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State of Ohio: Fitch New Issue Report

The State of Ohio has received an 'AAA' Long-Term Issuer Default Rating (IDR) and General Obligation (GO) rating from Fitch Ratings, reflecting its strong financial resilience, superior budget management, and low long-term liability burden. Ohio's economy is diverse, with significant sectors in manufacturing, finance, healthcare, and real estate. The state has robust fiscal reserves, including a \$3.8 billion Budget Stabilization Fund (BSF), and maintains a low debt burden. Ohio's revenue framework is supported by broad-based taxes, but recent tax policy changes have reduced collections. The state's expenditure flexibility is high, with low carrying costs for debt and retiree obligations. Ohio's Medicaid program and education are primary cost drivers, with federal funding playing a significant role. The state has effectively managed budget gaps in economic downturns through expenditure cuts and reserves without drawing on the BSF. Ohio's fiscal 2024-2025 budget focuses on tax cuts, education, and transportation spending, with revenues lagging but expenditure savings closing the gap. The state anticipates no draws on operating reserves in the proposed 2026-2027 budget.

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