

OHIO Budget Report Card



OHIO WAS ONE OF SIXTEEN states that failed to earn a top A average in any of the five budgetary categories studied in fiscal 2015 through 2019.

In budget maneuvers—the use of one-time actions to achieve balance—the state’s B average resulted from tactics in 2018 that included transferring money from special funds into the general fund and using \$14.3 million of collections from a tax amnesty program to cover recurring expenditures.

While Ohio was like thirty-seven other states in earning a B average in transparency, its production of regular reports on tax expenditures was especially noteworthy. While most states create such reports, Ohio’s included an unusual amount of detail, including clear explanations, historical data, and comparative information

on tax exemptions, deductions, credits, and exclusions.

The state averaged a C in legacy costs, including public worker pensions and other postemployment benefits (OPEB), primarily health care. While it consistently provided annual pension contributions on an actuarially recommended basis, it did not do the same for OPEB. Still, Ohio set aside \$12.6 billion for future retiree health costs, leaving its OPEB plan 47.8 percent funded at the end of fiscal 2019. Its 2019 pension funding ratio was 78 percent, 7 percentage points above the total for all states.

Ohio’s lowest grade, D, was in budget forecasting. The state failed to project revenues or expenditures beyond the budgetary biennium and was among twenty-one states that lacked a consensus revenue forecasting process.


EAST NORTH CENTRAL STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Illinois	C	D	D-	D	B
Indiana	C	A	B	A	C
Michigan	B	B	C	A	B
Ohio	D	B	C	C	B
Wisconsin	D	B	A	B	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preparing for the Storm* at VolckerAlliance.org. © 2021 VOLCKER ALLIANCE INC.


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BUDGET FORECASTING							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	D	D	D	D	D						
Consensus Revenue Forecasts	X	X	X	X	X						
Multiyear Expenditure Forecasts	X	X	X	X	X						
Multiyear Revenue Forecasts	X	X	X	X	X						
Revenue Growth Projections	✓	✓	✓	✓	✓	●	●	●	●	●	
5-YEAR AVERAGE						D					

BUDGET MANEUVERS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	B	B	B	D	A						
Deferring Recurring Expenditures	✓	✓	✓	✓	✓					●	
Revenue and Cost Shifting	X	X	X	X	✓	●	●	●			
Funding Recurring Expenditures with Debt	✓	✓	✓	X	✓						
Using Asset Sales and Up-Front Revenues	✓	✓	✓	X	✓				●		
5-YEAR AVERAGE						B					

LEGACY COSTS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	C	C	C	C	C						
Public Employee OPEB Funding	X	X	X	X	X						
Public Employee Pension Funding	✓	✓	✓	✓	✓	●	●	●	●	●	
Public Employee Pension Funded Ratio*	75%	71%	78%	74%	78%						
5-YEAR AVERAGE						C					

RESERVE FUNDS							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	C	C	C	C	C						
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓						
Reserve Funds Disbursement Policy	X	X	X	X	X						
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓	●	●	●	●	●	
Reserves Tied to Revenue Volatility	X	X	X	X	X						
5-YEAR AVERAGE						C					

TRANSPARENCY							TREND				
	2015	2016	2017	2018	2019	'15	'16	'17	'18	'19	
 CATEGORY GRADE	B	B	B	B	B						
Consolidated Budget Website	✓	✓	✓	✓	✓						
Provides Debt Tables	✓	✓	✓	✓	✓	●	●	●	●	●	
Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X						
Discloses Tax Expenditures	✓	✓	✓	✓	✓						
5-YEAR AVERAGE						B					

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg.

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