STATEHOUSE REPORT

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Ohio Public Defender sets indigent defense reimbursement rate at 82% for the fiscal year and provides budget updates

This week the Office of the Ohio Public Defender (OPD) released a memo that includes information regarding the projected reimbursement rate for the fiscal year, as well as information concerning various provisions in the budget that impact indigent defense. A copy of the memo can be found here.

House Bill 96, the state operating budget, appropriated nearly $400 million dollars to reimburse counties for the costs associated with administering indigent defense in the state. OPD has been monitoring the monthly reimbursement submissions from counties, and they are right around $19 million per month. Based on this information, OPD plans to reimburse counties at 82% for Fiscal Year 2026. OPD states that the funding level is the highest dollar figure that has been appropriated in the history of the state and is the fourth highest rate of reimbursement in the history of the state. As a reminder, bills that are submitted for payment after July 1, 2025, will be reimbursed at the 82% rate, even if the work was performed during the last fiscal year. Bills for submission must be submitted within 90 days of completion of the work to qualify for reimbursement from the state.

The budget also includes a pilot program to explore a new indigent defense delivery model in the state. The pilot will allow OPD to directly administer indigent defense services in Allen, Putnam, and Hardin counties. This program is separately funded and does not impact the reimbursement percentage for the other counties. The pilot program is expected to come online sometime in the fall of this year. OPD will be tracking various metrics from the pilot program to evaluate its effectiveness.

Additionally, language was included in the budget that requires each board of county commissioners or county executive to submit an indigent defense cost projection report to the Ohio Public Defender by July 31, 2026. The report shall contain data on the most current projected costs of the indigent defense services in the county for the next two upcoming state fiscal years at the time of submission. The intent of the language is to provide OPD with a rough estimate of county indigent defense costs that they will use in preparation of their state operating budget request. OPD plans to provide a simple form that counties can use to satisfy this requirement. Additional details are forthcoming, and we will keep members informed as we receive information.

There were two other policies in HB 96 that impact indigent defense. The first was the removal of language that would have capped appointed counsel reimbursements at $75 an hour for non-capital cases and $140 an hour for capital cases. Currently, there are only seven counties that are paying appointed counsel above $75, so the overall fiscal impact of the cap is minimal. It is also important to note that this language takes effect July 1st, so payments that are submitted after that date will not be subject to the cap limitation on reimbursement.

Last, language was inserted into the budget to require the Auditor of State (AOS) to conduct a performance audit of the indigent defense system in Ohio. The performance audit will review the challenges of the delivery of indigent defense services, including, but not limited to, the costs, accounting, and payment processes of the OPD and at least five counties that represent each of the various indigent defense delivery methods in the state. The audit must be completed and submitted to the Ohio Legislature by January 1, 2027. Although the audit will be completed after OPD's budget submission, it will be an important tool to guide policy makers during the next biennium budget process.

If you have any questions about the memo or the information contained above, please contact CCAO Managing Director of Policy Kyle Petty at kpetty@ccao.org or at 740-503-6088.

OBM releases monthly financial report

The Ohio Office of Budget and Management (OBM) released its monthly financial report.

When the State of Ohio's fiscal year 2025 ended on June 30, 2025, total tax receipts were above estimates by $1.04 billion (3.7%) while total uses were below estimate by $123 million. OBM stated the unencumbered balance of the General Revenue Fund (GRF) at the beginning of fiscal year 2026 is $1.09 billion. The state operating budget, House Bill 96, directed that this balance stay in the GRF through fiscal years 2026 and 2027 and not be directed to the Budget Stabilization Fund (Rainy Day Fund) or the Expanded Sales Tax Holiday Fund as directed by continuing law. It is likely that some of this balance is being used to balance the budget and ensure that fiscal year 2027 ends with a balance sheet surplus, which is the operating definition of a balanced budget for state budgeting purposes.

Most of the surplus was due to higher than estimated income tax receipts; the income tax was above estimate for the year by $691.3 million (7.3%), while sales tax was above estimate by $284.3 million (2.1%) for the year. Taken together these two sources are responsible for 93.8% of the annual overage.

While on the surface it looks like the economy was much better than expected in FY 2025, it is helpful to remember that FY 2024 ended the year with tax revenues below estimate by

$484.7 million (-1.7%). This caused OBM to reduce its FY 2025 estimated downward by $1 billion in August 2024. Ultimately, what we are seeing is that the FY 2025 total tax receipts are much closer to the original estimates of June 2023 than to the August 2024 update. FY 25 total tax receipts were originally estimated to be $28.6 billion vs. actual receipts of $28.64 billion (when accounting for the sales tax holiday) a difference of about $40 million (0.1%).

The full report can be found here.

If you have questions, please contact CCAO Policy Team Member Dan Baker at dbaker@ccao.org or 614-893-6205.

Legislative Activity

Chamber Schedule

Monday, July 21

House of Representatives (11:00 a.m.)

The House will consider overriding vetoes of items 55, 65 and 66 in House Bill 96, the state operating budget.