



STATEHOUSE REPORT

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Governor introduces budget proposal, text to be introduced next week

On Monday, Governor Mike DeWine held a press conference announcing the Executive Budget. This is the first step in the budget process, which will culminate in the signing of a finished two-year operating budget in late June. While the budget is far from final, inclusion of policies in the Executive Budget is often a vital component of inclusion in the final budget.

Materials on the proposal, including the Blue Book, Highlights, fact sheets, and the latest Tax Expenditure Report, can be found on the [Governor's website](#).

This week, the following agencies provided budget testimony:

- [Department of Medicaid](#)
- [Department of Children and Youth](#)
- [Department of Job and Family Services](#)
- [Auditor of State](#)
- [Department of Rehabilitation and Correction](#)

CCAO's top priorities for this budget cycle are bolstering Ohio's child welfare system, reforming and fully funding the indigent defense system, supporting county jail construction and renovation, continuing the rollout of NG 9-1-1, and increasing access to child care.

Children Services

The budget proposal includes a \$25 million increase in SFY 2026 and a \$30 million increase in SFY 2027 in the State Child Protection Allocation (SCPA). These funds go directly to county public children services agencies for placement costs of children in foster care. Statewide placement costs rose 68 percent between 2020 and 2024, and this investment will help counties meet the challenge of paying appropriate placements.

Additionally, the budget includes \$20 million in SFY 2026 and \$10 million in SFY 2027 to assist communities in starting child wellness campus. These are one-time funds and will be

available regionally and to the major metro areas. The child wellness campuses would provide short-term treatment and care for multi-system youth at risk of custody relinquishment or in PCSA custody and unable to access timely, appropriate placements.

In addition to funding, CCAO has asked for transparency and stability in placement costs. During a presentation on Monday, DCY Director Kara Wentz shared the budget will include language that authorizes the Department to issue a Request for Proposal (RFP) to establish statewide rates for placement and care of children eligible for foster care maintenance payments. A statewide RFP is intended to provide price transparency for placement options.

Indigent Defense

The budget includes funding for the Northwest Regional Hub pilot program to administer the indigent defense system in Allen, Hardin, and Putnam counties. This pilot program was a recommendation of two different task forces that studied the indigent defense system in recent years. The pilot program will provide a basis for potential expansion of direct state administration of the system in future budget cycles.

Unfortunately, the budget also provides only a negligible increase to the county reimbursement appropriation items (\$800,000 in SFY 2026 and \$5.2 million in SFY 2027). The Ohio Public Defender's estimate for the reimbursement rate for the remainder of the current state fiscal year is 78%. With no change to the reimbursement appropriation, next year's reimbursement rate will likely decrease.

The agency requested the reimbursement items to total \$240 million in SFY 2026 and \$252 million in SFY 2027. In its budget request, OPD estimated three scenarios to show the reimbursement rate that would result from potential total system costs. Since OPD provided these estimates, it is fair to say that the agency thinks total system costs at these levels are reasonable estimates. The table below contains these scenarios with both the funding level the agency requested, and the funding provided in the Governor's proposal.

SFY 2026 Reimbursement Rate Scenarios		
Total System Cost Scenario	OPD Request (\$240M)	Governor's Proposal (\$197M)
Scenario I (\$252M)	95%	78.0%
Scenario II (\$258M)	93%	76.2%
Scenario III (\$264M)	91%	74.5%

SFY 2027 Reimbursement Rate Scenarios		
Total System Cost Scenario	OPD Request (\$252M)	Governor's Proposal (\$202M)
Scenario I (\$265M)	96%	76.5%
Scenario II (\$270M)	93%	74.8%
Scenario III (\$276M)	91%	73.1%

The Governor's proposed budget's lack of funding for indigent defense reimbursement will harm county general funds as they must continue to cover a disproportionate share of a system that is a constitutional requirement of the state. CCAO urges the General Assembly

to increase the funding for this purpose to at least the OPD request and will work with Representatives and Senators to stress the need for this funding.

County Jail Construction and Renovation

The Governor's proposal includes \$154.9 million over the biennium for county jail projects. These funds come from the excise tax on adult-use marijuana. Governor DeWine indicated that budget bill will incorporate changes to the adult-use marijuana law that were included in House Bill 86 of the 135th General Assembly. ([Read the LSC Fiscal Analysis of HB 86 here](#))

It is CCAO's understanding that the jail funding contained in the Governor's budget will be distributed through a Department of Rehabilitation and Correction (DRC) process in a manner similar to most of the prior jail funding rounds. The DRC-led approach enables flexibility for county match rates and is CCAO's preferred method.

Next Generation 9-1-1

The budget will complete construction of the state system and continue to provide operational funding. While not covered in materials released thus far, CCAO has been told that the provision sunsetting the access fee from \$0.40 to \$0.25 will be removed in the full legislative text.

Child Care

The budget proposes increasing the statutory eligibility for publicly funded child care from 145% of the federal poverty level (FPL) to 160% of the FPL. Additionally, the Child Care Choice Voucher program will continue to provide publicly funded child care to families between 161% and 200% FPL. The Child Care Choice Voucher program was implemented last spring following Governor's DeWine's State of the State address. These initiatives are funded primarily with TANF and Child Care and Development Block Grant dollars.

DCY is also implementing several federal child care requirements during this biennium, including: capping parent co-pays at 7%; paying providers by enrollment; and paying at the 50th percentile of the 2024 market rate.

An additional child care support in the budget is the creation of a refundable child tax credit of up to \$1,000 per child under the age of six. The credit, funded by an increase in the cigarette excise tax, is intended to aid parents who are working or in education.

Governor's Blue Book provides insight into budget objectives

After the Governor's press conference on Monday, the Office of Budget and Management released the Governor's Blue Book. This document provides a high-level overview of the Governor's budget proposal for each state department and agency. In the absence of legislative text, specific details about policies and appropriation earmarks are scarce, but the Blue Book does provide some insight into the Governor's full proposal.

State agencies and departments are presented in alphabetical order, starting with the statewide elected offices. If you have any questions about provisions listed below, please contact policy@ccao.org.

Attorney General

Law Enforcement Training

The inclusion of HB 86's adult-use marijuana tax distribution structure also provides funding for law enforcement training. The budget includes \$35 million in SFY 2026 and \$40 million in SFY 2027. In his remarks, DeWine stated that the budget includes funding for a state-of-the-art law enforcement training facility.

Auditor of State

Audit Costs

The Auditor of State's budget request proposed that the hourly rate for audits charged to local governments increases from \$41 per hour to \$42 per hour in SFY 2026 and \$43 per hour in SFY 2027. However, according to Auditor of State Keith Faber's testimony, the agency received less funding than they requested which will necessitate increasing the hourly rate to \$50 per hour in SFY 2026 and \$56 per hour in SFY 2027.

Auditor Faber estimates it would cost \$16 million per year to bring hourly rates to the agency's proposal.

Secretary of State

Help America Vote Act (HAVA)

The budget largely eliminates funding from the federal HAVA appropriation item. The appropriation item has previously totaled about \$5 million per year.

(Note: An earlier edition erroneously indicated that HAVA had been repealed at the federal level. That is not the case, and CCAO apologizes for the confusion)

Treasurer of State

County Recorder Modernization

The budget eliminates funding for county recorder modernization assistance. These funds were intended to be one-time funds to assist county recorders in complying with digitization requirements.

Department of Administrative Services

MARCS

The budget consolidates appropriation items in the Department of Administrative Services' budget that deal with MARCS. During the Governor's press conference, he reiterated that the state will cover a portion of the MARCS user fee, but whether or not there is an expansion of the coverage or a simple retention of the current support level is not clear through the Blue Book.

Department of Agriculture

Soil and Water Conservation District

The budget increases funding for soil and water conservation districts by 17% in SFY 2026.

County and Independent Fair Support

The budget does not provide funding for county and independent fairs. Funding has intermittently been provided through budgets, including in SFY 2025 and, before that, SFY 2022.

Department of Behavioral Health

Department Name

The budget changes the Department of Mental Health and Addiction Services's name to the Department of Behavioral Health.

ADAMHS Funding

The budget combines several funding streams that flow to local ADAMHS boards into six targeted block grants: prevention, mental health, substance use disorder, recovery supports, criminal justice, and crisis.

9-8-8 Line

The inclusion of HB 86's adult-use marijuana tax distribution structure also provides funding for the 9-8-8 Suicide Crisis Hotline. The budget provides \$31.7 million in SFY 2026 and \$41.3 million in SFY 2027.

Behavioral Health Drug Reimbursement Program

During a briefing, the Department indicated that there is an increase in funding for the program that provides reimbursement to county jails for behavioral health medication. However, since that program is funded by an earmark, the exact funding level is unknown in the absence of legislative text.

Department of Children and Youth

Child's Benefits in Custody

The budget will preserve the Social Security and survivor benefits for children placed in PCSA custody. More details about this policy change will be available when the budget language is released next week.

Provider Suspension

The budget authorizes the Department to immediately suspend the operations of a congregate care provider or foster care provider in the event a child dies in their custody or is determined to be at risk of serious harm while in the provider's custody.

Home Visiting

The budget increases investment in home visitation by \$37.1 million over the biennium, allowing the state to serve an additional 25,000 children.

Funding for Programs

The budget provides an additional \$16 million over the biennium for early intervention services.

The budget provides the same level of funding for multi-system youth supports, kinship support programs, kinship permanency incentives, family and children first councils, and best practices funding for PCSAs as SFY 2025.

Department of Development

Grant Programs

The Department of Development's budget contains no funding for new grants under the Water and Sewer Quality Development, Brownfield Remediation, or Demolition grant programs. A small amount of money is retained to administer the Brownfield and Demolition programs.

Housing

The budget appropriates \$100 million in SFY 2026 for the Ohio Housing Investment Opportunity Program, a program that will focus on affordable housing in rural and border counties. More details about this program will be available once legislative text is introduced next week.

Broadband

The budget includes \$793 million in federal funding for the Broadband Equity, Access, and Deployment Program. This is a one-time federal award.

The budget also includes \$50 million for grants to facilitate projects to replace broadband poles and broadband undergrounding projects.

Cybersecurity

The budget includes \$7 million for local government cybersecurity grants in SFY 2026. Details about the grant program will become more available after the introduction of legislative text.

Individual Energy Assistance Programs

The budget shifts administration and operation of five energy assistance programs to the Department of Job and Family Services. The programs transferred are those that are available to individuals or households. Similar programs that are available to commercial entities or community-level entities will remain in the Department of Development. The transition will occur in SFY 2027. The programs are:

- Low Income Energy Assistance
- Utility Community Assistance
- Home Energy Assistance Block Grant
- HEAP Weatherization
- Community Services Block Grant
- Home Weatherization Program

Environmental Protection Agency

Cybersecurity

The budget includes \$8 million for water system cybersecurity grants over the biennium. \$2 million is available in SFY 2026 and \$6 million is available in SFY 2027. Details about the grant program will become more available after the introduction of legislative text.

Department of Job and Family Services

TANF Spending Plan

The budget blue book does not provide details on the state's spending plan for TANF dollars. CCAO is seeking more information and will share details as we learn them. Of note, however, is that the budget calls for spending federal TANF funding down to a \$1.2 million reserve.

Benefit Bridge Program

Funding for the Benefits Bridge Pilot Program is eliminated in the budget. The program awards grants to Ohio employers to incentivize employees enrolled in public assistance programs.

During his testimony, ODJFS Director Matt Damschroder responded to a question about the elimination of funding for the program. Director Damschroder highlighted the pilot's success and noted that additional GRF investment would be needed to scale the program across the 88 counties.

Public Assistance Administration

The budget provides no additional funding to support county job and family service agencies in administering public assistance programs.

Energy Assistance Programs

Several energy assistance programs currently housed in the Department of Development will transition to the Department of Job and Family Services beginning in SFY 2027. See the Department of Development section above for more details.

Department of Health

Assessment for Children and Youth with Special Health Care Needs

The budget does not change the county assessments line item for the Children and Youth with Special Health Care Needs program. Funding for the line item comes from counties at an amount not to exceed 0.1 mills of the county's total general property tax duplicate, as determined by the Department of Health.

Department of Medicaid

Multi-System Youth Custody Relinquishment Funding

The budget reduces funding for the multi-system youth custody relinquishment program by \$7.5 million, bring funding for the program to \$20 million in each year. This funding is used to prevent custody relinquishment and to obtain services that meet the state's multi-system youth action plan.

Testimony

During Medicaid Director Maureen Corcoran's testimony, she specifically mentioned appreciation for how successfully county job and family service agency workers handled the Medicaid unwinding process at the end of the federal COVID-19 public health emergency. ODJFS Director Damschroder echoed those comments in his testimony as well.

Department of Public Safety

Drug Task Forces

The inclusion of HB 86's adult-use marijuana tax distribution structure also provides funding for drug task forces. The budget includes \$12.5 million in SFY 2026 and \$18.5 million in SFY 2027.

Peace Officer Training

The inclusion of HB 86's adult-use marijuana tax distribution structure also provides funding for peace officer training. The budget includes \$40.0 million in SFY 2026 and \$59.2 million in SFY 2027.

Department of Taxation

Local Government Fund

The budget increases the share of state General Revenue Fund tax revenue that is distributed through the Local Government Fund from 1.70% to 1.75%. Governor DeWine estimated that this will increase the size of the LGF by about \$60 million per year. The Blue Book estimates the LGF will total \$531.7 million in SFY 2026 and \$549.1 million in SFY 2027.

Sales Tax Holiday

The prior General Assembly created an Expanded Sales Tax Holiday that would apply to the majority of individual items priced less than \$500 and took place over 10 days, with the state GRF, local sales taxing authorities, the LGF, and the Public Library Fund receiving reimbursement. The Governor's proposal eliminates this expanded holiday and reverts back to the three-day "back to school" holiday. There is no reimbursement for local governments and the LGF for the back to school holiday.

Sales Tax, General

The bill does not include any new sales tax exemptions.

Income Tax

The bill does not include any changes to the state's income tax brackets.

Department of Youth Services

RECLAIM Ohio

The budget provides an 11.3% increase in funding for RECLAIM Ohio in SFY 2026.

Reminder: CCAO Advocacy Task Force Meeting

As a reminder, the CCAO Advocacy Task Force will hold its initial meeting virtually on **Monday February 10th from 2:30 – 3:30pm**. We plan to hold these meetings on a bimonthly basis during the operating budget. The goal of the task force meetings will be to assist our members with their advocacy efforts by providing them with up to date information on the budget, talking points, and other relevant information. The agenda for Monday's meeting can be found below:

1. Introduction
 - a) Brief remarks from Co-Chairs.

2. Overview of the Task Force's mission
3. 136th General Assembly Operating Budget Advocacy
 - a) CCAO's operating budget priorities
 - b) Summary of Governor DeWine's proposed budget
 - c) Overview of the House's budget timeline
 - d) Commissioner Advocacy opportunities

If you are interested in participating on the task force, please contact CCAO Managing Director of Policy Kyle Petty at kpetty@ccao.org.

Legislative Activity

Committee Hearings

The following committees held hearings this week regarding bills that may interest counties.

House Children and Human Services

- [House Bill 2](#) (Representative Mark Johnson): To establish the Child Care Cred Program and to make an appropriation.
 - First hearing, sponsor testimony
- [House Bill 7](#) (Representatives Andrea White and Sharon Ray): To make foster caregivers and kinship caregivers eligible for publicly funded child care.
 - First hearing, sponsor testimony

House Energy

- [House Bill 15](#) (Representative Roy Klopfenstein): To amend the competitive retail electric service law, make changes regarding electric company property taxation, and repeal parts of H.B. 6 of the 133rd General Assembly.
 - First hearing, sponsor testimony

House Community Revitalization

- Presentation from the Ohio Association of County Behavioral Health Authorities.
 - [Presentation](#)
 - [Overview Document](#)

House Development

- Presentations from the [Ohio Home Builders Association](#) and the [National Association of Industrial Parks](#).

Introduction of Bills

The following bill(s) that may be of interest to counties were introduced this week:

- [House Bill 30](#) (Representatives Adam Mathews and Brian Lampton): To phase-down the state income tax to a flat rate of 2.75% over two years.
- [House Bill 34](#) (Representatives Dontavious Jarrells and Isaac Mohamed): To increase the state minimum wage.

- [House Bill 39](#) (Representatives Tex Fischer and Nick Santucci): To allow a state income tax deduction for overtime wages.
- [House Bill 40](#) (Representatives Tracey Richardson and Mike Dovilla): To increase the enhanced homestead exemption for certain disabled veterans.
- [House Bill 41](#) (Representatives Andrea White and Bill Roemer): To establish certain child care grant programs, including those related to child care capacity and learning labs, and to make an appropriation.
- [House Bill 42](#) (Representatives Tex Fischer and Josh Williams): To require certain agencies to collect and report data concerning the citizenship or immigration status of persons with whom they come into contact.
- [House Bill 44](#) (Representatives Joe Miller and Kevin Miller) Regarding training schools for prospective law enforcement officers and filling a vacant police department position without a competitive examination.
- [House Bill 49](#) (Representative Thaddeus Claggett): To allow for the creation of water improvement districts.
- [House Bill 58](#) (Representatives Justin Pizzulli and Dontavious Jarrells): To create a certificate of need program for recovery housing residences.
- [House Bill 60](#) (Representatives Latnya Humphrey and Josh Williams): To allow a candidate to use campaign funds to pay certain child care costs.
- [House Bill 61](#) (Representatives David Thomas and Jack Daniels): To modify the amount of the homestead exemptions and owner-occupancy property tax credit.
- [Senate Bill 66](#) (Senators Sandra O'Brien and George Lang): To include emergency levies, substitute levies, all inside millage, and school district income taxes in the calculation of a school district's effective milage floor.
- [Senate Bill 67](#) (Senators Beth Liston and Mark Romanchuck): Regarding the pass-through of support payments under the Ohio Works First program.
- [Senate Bill 69](#) (Senator Mark Romanchuk): To declare the intent of the General Assembly to enact legislation to reform the law governing the state's public retirement system.
- [Senate Bill 80](#) (Senators Catherine Ingram and Willis Blackshear): To authorize a county to implement a motor fuel quality testing program.
- [Senate Bill 81](#) (Senator Tom Patton): To authorize a property tax freeze for certain owner-occupied homes.
- [Senate Bill 82](#) (Senators Bill DeMora and Theresa Gavarone): To specify that certain election officials are designated public service workers for the purposes of public records law.
- [Senate Bill 83](#) (Senators Michelle Reynolds and Hearcel Craig): To revise the law governing eviction, residential building code enforcement, and real property transfers.
- [Senate Bill 86](#) (Senators Stephen Huffman and Shane Wilkin): To generally prohibit the sale of intoxicating hemp products, except for sales at licensed dispensaries; to regulate drinkable cannabinoid products, and to levy taxes on drinkable cannabinoid products and other intoxicating hemp products that may be sold.

Upcoming Committee Hearings

The following committees are currently scheduled to meet and discuss bills that may be of interest to counties. Other committees will likely meet as well but as of press time for *Statehouse Report* they have not released agendas. Please note that these schedules are subject to change.

If you would like to offer testimony on any bill, please visit the committee page and contact the committee chair's office for instructions on how to submit testimony.

Tuesday, February 11

[House Finance](#) (10:30 a.m.)

- Budget testimony from, among others, the Attorney General, the Secretary of State, and the Treasurer of State.

[Senate Workforce Development](#) (11:00 a.m.)

- [Senate Bill 33](#) (Senators Steve Wilson and George Lang): To allow employers to post certain labor law notices on the internet.
 - First hearing, sponsor testimony

[House Children and Human Services](#) (11:15 a.m.)

- Budget testimony from, among others, the Department of Children and Youth.

[House Workforce and Higher Education](#) (3:15 p.m.)

- Budget testimony from, among others, the Ohio History Connection and the Ohio Commission for the U.S. Semiquincentennial (also known as America 250-OH).

[Senate Financial Institutions, Insurance, and Technology](#) (4:00 p.m.)

- [Senate Bill 51](#) (Senator Tim Schaffer): To establish legislative oversight of executive action regarding voluntary federal unemployment compensation programs.
 - First hearing, sponsor testimony

Wednesday, February 12

[Senate Local Government](#) (9:00 a.m.)

- Informational presentation from the Ohio Township Association

[Senate Government Oversight and Reform](#) (9:45 a.m.)

- [Senate Bill 6](#) (Senator Kristina Roegner): To make changes to the law relating to building inspections.
 - Second hearing, all testimony
 - **POSSIBLE VOTE**

[House Ways and Means](#) (11:30 a.m.)

- Budget testimony from, among others, the Ohio Board of Tax Appeals
- [House Bill 22](#) (Representatives Brian Lorenz and David Thomas): To authorize a full homestead exemption for surviving spouses of members of the uniformed services killed in the line of duty.
 - First hearing, sponsor testimony

Senate Government Oversight and Reform (2:30 p.m.)

- [Senate Bill 26](#) (Senator Terry Johnson): To create the Joint Law Enforcement Oversight Committee and to make an appropriation.
 - Second hearing, proponent testimony

Senate Local Government (2:30 p.m.)

- [Senate Bill 42](#) (Senators Michelle Reynolds and Hearcel Craig): To authorize local governments to create residential stability zones where homeowners may qualify for a partial property tax exemption.
 - First hearing, sponsor testimony
- [Senate Bill 45](#) (Senator Catherine Ingram): To expand eligibility for county sewer discounted rates or charges.
 - First hearing, sponsor testimony

Thursday, February 13

House Agriculture (9:00 a.m.)

- Budget testimony from the Ohio Agricultural Research and Development Center, OSU Extension, and Sea Grants

House Energy (3:00 p.m.)

- [House Bill 15](#) (Representative Roy Klopfenstein): To amend the competitive retail electric service law, make changes regarding electric company property taxation, and repeal parts of H.B. 6 of the 133rd General Assembly.
 - Second hearing, proponent testimony and interested party testimony