safe and clean water for all Ohioans.

The four main components of the program include: agriculture best management practices; wetland creation, restoration, and enhancement; water infrastructure improvements; and coordination, analysis, and accountability. This budget invests \$135 million each year for H2Ohio to continue this successful initiative. Water is crucial for Ohio's economic future and our state is leading by protecting this resource. This funding also continues to support the H2Ohio Rivers initiative. Under the H2Ohio Rivers Initiative the Department of Natural Resources protects streamside habitats, monitors aquatic species, and repairs streams impacted by acid mine drainage.

The budget also addresses the limited supply of tree seedlings with the continued development of the Buckeye State Tree Nursery to help meet growing demand. The facility will produce at least 500,000 seedlings in the first full year of operation and up to one million seedlings per year after three to four years. This will allow Ohio to reduce its dependency on other states for tree seedlings.

Governor DeWine understands the importance of safeguarding Ohio's resources, technology infrastructure, and data against bad actors. While serving as Ohio's attorney general, Governor DeWine created CyberOhio to coordinate and guide Ohio's cybersecurity efforts across all state executive branch agencies. This budget further invests in bolstering cybersecurity at the state and local levels by providing \$15 million for grants to local governments and water systems for cyber risk assessments and to implement safeguards in the most vulnerable sectors to ensure we are prepared and resilient in the face of ongoing, continuous cyber threats.

Throughout his career as a public servant, Governor DeWine devoted himself to improving the safety of communities by prioritizing our law enforcement and ensuring our justice system works efficiently and fairly for all citizens. This budget continues the Governor's mission to ensure our first responders and judicial system have the tools they need.

This budget will:

- Deliver peace officer training to state and local Ohio law enforcement agencies, including construction and renovation of state-of-the-art facilities for peace officer training.
- Reimburse local law enforcement agencies for continuing professional training.
- Allocate \$21 million over the biennium to continue the reduction of the standard local fees for the Multi-Agency Radio Communication System (MARCS). MARCS provides state-of-the-art wireless digital communications allowing approximately 2,500 public safety and public service agencies to easily communicate and coordinate across different entities.
- Complete the build out of the Next Generation 9-1-1 infrastructure necessary for critical access to voice, text, and data used to support emergency responders. Harrison, Monroe, and Washington counties have now fully implemented the Next Generation 9-1-1 system, and the remaining seven counties in the pilot program will be fully connected by early spring. Following the completion of the pilot, the program will begin connecting the 9-1-1 call centers in the remaining 78 counties.
- Provide \$4.5 million over the biennium to phase in the operations of a new youth community corrections facility. This will serve as an additional alternative to committing youth to a state juvenile correctional facility.
- Invest \$23 million to support opening a new mental health facility in Marion for Ohio's incarcerated population. This will serve high acuity patients and establish a facility with multiple levels of care.
- Devote \$2.6 million to support Ohio's volunteer firefighters by waiving certain fees at the State Fire Marshal's Fire Academy, awarding grants for equipment and training, and increasing the amount of leave an employee can use to attend fire-fighting service training. During FY 2024, the State Fire Marshal trained over 14,000 firefighters across 700 course offerings.

## **CONCLUSION**

Ohio truly is the Heart of it All. Continuing to invest in kids and our families with quality childcare and excellent K-12 schools, developing our mental health system to be the best in the country so we can help those most at risk to addiction and mental health issues, and developing our workforce ensures that every Ohioan is an independent and productive member of our community. This budget focuses on building a strong economy for today and for future generations.

Mr. Chairman, members of the Finance Committee, thank you for this opportunity to provide this overview of Governor DeWine's FY 2026 -2027 Executive Budget. This is a budget focused on investing in Ohioans and on delivering results.

I know that each of the members of Governor DeWine's cabinet looks forward to joining this Committee and other Committees in the upcoming days and weeks as you examine the budget in detail during your hearings.

I will close this morning by thanking Governor DeWine and his staff, members of the Governor's cabinet, the fiscal teams at our agencies, boards, and commissions, and especially the team at OBM who worked for months to put together the balanced budget that I have had the honor to present to you today. I also thank each of you in advance for your time and work on the budget – it is a critical service that you provide to each and every Ohioan, and I appreciate your partnership throughout the process.

Thank you for your time and consideration this morning. I am happy to answer any questions that you have.

**Table 6: Actual and Estimated General Revenue Tax Revenues**  
**FY 2022 – 2027**

| Revenue Source                                | Actuals         |                 |                 | Estimates       |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | FY 2022         | FY 2023         | FY 2024         | FY 2025         | FY 2026         | FY 2027         |
| Auto Sales and Use                            | 1,949.0         | 1,994.6         | 1,917.2         | 1,907.0         | 1,952.0         | 1,963.0         |
| Non-Auto Sales and Use                        | 11,080.6        | 11,488.6        | 11,783.3        | 12,027.0        | 12,570.6        | 12,943.9        |
| <b>Subtotal Sales and Use</b>                 | <b>13,029.6</b> | <b>13,483.1</b> | <b>13,700.5</b> | <b>13,934.0</b> | <b>14,522.6</b> | <b>14,906.9</b> |
| Personal Income                               | 10,752.2        | 10,797.2        | 9,519.3         | 9,987.0         | 10,184.3        | 10,605.7        |
| Corporate Franchise                           | 0.7             | 0.1             | 0.2             | 0.1             | 0.0             | 0.0             |
| Financial Institutions Tax                    | 202.8           | 239.2           | 204.9           | 212.7           | 217.0           | 221.3           |
| Commercial Activity Tax                       | 1,995.5         | 2,151.9         | 2,366.0         | 2,180.0         | 2,079.0         | 2,214.0         |
| Petroleum Activity Tax                        | 9.3             | 15.9            | 13.2            | 12.3            | 12.0            | 11.6            |
| Public Utility                                | 156.3           | 182.9           | 170.3           | 175.9           | 181.2           | 186.6           |
| Kilowatt Hour Tax                             | 291.4           | 278.3           | 284.5           | 286.4           | 270.4           | 262.9           |
| Natural Gas Consumption                       | 69.0            | 67.8            | 65.9            | 60.6            | 60.0            | 59.4            |
| Foreign Insurance                             | 328.4           | 362.8           | 402.1           | 422.9           | 453.8           | 482.2           |
| Domestic Insurance                            | 312.6           | 386.7           | 349.7           | 351.0           | 363.7           | 379.5           |
| Business and Property                         | 0.4             | 0.5             | 0.2             | 0.4             | 0.4             | 0.4             |
| Cigarette                                     | 884.6           | 827.4           | 750.4           | 703.5           | 1,112.7         | 1,117.9         |
| Alcoholic Beverage                            | 61.7            | 64.5            | 60.7            | 60.5            | 61.0            | 61.5            |
| Liquor Gallonage                              | 57.9            | 57.3            | 56.6            | 55.5            | 56.0            | 56.5            |
| Estate  | 0.1             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| <b>Total of Tax Revenue</b>                   | <b>28,152.5</b> | <b>28,915.7</b> | <b>27,944.5</b> | <b>28,442.8</b> | <b>29,574.1</b> | <b>30,566.4</b> |
| <b>Non-Tax Revenue</b>                        |                 |                 |                 |                 |                 |                 |
| Earnings on Investments                       | 52.8            | 304.5           | 454.3           | 300.0           | 250.0           | 250.0           |
| Licenses and Fees                             | 99.2            | 117.1           | 126.6           | 135.0           | 135.0           | 135.0           |
| Other Income                                  | 175.3           | 140.3           | 145.8           | 118.3           | 105.0           | 105.0           |
| Interagency Transfers                         | 225.9           | 85.5            | 0.8             | 27.9            | 10.0            | 10.0            |
| <b>Total of Non-Tax Revenue</b>               | <b>553.2</b>    | <b>647.4</b>    | <b>727.5</b>    | <b>581.2</b>    | <b>500.0</b>    | <b>500.0</b>    |
| <b>Transfers</b>                              |                 |                 |                 |                 |                 |                 |
| BSF Transfer                                  | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| Transfers In - Other                          | 57.1            | 20.7            | 15.4            | 527.8           | 879.0           | 190.3           |
| Transfers In - Temporary                      | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| <b>Total Transfers</b>                        | <b>57.1</b>     | <b>20.7</b>     | <b>15.4</b>     | <b>527.8</b>    | <b>879.0</b>    | <b>190.3</b>    |
| <b>Total Sources Excluding Federal Grants</b> | <b>28,762.8</b> | <b>29,583.8</b> | <b>28,687.3</b> | <b>29,551.9</b> | <b>30,953.1</b> | <b>31,256.7</b> |
| <b>Federal Grants</b>                         |                 |                 |                 |                 |                 |                 |
| Federal Grants                                | 11,897.3        | 12,931.4        | 12,645.7        | 14,121.4        | 14,499.8        | 15,648.0        |
| <b>Total Sources</b>                          | <b>40,660.2</b> | <b>42,515.2</b> | <b>41,333.0</b> | <b>43,673.3</b> | <b>45,452.9</b> | <b>46,904.7</b> |