Ohio | Office of Budget and Management
2020 MONTHLY FINANCIAL REPORT

July 10, 2020

MEMORANDUM TO:	The Honorable Mike DeWine, Governor The Honorable Jon Husted, Lt. Governor
FROM:	Kimberly Murnieks, Director
SUBJECT:	Monthly Financial Report

Report Overview:

Fiscal year 2020 concluded on June 30 with a balanced budget, despite General Revenue Fund tax revenues ending the year $1.1 billion (4.6%) below budgeted estimates. The state budget was balanced through a combination of fiscal controls and cost-containment measures instituted in March at the onset of the pandemic, Executive Order budget reductions implemented in the final quarter as the pandemic continued to impact revenues, and shifting Medicaid expenses from state to federal share utilizing the enhanced Federal Medical Assistance Percentage (FMAP) authorized by Congress in the Families First Coronavirus Response Act.

The Bureau of Labor Statistics reported that the national unemployment rate declined to 11.1 percent in June, a 2.2 percentage point decline from May. Nationally, the number of unemployed individuals fell by 3.2 million to 17.8 million.

June auto sales tax revenues were $175.7 million, $34.1 million (24.1%) above estimate. Total fiscal year 2020 auto sales tax revenues ended $45.3 million (2.9%) below estimate. This overage in June 2020 Ohio auto sales tax revenue diverges from the more modest national new vehicle sales data due to a combination of high used vehicle sales and large levels of variation between economic activity in different states due to the impact of COVID-19.

June tax revenues were $50.5 million (2.2%) below estimate, a stronger outcome than last month when revenues ended 13.0 percent below forecast. Total GRF receipts were $3.5 billion, $126.9 million (3.7%) above estimate, primarily due to a substantial overage in Federal grant receipts.

The consensus among forecasters remains that GDP will decrease during the second quarter, with preliminary third quarter estimates predicting the beginnings of resumed growth that would lead to a full recovery by the end of calendar year 2021 (state fiscal year 2022). These estimates are dependent on the infection rates of COVID-19, the measures states take in reopening their economies, and the willingness of individuals to re-enter the economy.

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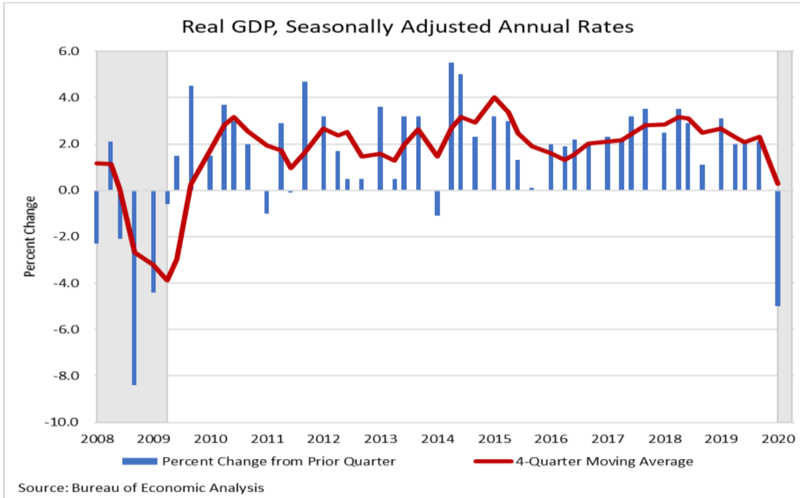
Economic Activity

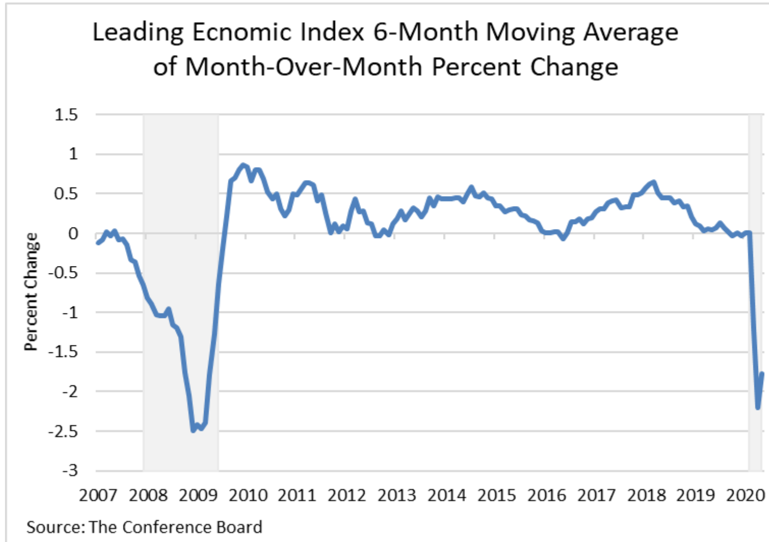
Real Gross Domestic Product (GDP) contracted at an annual rate of 5.0 percent in the first quarter of calendar year 2020, according to the final estimate by the Bureau of Economic Analysis. This decline was the first since quarter one of 2014 and the largest decrease since the fourth quarter of 2008, when real GDP declined by 8.4 percent. This decrease represents the eighth largest decline on record dating back to 1947, tied with the second quarter of 1975. The largest quarterly decline on record was 10.0 percent in the first quarter of 1958. In Ohio, the GDP for the state fell slightly more than the national average (-5.5%) between the fourth quarter of 2019 and the first quarter of 2020.



Nationally, the first-quarter decrease in real GDP reflected negative contributions from personal consumption expenditures (-4.7%), private inventory investment (-1.8), exports (-1.1), and nonresidential fixed investment (-0.9%). These decreases were partially offset by increases in residential fixed investment (0.7%) and government consumption expenditures and gross investment (0.2%). Imports, which are included in the above categories and then subtracted in a separate category, increased, effectively adding to other categories by a total of 2.3 percent.

Small business owners were more optimistic in May than in April. The National Federation of Independent Business (NFIB) produces the **Small Business Optimism Index** by surveying a sample of small-business owners each month. In May, there was a national increase of 3.5 points, with the index rising to 94.4, reversing much of the decline seen in April. The index for the Great Lakes Region also increased slightly from 91.4 in April to 93.2 in May. Overall, eight of the ten index components improved in May.

The Uncertainty Index rose in May by 7 points to 82 percent. Although business owners are taking precautions to reopen safely, fears of a resurgence of COVID-19, uncertainty over when consumers will return to spending and evolving government policies all contributed to the increase in uncertainty. Expectations of real sales in the next three months increased by 18.0 points, a rebound after the lowest reading in the survey's history. Although the number of small business owners who reported having job openings that they could not fill decreased by 1.0 point, the number that reported plans to increase employment in the next three months increased by 6.0 points to 8.0 percent.



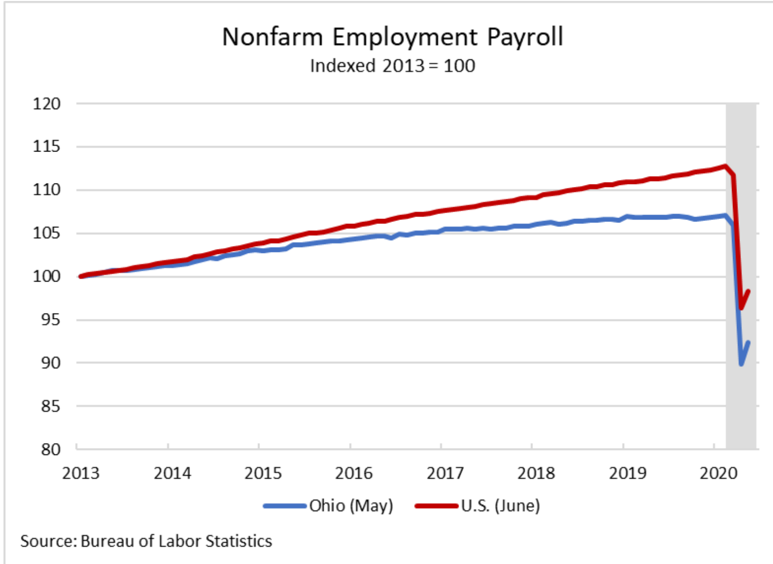
The Conference Board's composite **Leading Economic Index** (LEI) is an index designed to reveal patterns in economic data by smoothing volatility of its ten individual components. In May, the LEI increased 2.8 percent after the sharp decline that began in March, signaling a partial recovery. Recent improvements in the number of unemployment insurance claims are responsible for roughly two-thirds of the improvement in the index. Gains were also made in labor markets, housing permits, and stock prices to helping restore some previous losses. Consumer's outlook on the economy, the Leading Credit Index™ and new orders in manufacturing, however, suggest continued weak economic conditions. The Conference Board concluded that the overall decline between February and April indicated that the U.S. economy will remain in recession in the near term.

The Ohio economy expanded slightly in May. The **state-level coincident economic index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – non farm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased 4.5 percent after the largest-ever decline in April (the index dates back to 1979). The six-month smoothed rate of change fell from -0.5 percent in March to -3.9 percent in April and remained lower at -3.2 in May, confirming that the Ohio economy has entered a recession induced by the COVID-19 pandemic. Between March and May, the diffusion of state-level coincident economic indexes decreased in all 50 states for a three month diffusion index of -100. This is largely driven by continued high unemployment rates. Over the past month, the indexes in 33 states increased, 16 states decreased, and one state remained stable. This resulted in a one-month diffusion index of 34.

The consensus among forecasters remains that real GDP will have contracted dramatically in the second quarter. Real GDP is forecasted to contract due to anticipated weaker personal consumption expenditures. Forecasters anticipate a rebound in the third quarter going into the fourth as preliminary third quarter forecasts indicate positive expansionary percentages in GDP. The economy is currently forecasted to reach full recovery by the conclusion of calendar year 2021; however, these forecasts are dependent upon containing the spread of of COVID-19, the rate at which the economy re-opens and the willingness of consumers to re-enter the marketplace.

Source	Date	2nd Quarter GDP Forecast
Federal Reserve Bank of New York (NowCast)	7/02/20	-15.1%
Federal Reserve Bank of Atlanta (GDPNow)	7/02/20	-35.2%
IHS GDP Tracker	7/02/20	-42.7%
Moody's	6/30/20	-33.4%
Wells Fargo	6/09/20	-37.6%
Conference Board	6/10/20	-39.5%
Wall Street Journal Survey	6/01/20	-33.5%

Employment



The U.S. Bureau of Labor Statistics reported that **total non-farm payroll** increased by 4.8 million jobs in June. This is followed by an increase of 2.7 million in May. Improvements in non farm payroll are attributed to the increase in economic activity due to the reopening of many state's economies following the lifting of stay-at-home orders.

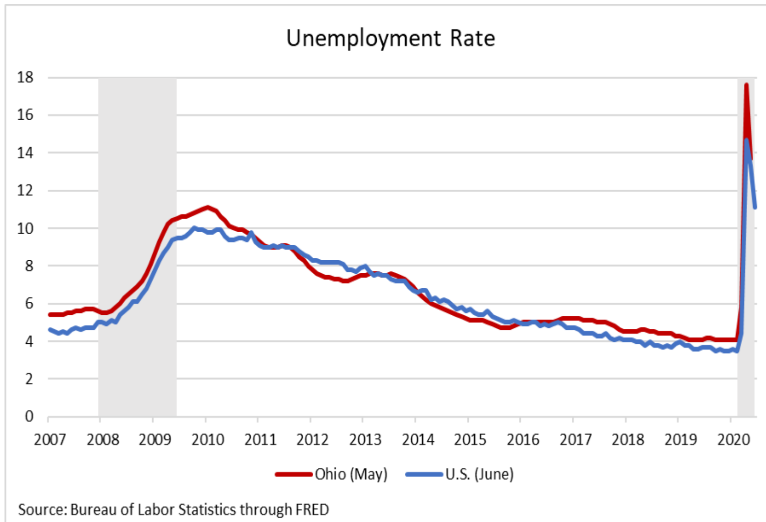
The biggest contributor to the increase in total non farm employment was the **leisure and hospitality** industry, which increased by 2.1 million jobs and accounts for two-fifths of the gain. Employment in **retail trade** rose by 740,000 in June, though still remaining 1.3 million lower than in February. **Education and health services** employment increased by 568,000 in June but remains nearly 1.8 million lower than in February. This increase was due to the growth of employment in health care (358,000), social assistance industry (117,000), and private education (93,000) in June. The only sector within the education and health services industry that saw a continued decrease in health care employment was nursing care facilities (-18,000). Employment in the **other services** industry increased by (357,000), about three-fourths of this increase occurred in personal and laundry services (264,000).

Manufacturing employment increased by 356,000 in June. Increases concentrated within durable goods such as motor vehicles and parts (196,000), which accounted for over half of the job gains. Within non-durable goods the largest increase was in plastics and rubber products (22,000).

Construction employment saw a gain of 158,000 in June following a substantial gain of 453,000 in May. Employment in **transportation and warehousing** added 99,000 jobs in June following two months of declines. **Wholesale trade** employment increased by 68,000 jobs in June but remains down 317,000 from February values. Employment in **mining** continued to decline with a decrease of 10,000 jobs in June.

Professional and business services increased jobs by 306,000 in June, although employment remains 1.8 million jobs lower than in February. **Financial activities** added 32,000 jobs with over half of the increase coming from real estate. **Government employment** increased by 33,000 jobs in June but remains 1.5 million below the February level.

Ohio non-farm payroll employment increased to 4.83 million jobs in May, a 2.7 percent increase over April. Despite the increase, non farm employment remains down 13.6 percent from last year. Sectors with the greatest job increases included Leisure and Hospitality (36,600), Trade, Transportation, and Utilities (31,400), Construction (19,200), Manufacturing (19,000), Education and Health Services (17,000), Professional Business Services (11,900) and Other Services (13,900). These gains were partially offset by losses in Government (-23,300).



The Bureau of Labor Statistics reported that the national **unemployment rate** declined to 11.1 percent in June, a 2.2 percentage point decrease from May. Nationally, the number of unemployed individuals fell by 3.2 million to 17.8 million. Even though unemployment fell in both May and June, the jobless rate is still 7.6 percentage points higher and the number of unemployed 12.0 million higher than February values. In March and April economic activity stalled due to the coronavirus; however, as the economy has begun to reopen improvements in the labor market have followed.

Unemployment rates for the month varied by demographic group. In June, the unemployment rate for adult men was 10.2 percent, for adult women 11.2 percent, and for teenagers, 23.2 percent. Compared to May, unemployment rates also declined across racial categories. In June, individuals who identify as Black had an unemployment rate of 15.4 percent, Hispanic at 14.5 percent, Asian at 13.8 percent, and White at 10.1 percent.

Temporary layoffs for those who are unemployed decreased to 10.6 million in June, a 4.8 million decline from the previous month. **Permanent job losses** continued to increase, reaching 2.9 million in June, a growth of 588,000. **Reentrants** are individuals who had previously worked but were not in the workforce prior to starting their job search. Unemployed reentrants to the labor market increased to 2.4 million, a growth of 711,000.

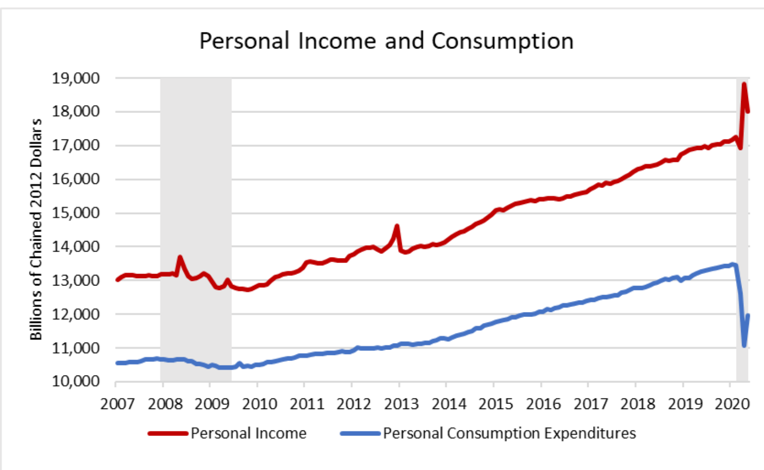
Nationally, individuals with jobless periods of less than 5 weeks and jobless periods of 5 to 14 weeks both declined. Unemployed individuals who were **jobless less than 5 weeks** declined to 2.8 million in June, and those who are **jobless 5 to 14 weeks** declined to 11.5 million, this encompasses 65.2 percent of those who are unemployed. The number of individuals **jobless 15 to 26 weeks** and those who are considered **long-term unemployed**, however, saw increases. Unemployed persons jobless 15 to 26 weeks increased to 1.9 million. Unemployed individuals that are long-term unemployed increased to 1.4 million.

The **labor force participation** rate increased by 0.7 percent in June to 61.5 percent. The labor force participation rate remains below its February level by 1.9 percent. Total employment in June rose to 142.2 million, a 4.9 million increase from May. The **employment-population ratio** is at 54.6 percent, which is a 1.8 percentage points increase from May. This remains 6.5 percentage points lower than the pre-pandemic levels in February.

The **Ohio unemployment rate** decreased to 13.7 percent in May from a high of 17.6 percent in April. By the week ending June 13, 2020 initial unemployment claims had fallen to 34,926, from the peak week in March when 274,288 initial claims were filed. Continued claims in Ohio decreased substantially between the peak in April (777,214 claims) and the week ending June 13, 2020, in which 466,363 individuals filed continued claims for unemployment insurance.

Consumer Income and Consumption

Personal income decreased in May by 4.2 percent after having increased 10 percent in April. Wage and salary disbursements, the largest portion of personal income, increased 2.7 percent in May. The decline in personal income in May was due to a 17.2 percent decline in the federal economic recovery incentive payments sent to individuals and families in response to the COVID-19 pandemic. These payments continued in May, but at a lower level than in April. The decrease in social benefits was offset by an increase in unemployment benefits, including the additional $600 per week that unemployed workers are currently receiving because of the pandemic.



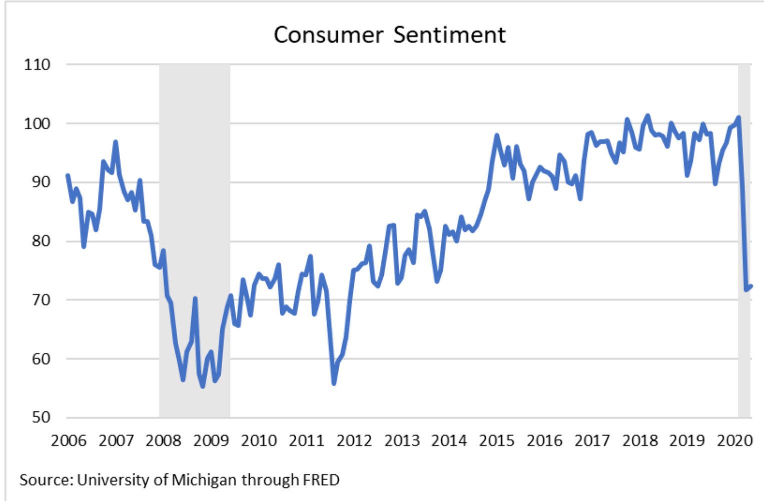
Personal consumption expenditures measures consumption of gross domestic products. The Personal Consumption Index (PCE) increased 8.2 percent in May. The increase in PCE is linked to growth in spending on motor vehicles and parts (37.5%), recreational goods and vehicles (24.3%), health care (23.7%) and food services and accommodations (24.3%).

The PCE price index, which excludes food and energy, increased 0.1 percent. Spending on non-durable goods increased 7.7 percent due to a significant increase in the purchase of clothing and footwear which was up 43.5 percent for May after a decline of 25 percent in April. Gasoline and other energy goods increased 23.9 percent in May, after an equivalent decline in April.

Spending on durable goods increased 28.6 percent, led by a 37.5 percent increase in motor vehicles and parts. Unit sales of **light motor vehicles** decreased to 8.7 million in April and increased to 12.2 million (40.2%) in May.

There were minimal decreases in May except in final consumption expenditures for nonprofit institutions which fell -17.15 percent. Housing and utilities also experienced a decline of -0.21 percent.

The latest survey results indicate that consumer expectations for the economy are increasing but with some hesitation due to a potential resurgence in coronavirus cases. The University of Michigan's **Consumer Sentiment Index** increased to 78.1 in June. Despite some reductions in the last half of June, the index rose 5.8 points over May, making this the second month of gains following an April low. This growth in consumer confidence is tied to the reopening of the economy and a reduction in unemployment claims. A resurgence of COVID-19 would likely bring a weakened consumer demand.



The Conference Board's **Consumer Confidence Index** increased in June after little change in May. The index increased to 98.1 in June, a 12.2 point (14.2%) increase over May's value. Consumer confidence remains below pre-pandemic levels but partially rebounded in June. The **Expectations Index**, the forward-looking component of the Consumer Confidence Index, increased to 106 points for June, an increase of 8.4 points over May's value. The **Present Situation Index**, also a part of the Consumer Confidence Index, is based on consumers analysis of the labor market and current business conditions. The Present Situation Index increased to 86.2, an increase of 17.8 points (26.0%). Despite these increases, the Conference Board determined that the economy remains weak because consumers are uncertain on the path to recovery due to a potential COVID-19 resurgence.

The **Employment Trends Index** is an index from the Conference Board. It aggregates eight labor market indicators and can display erratic movements month to month. The employment trends index increased in June for the second consecutive month, following sharp declines in prior months. The index increased to 49.1 in June, an 8.4 percent increase from May; however, the index is down 54.8 percent from a year ago. All the eight components of the index made positive increases in June. The gains in recent months may be threatened by a resurgence of the coronavirus. Some governments have delayed opening plans which could curtail hiring and recruiting. The unemployment rate could potentially increase or plateau in upcoming months depending upon on the virus's proliferation.

The travel and hospitality industries have faced significant challenges during the pandemic. The Transportation Security Administration (TSA) tracks how many travelers go through TSA checkpoints as "throughput". Total travel throughput for June was down 81.2 percent from last year. Despite this decline airline travel has been increasing but it remains nowhere close to 2019 levels.

STR, a company that provides analytics and data on the hospitality sector, estimates that it will take 11 quarters for the number of room nights sold at hotels to rise to 2019 levels. Current occupancy levels are lower, causing hoteliers to compete for market share and causing discounting. Each week demand and occupancy rates continue to gradually rise; however, STR is currently forecasting the hotel occupancy rate will average only 41.6 percent during calendar year 2020. Drive-to destinations and places with outdoor activities such as lakes and beaches continue to push demand for hotels upward.

Compared to daily travel in 2019, the Ohio Turnpike saw an average daily decline of 45.9 percent between March 1 and June 21, 2020. Commercial vehicle travel declined an average of 2.5 percent over the same period. Passenger vehicle travel has been affected by stay-at-home orders but began to rise as restrictions have been lifted. Travel activity is expected to increase as consumer confidence is restored with the easing of COVID-19 restrictions.

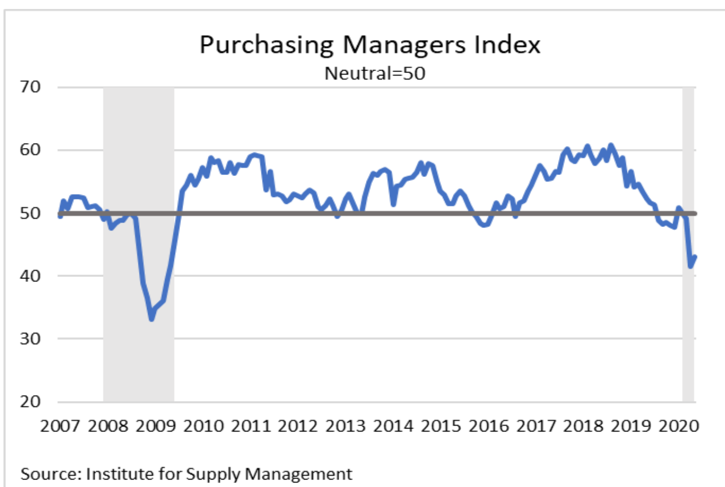
Industrial Activity

The Industrial Production Index, produced by the Board of Governors of the Federal Reserve System, is an indicator that measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. The total **industrial production** increased slightly 1.4 percent in May as many factories began to reopen in at least partial capacity after the COVID-19 suspension. Even with this increase, total industrial production in May was still 15.4 percent below its pre-pandemic level in February. **Manufacturing production** also began to rebound in May, increasing by 3.8 percent, yet remaining 16.9 percent below February levels.

The durable goods sector index increased by 5.8 percent, with the largest gain being in motor vehicles and parts – one of Ohio's major industries – which rose by 120.8 percent. This level of the durable goods sector index is still a 62.8 percent reduction from May of 2019. Increases of between eight and ten percent occurred in several industries including nonmetallic, aerospace and miscellaneous transportation equipment as well as furniture and related products. Production in the non-durable goods sector increased by 2.3 percent with sizable gains in textile and product mills, apparel and leather, printing and support, and plastics and rubber products. These gains were partially offset by losses in mining (-6.8%) and utilities (-2.3%) loss in the utilities sector.

Among industries aside from motor vehicles that contribute to a large portion of manufacturing employment in Ohio, production increased in Rubber and Plastics by 9.6 percent, Transportation and Equipment by 8.1 percent, Fabricated Metals by 1.5 percent, Food, Beverage and Tobacco Products by 1.4 percent and Chemicals by 0.5 percent. Primary Metal Production, however, decreased by 4.8 percent in May, along with a 2.0 percent reduction in Electronics and Appliances and 1.2 percent in Machinery production.

Produced by the Institute for Supply Management (ISM), the **Purchasing Managers Index** (PMI) measures expansions and contractions of the manufacturing economy. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent it is generally contracting. In June, the PMI for the United States expanded to 52.6, compared to 43.1 in May and 41.5 in April. This is the strongest expansion of factory activity since April 2019 after three months of interruptions related to the COVID-19 response.



The new orders index increased dramatically from 40.8 to 53.3 in June. Likewise, the production index rose from 33.2 to 57.3, both above forecasters expectations. These increases suggest that the economy may experience a demand-driven expansion as we enter the third and fourth quarters of 2020.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, 13 reported growth between May and June. Four of the industries with a major effect on Ohio's manufacturing employment, however, experienced a contraction in June but at lower levels than prior months. These include transportation equipment, fabricated metal products, machinery, and primary metals.

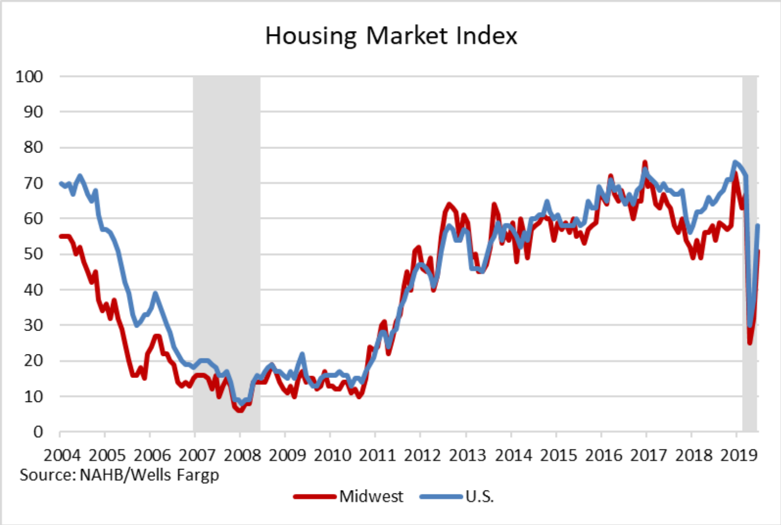
Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM was cautiously optimistic in June. A source in the transportation equipment industry reported that they were "[g]radually ramping production back in our plants. Most of our supply base continued to operate during COVID-19, so we are not seeing a significant supply risk. Will be monitoring supply chain financial health closely". A contact in the primary metals industry said: "We are seeing an increase in orders as the economy starts to get rolling again. Slow and steady, sales are increasing. So far, so good".

Construction

Total construction spending increased 2.1 percent in May. Throughout the first five months this year construction spending remained 5.7 percent higher than the same time period in 2019. Private sector construction spending declined 3.3 percent in May due to a 4.0 percent drop in residential construction along with a 2.4 percent decrease in non-residential construction. Public construction spending increased by 1.2 percent in May due to an increase in highway construction of 2.8 percent and education construction of 0.1 percent.

Privately-owned housing units approved via **building permits** increased 14.4 percent in May, however the rate remains 8.8 percent below the May 2019 rate. Building permits in the Midwest increased in May by 18.4 percent after a 19.0 percent decline in April. Privately owned **housing starts** increased 4.3 percent for May but remain 23.2 percent below the May 2019 rate. Housing starts in the Midwest declined 1.5 percent in May. This is the third month that housing starts have declined in the Midwest. Privately-owned housing completions declined 7.3 percent in May and are 9.3 percent below the May 2019 level.

New **home sales** increased 16.6 percent in May after a 5.2 percent decline in April. Existing home sales declined 9.7 percent in May, marking the third month of declines in a row. The increase in new home sales is due to an surge of purchases in the South and West. The Midwest's new home sales decreased 6.4 percent in May after an increase in April. Existing home sales in the Midwest fell in May by 9.6 percent continuing a decline that began in January. Record low mortgage rates are fueling a rebound in housing activity.



Homebuilders reported an increase in activity in June due to low mortgage rates. The **Housing Market Index** (HMI) from the National Association of Homebuilders (NAHB) steeply increased in June to 58 from 37 in May. This is a 56.8 percent increase and is the second month in a row that the HMI has risen. The HMI for the Midwest rose from 32 in May to 51 in June.

REVENUES

In contrast to the April and May revenue results, June demonstrated returns only moderately below the original budgeted estimates and showed a slight year-over-year increase. Personal income tax showed the largest decline from estimate, associated with the postponement of income tax payment deadlines. Non-auto sales tax was below estimate, but by much less than in April and May. Meanwhile, auto sales tax revenues were well above estimate, presumably partially due to a catch-up from the historically negative performance of the two prior months.

June total GRF receipts totaled $3.5 billion and were $126.9 million (3.7%) above estimate, primarily due to a substantial overage in Federal grant receipts amounting to $313.3 million (33.7%). For the month, tax revenues were $50.5 million (-2.2%) below estimate, a considerably stronger outcome than last month when revenues ended 13.0 percent below forecast. Non-tax receipts and transfers, excluding Federal grants, were $136.0 million (-76.3%) below estimate, driven by the Transfers In category as discussed below.

For the year, total GRF revenues ended $559.4 million (-1.6%) below estimate. Fiscal year 2020 tax revenues were $1.1 billion (-4.6%) below estimate. More broadly, total non-federal revenues finished the year $1.2 billion (-4.8%) below estimate. Federal grants were $613.1 million (6.2%) above estimate.

Category	**Includes:**	**YTD Variance**	**% Variance**
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	-$1,098.7	-4.6%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$673.3	6.6%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	-$134.0	-62.3%
TOTAL REVENUE VARIANCE:		**-$559.4**	**-1.6%**
Non-federal revenue variance		**-$1,172.5**	**-4.8%**
Federal grants variance		**$613.1**	**6.2%**

For the month, the largest overage relative to estimate occurred with Federal grants, at $313.3 million (33.7%). Overages were spread across numerous other sources, including auto sales tax at $34.1 million, ISTVs at $17.1 million, and the commercial activity tax at $12.9 million.

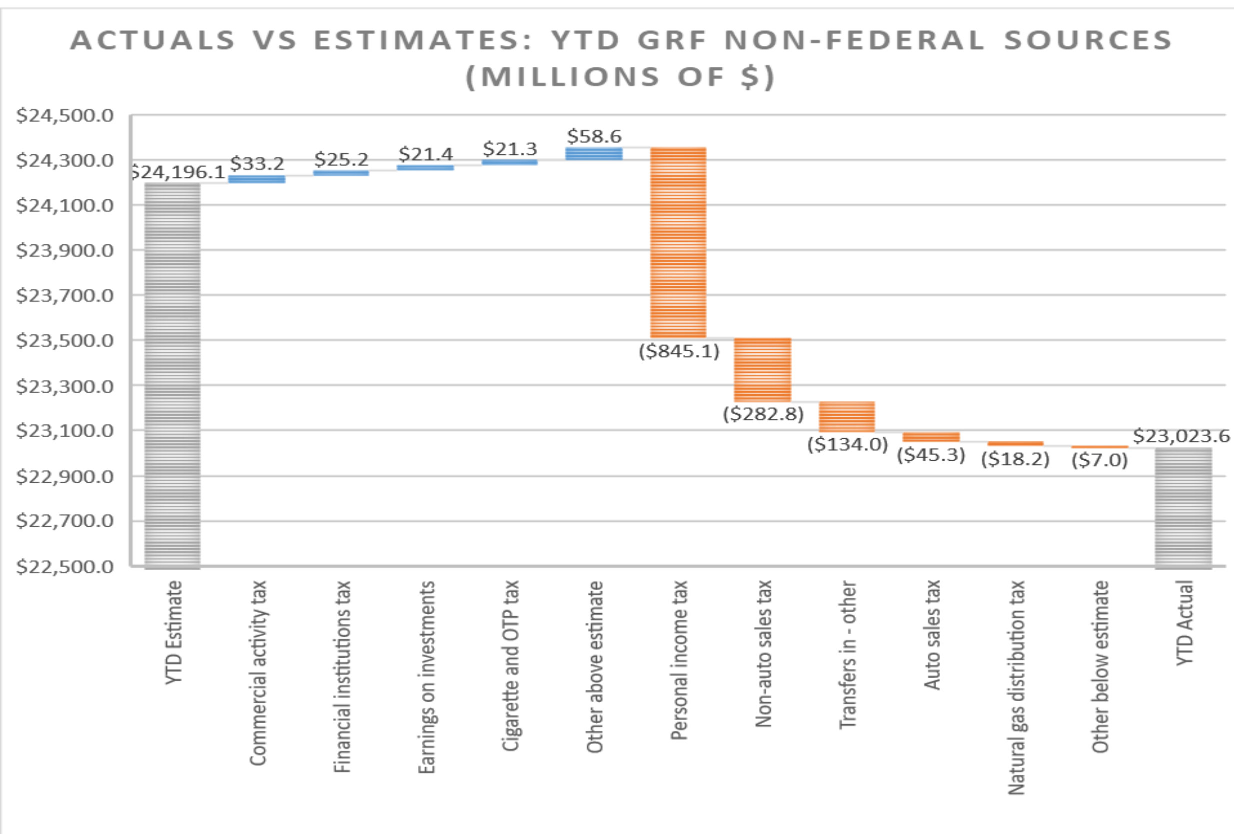
Transfers-In accounted for the largest shortfall from estimate in June, at $142.5 million (-97.3%), followed by the personal income tax at $78.0 million (-9.6%) and the non-auto sales tax at $35.6 million (-4.2%). Only three other sources had a negative variance exceeding $1 million: earnings on investments, other income, and kilowatt-hour tax.

The table below shows that sources exceeding estimate (an overage totaling $395.6 million) in June outweighed the size of revenue underperformers (a variance of $268.7 million), resulting in a $126.9 million net positive variance from estimate.

GRF Revenue Sources Relative to Monthly Estimates – June 2020
($ in millions)

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Federal grants	$313.3	Transfers in-other	($142.5)
Auto sales tax	$34.1	Personal income tax	($78.0)
ISTVs	$17.1	Non-auto sales tax	($35.6)
Commercial activity tax	$12.9	Earnings on investments	($7.3)
Foreign insurance tax	$6.3	Other income	($3.1)
Cigarette and other tobacco products tax	$3.6	Other sources below estimate	($2.2)
Other sources above estimate	$8.3		
Total above	**$395.6**	**Total below**	**($268.7)**

(Note: Due to rounding of individual sources, the combined sum of sources above and below estimate may differ slightly from the total variance.)



The preceding chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for fiscal year 2020, with the net difference amounting to -$1.2 billion. The chart graphically depicts the major shortfalls for several revenue sources, especially the outsized influence of personal income tax performance relative to estimate.

On a year-over-year basis, monthly receipts (including transfers) were $266.7 million (8.2%) larger than in June of the previous fiscal year. The net increase was due to Federal grants, which were $410.8 million (49.4%) above last year. Declines were observed for transfers in-other amounting to $158.2 million (-97.5%), and for personal income tax amounting $95.7 million (-11.5%).

For the entire fiscal year, total revenues ended $262.1 million (-0.8%) below last year, after being up $643.8 million as recently as March. The source with the highest growth is Federal grants at $718.1 million (7.4%). Non-auto sales tax ended above last year despite major declines in April and May, at $111.3 million (1.2%). Personal income tax revenue accounts for the largest decline at $1.0 billion (-11.5%).

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in June totaled $810.7 million and were $35.6 million (-4.2%) below the estimate. Non-auto sales tax revenue was $282.8 million (-3.0%) below estimate for fiscal year 2020. In June, non-auto GRF sales tax revenue increased by $16.8 million (2.1%) from the previous year. For the year, non-auto sales tax revenue ended above last year's level, by $111.3 million (1.2%).

June non-auto sales tax revenue reflects a composite of May and June consumption. In a typical month, approximately one-half of a given month's revenue emanates from anticipated activity in the current month (from those larger vendors required to make "accelerated" payments equal to 75 percent of their estimated sales tax liability for the current month); the other half is from activity occurring in the previous month (comprised of any remaining tax owed by accelerated vendors on their prior month's sales activity, and the tax paid by smaller, non-accelerated vendors on their total prior month's sales activity).

Although it was modestly short of estimate, June's revenue performance was substantially stronger than the three previous months. During the March through May period, non-auto sales tax experienced a total $346.2 million (-14.9%) negative variance from estimate. As discussed in the last several editions of this report, non-auto sales tax was greatly impacted as measures were taken to respond to and contain the pandemic. Data sources indicate that the preponderance of the March through May revenue decline can be attributed to two categories: accommodations and food services (restaurants & bars); and "GAFO" retailers, consisting of general merchandise, clothing, appliances & electronics, furniture & home furnishings, and sporting goods retailers.

Advance monthly U.S. retail sales data published by the Census Bureau confirms improving retail performance in May. In April, total sales by food services and retail establishments, excluding motor vehicles and gasoline stations, declined 14 percent from the prior year; in May, the year-to-year decline was 4 percent.

The improved non-auto sales tax results in June comport with expectations expressed in last month's report. Nonetheless, major questions remain for non-auto sales tax during fiscal year 2021. The initial "rebound" from the early pandemic response will be followed by consumer spending challenged by an evolving public health environment, the effects of tapering federal fiscal policy responses, and broader questions about US macroeconomic conditions in the coming year.

Auto Sales Tax

June auto sales tax revenues were $175.7 million, which was $34.1 million (24.1%) above the estimate. Total fiscal year 2020 auto sales tax revenues ended $45.3 million (-2.9%) below the estimate. June revenues were $58.0 million (49.2%) above the prior year, and fiscal year 2020 revenues were $1.1 million (0.1%) above the previous year.

Based on a seasonally adjusted annual rate (the amount of sales that occurred during the month after being adjusted for seasonal fluctuations and expressed as an annualized total), U.S. sales of new light vehicles in June are estimated to be about 13 million units. Although a rebound from the 12.1 million sales level in May, this level remained well below the approximately 17 million-unit level in February 2020, prior to the full onset of the pandemic. The level in June 2019 was also about 17 million units. The exuberant growth in June 2020 Ohio auto sales tax revenue diverges from the more-modest U.S. new vehicle sales data. It is possible that used vehicle sales explain some of this divergence, i.e., Ohio used vehicle sales may have performed much stronger than new vehicle sales did. Probably a more resonant underlying explanation is that, during this period of great volatility and uncertainty, nationwide motor vehicle sales activity for a given month will simply not neatly conform with activity occurring in Ohio.

As seen in the outcomes observed in May and especially in June, it is apparent that auto sales are recovering from their deep April trough. June's strong activity must include some "catch-up" effects for purchases that consumers had planned, but did not make in March or earlier in the second quarter due to the pandemic. Although OBM does not expect a replication of June's outsized performance, further signs of a recovery for the auto sector may well be discerned in July revenues.

Personal Income Tax

June GRF personal income tax receipts totaled $738.5 million and were $78.0 million (-9.6%) below the estimate. For the fiscal year, personal income tax revenue was $845.1 million (-9.7%) below estimate. On a year-over-year basis, June income tax collections were $95.7 million (-11.5%) below June 2019 collections while collections for the year ended $1.0 billion (-11.5%) below the previous year.

In contrast to May, the month's variance from estimate was almost entirely associated with tax payment categories whose due dates were postponed to July. Although the Ohio labor market remains challenged by the pandemic-induced rash of layoffs, reductions in hours worked, and wage reductions, the June withholding tax payments showed only a slight downturn relative to expectations. For the month, withholding tax payments fell short of estimate by only $2.3 million (-0.3%). This is a notable contrast to the prior month when withholding payments were $103.8 million less than estimate. Withholding ended $133.3 million (-1.3%) below estimate for fiscal year 2020, with the year's negative variance mostly attributable to April and May.

The year-over-year withholding tax results in June show a decline of $12.9 million (-1.9%). However, the year-to-year comparison is somewhat exaggerated by the effects of tax policy changes. The fiscal year 2020-2021 budget bill (House Bill 166) enacted a four percent reduction in personal income tax rates effective with tax year 2019. Consistent with this rate cut, a four percent employer withholding rate reduction took effect in January 2020. If not for the rate reduction, there would have been an estimated 2.2 percent increase in employer withholding collections in June instead of the 1.3 percent decline that was actually observed.

As indicated above, the payment categories affected by the postponed deadlines had notable impacts on overall income tax performance. The June payments would primarily have come from those taxpayers that deferred payment of their 2019 tax liability beyond the regular April 15 deadline but chose to pay before the July 15 extended deadline.

Payments accompanying tax year 2019 annual returns or annual return extensions are not typically very significant in June, since they are normally due in April. Because of the extension, payments this June were much larger than usual, representing a $65.5 million increase from estimate. For the year, however, such payments were $652.1 million (-60.9%) below estimate, a decline attributable to the payment extension. Most of this variance should be recouped in July, when the payments are due.

Quarterly estimated payments were originally anticipated to be significant since June is one of the four months in which such payments are typically due. However, actual June payments were $85.9 million, amounting to a $106.9 million (-55.5%) reduction from estimate. Fiscal year 2020 estimated payments ended $173.8 million (-19.2%) below estimate. OBM anticipates most of this shortfall to be received in early fiscal year 2021, when the returns become due.

Refund claims in June were $33.2 million (67.6%) larger than originally expected. Despite this, June's refund performance offset only a small portion of the combined April and May refund shortfall of $259 million, which was attributable to the extension of the annual return filing date. The projected refund balance, amounting to $226 million, is expected to be paid to taxpayers in early fiscal year 2021 as returns are filed near the July 15 due date. For the fiscal year, refunds were $127.5 million (-5.8%) below estimate and were $31.0 (1.5%) larger than in fiscal year 2019.

JUNE PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	Actual June	Estimate June	$ Var	Actual June-2020	Actual June-2019	$ Var Y-0ver-Y
Withholding	$682.7	$685.0	($2.3)	$682.7	$695.6	($12.9)
Quarterly Est.	$85.9	$192.8	($106.9)	$85.9	$192.8	($106.9)
Annual Returns & 40 P	$75.5	$10.0	$65.5	$75.5	$11.1	$64.4
Trust Payments	$3.3	$8.5	($5.2)	$3.3	$10.7	($7.4)
Other	$5.8	$7.4	($1.6)	$5.8	$7.2	($1.4)
Less: Refunds	($82.3)	($49.1)	($33.2)	($82.3)	($45.9)	($36.4)
Local Distr.	($32.3)	($38.1)	$5.8	($32.3)	($37.2)	$4.9
Net to GRF	$738.5	$816.5	($78.0)	$738.5	$834.2	($95.7)

(Note: The net totals and variance amounts may differ slightly from computations using the rounded actual and estimated figures provided in the table.)

Commercial Activity Tax (CAT)

The CAT was $12.9 million above estimate in June, reversing the $11.1 million negative variance in May. For the year, it ended $33.2 million (2.0%) above estimate. CAT revenue was just $0.1 million (-0.4%) below last June and ended the year $42.1 million (2.6%) above last year. The June results bolster previous months' comments about CAT revenue. Because of the economic downturn one might have expected a substantial disruption to fourth-quarter CAT revenues. In reality, the results conform with OBM's revised expectations of a relatively mild impact. The bulk of CAT tax payments made during the quarter reflected taxable gross receipts activity in the January-March period, only a small portion of which occurred during the pandemic. That said, the fuller effects of the economic impacts of COVID-19 on the CAT will materialize in July, as taxes paid in that month will begin to reflect the April-June gross receipts reporting period.

GRF Non-Tax Receipts

GRF non-tax revenues in June totaled $1.3 billion and were $319.8 million (33.3%) above estimate. This variance was primarily attributable to the Federal Grants category, which was $313.3 million (33.7%) above estimate. This positive variance was associated with the enhanced Federal Medical Assistance Percentage (FMAP) authorized in the Families First Coronavirus Response Act. For fiscal year 2020, federal revenues were $718.1 million (7.4%) above fiscal year 2019. For the year, federal grants were $613.1 million (6.2%) above estimate.

Revenues from earnings on investments were $7.3 million (-26.5%) below estimate for the month due to lower than estimated interest earnings for the April-June quarter. Total fiscal year 2020 revenues in this category were still $21.4 million (19.4%) above estimate due to higher interest earnings during the beginning of the year.

Revenues from ISTV's were $17.1 million in June though no revenue was estimated. This overage was the result of the GRF being reimbursed for COVID-19 related expenses utilizing the federal Coronavirus Relief Fund. Total fiscal year 2020 revenues in this category were $28.7 million which was $15.5 million (117.8%) above estimate.

Transfers into the GRF in June totaled $4.0 million and were $142.5 million (-97.3%) below estimate. On a year-over-year basis, June transfers were $166.9 million (-67.3%) below fiscal year 2019. Both the monthly and year-over-year variances were caused by planned transfers of commercial activity tax revenues being delayed until fiscal year 2021.

7/2/2020

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2020 VS ESTIMATE FY 2020
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL JUNE	MONTH ESTIMATE JUNE	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	810,721	846,300	(35,579)	-4.2%	9,183,047	9,465,800	(282,753)	-3.0%
Auto Sales & Use	175,741	141,600	34,141	24.1%	1,502,737	1,548,000	(45,263)	-2.9%
Subtotal Sales & Use	986,461	987,900	(1,439)	-0.1%	10,685,784	11,013,800	(328,016)	-3.0%
Personal Income	738,463	816,500	(78,037)	-9.6%	7,881,337	8,726,400	(845,063)	-9.7%
Corporate Franchise	14	0	14	N/A	(435)	0	(435)	N/A
Financial Institutions Tax	27,407	24,600	2,807	11.4%	214,903	189,700	25,203	13.3%
Commercial Activity Tax	18,535	5,600	12,935	231.0%	1,671,680	1,638,500	33,180	2.0%
Petroleum Activity Tax	2,124	2,300	(176)	-7.7%	8,737	10,000	(1,263)	-12.6%
Public Utility	2,858	2,400	458	19.1%	141,034	140,000	1,034	0.7%
Kilowatt Hour	19,395	21,300	(1,905)	-8.9%	331,795	334,700	(2,905)	-0.9%
Natural Gas Distribution	0	0	0	N/A	59,735	77,900	(18,165)	-23.3%
Foreign Insurance	(8,021)	(14,300)	6,279	43.9%	305,073	292,000	13,073	4.5%
Domestic Insurance	282,401	280,000	2,401	0.9%	303,038	301,200	1,838	0.6%
Other Business & Property	389	0	389	N/A	399	0	399	N/A
Cigarette and Other Tobacco	146,662	143,100	3,562	2.5%	913,017	891,700	21,317	2.4%
Alcoholic Beverage	6,455	5,300	1,155	21.8%	53,642	56,000	(2,358)	-4.2%
Liquor Gallonage	4,996	3,900	1,096	28.1%	53,386	50,000	3,386	6.8%
Estate	2	0	2	N/A	71	0	71	N/A
Total Tax Receipts	2,228,141	2,278,600	(50,459)	-2.2%	22,623,196	23,721,900	(1,098,704)	-4.6%
NON-TAX RECEIPTS								
Federal Grants	1,242,500	929,190	313,310	33.7%	10,482,045	9,868,943	613,102	6.2%
Earnings on Investments	20,203	27,500	(7,297)	-26.5%	131,370	110,000	21,370	19.4%
License & Fees	539	702	(163)	-23.2%	66,638	58,326	8,312	14.3%
Other Income	407	3,478	(3,071)	-88.3%	92,650	77,676	14,974	19.3%
ISTV'S	17,064	0	17,064	N/A	28,744	13,200	15,544	117.8%
Total Non-Tax Receipts	1,280,713	960,871	319,842	33.3%	10,801,448	10,128,145	673,303	6.6%
TOTAL REVENUES	**3,508,854**	**3,239,471**	**269,383**	**8.3%**	**33,424,644**	**33,850,045**	**(425,401)**	**-1.3%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	3,975	146,475	(142,500)	-97.3%	81,020	215,044	(134,024)	-62.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	3,975	146,475	(142,500)	-97.3%	81,020	215,044	(134,024)	-62.3%
TOTAL SOURCES	**3,512,829**	**3,385,946**	**126,883**	**3.7%**	**33,505,664**	**34,065,090**	**(559,426)**	**-1.6%**

7/2/2020

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2020 VS ACTUAL FY 2019
($ in thousands)

REVENUE SOURCE	MONTH JUNE FY 2020	MONTH JUNE FY 2019	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2020	YEAR-TO-DATE ACTUAL FY 2019	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	810,721	793,941	16,779	2.1%	9,183,047	9,071,740	111,307	1.2%
Auto Sales & Use	175,741	117,773	57,968	49.2%	1,502,737	1,501,684	1,053	0.1%
Subtotal Sales & Use	986,461	911,714	74,747	8.2%	10,685,784	10,573,424	112,360	1.1%
Personal Income	738,463	834,199	(95,736)	-11.5%	7,881,337	8,910,214	(1,028,877)	-11.5%
Corporate Franchise	14	500	(486)	-97.2%	(435)	2,074	(2,509)	-121.0%
Financial Institutions Tax	27,407	23,573	3,834	16.3%	214,903	202,443	12,460	6.2%
Commercial Activity Tax	18,535	18,601	(67)	-0.4%	1,671,680	1,629,544	42,136	2.6%
Petroleum Activity Tax	2,124	3,208	(1,084)	-33.8%	8,737	11,608	(2,871)	-24.7%
Public Utility	2,858	4,930	(2,072)	-42.0%	141,034	143,161	(2,127)	-1.5%
Kilowatt Hour	19,395	19,902	(507)	-2.5%	331,795	343,635	(11,840)	-3.4%
Natural Gas Distribution	0	0	0	N/A	59,735	75,902	(16,167)	-21.3%
Foreign Insurance	(8,021)	(7,852)	(168)	-2.1%	305,073	296,342	8,730	2.9%
Domestic Insurance	282,401	260,770	21,630	8.3%	303,038	276,048	26,990	9.8%
Other Business & Property	389	309	80	25.8%	399	309	89	28.9%
Cigarette and Other Tobacco	146,662	137,183	9,479	6.9%	913,017	918,179	(5,162)	-0.6%
Alcoholic Beverage	6,455	5,261	1,194	22.7%	53,642	56,250	(2,608)	-4.6%
Liquor Gallonage	4,996	4,569	427	9.3%	53,386	50,342	3,044	6.0%
Estate	2	37	(34)	-93.4%	71	154	(83)	-54.2%
Total Tax Receipts	2,228,141	2,216,906	11,235	0.5%	22,623,196	23,489,630	(866,434)	-3.7%
NON-TAX RECEIPTS								
Federal Grants	1,242,500	831,661	410,839	49.4%	10,482,045	9,763,899	718,146	7.4%
Earnings on Investments	20,203	32,093	(11,890)	-37.0%	131,370	114,360	17,011	14.9%
License & Fee	539	833	(293)	-35.2%	66,638	64,414	2,224	3.5%
Other Income	407	2,469	(2,062)	-83.5%	92,650	71,165	21,485	30.2%
ISTV'S	17,064	0	17,064	N/A	28,744	16,439	12,306	74.9%
Total Non-Tax Receipts	1,280,713	867,055	413,658	47.7%	10,801,448	10,030,277	771,171	7.7%
TOTAL REVENUES	**3,508,854**	**3,083,961**	**424,893**	**13.8%**	**33,424,644**	**33,519,907**	**(95,263)**	**-0.3%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	3,975	162,151	(158,176)	-97.5%	81,020	247,888	(166,868)	-67.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	3,975	162,151	(158,176)	-97.5%	81,020	247,888	(166,868)	-67.3%
TOTAL SOURCES	**3,512,829**	**3,246,112**	**266,717**	**8.2%**	**33,505,664**	**33,767,794**	**(262,130)**	**-0.8%**

DISBURSEMENTS

NOTE: In response to the COVID-19 pandemic, state agencies have deviated from their original disbursement plans. Some agencies have increased spending in targeted areas to mitigate the health and economic effects of coronavirus. Simultaneously, all agencies are under orders to reduce spending through pay and hiring freezes, and additional budgetary oversight from the Office of Budget and Management. These factors began to be reflected in the March disbursement estimates and result in substantial variances from original disbursement plans.

June GRF disbursements, across all uses, totaled $1.9 billion and were $768.1 million (-29.3%) below estimate. This variance was primarily attributable to below estimate disbursements in the Medicaid and the Primary and Secondary Education categories. On a year-over-year basis, June total uses were $525.0 million (-22.1%) lower than those of the same month in the previous fiscal year, with a decrease in the Primary and Secondary Education category largely responsible for the difference. Year-over-year variances from the estimate by category are provided in the table below.

Category	**Description**	**Year-Over-Year Variance**	**% Variance**
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	($517.6)	-21.8%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	($7.5)	-84.8%
TOTAL DISBURSEMENTS VARIANCE:		**($525.0)**	**-22.1%**

GRF disbursements are reported according to functional categories. This section contains information describing GRF spending and variances within each of these categories.

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. June disbursements for this category totaled $391.7 million and were $144.4 million (-26.9%) below estimate. This variance was primarily attributable to below estimate spending in the Foundation Funding and Pupil Transportation line items due to subsidy payments to school districts being reduced as a result of budgetary control measures implemented in response to the economic impact of COVID-19. This below estimate spending was partially offset by above estimated disbursements for the Early Childhood Education and Student Assessment line items due to timing of payments which offset prior month underspending.

Expenditures for the school foundation program totaled $351.7 million and were $148.9 million (-29.7%) below estimate. Year-to-date disbursements were $7,846.9 million, which was $340.6 million (-4.2%) below estimate. On a year-over-year basis, disbursements in this category were $234.1 million (-37.4%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $296.8 million (-3.6%) lower than the same point in fiscal year 2019. The year-over-year and year-to-date variances were the result of budgetary control measures implemented in response to the economic impact of COVID-19.

Higher Education

June disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $143.8 million and were $43.3 million (-23.1%) below the estimate. This variance was primarily attributable to disbursements in the State Share of Instruction line and various other line items that were below estimate by $40.5 million due to budgetary control measures implemented in response to the economic impact of COVID-19. The remaining monthly variance was due to disbursements in the Ohio College Opportunity Grant and Choose Ohio First Scholarship line items that were below estimates in the amount of $4.7 million as a result of lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in the National Guard Scholarship program line that was above estimate in the amount of $1.9 million because of higher than expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were $2.3 billion, which was $118.7 million (-4.9%) below the estimate. On a year-over-year basis, disbursements in this category were $36.4 million (-20.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $10.3 million (-0.5%) lower than at the same point in fiscal year 2019.

Other Education

This category includes non-debt service GRF expenditures made by the Broadcast Educational Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations.

June disbursements in this category totaled $2.2 million and were $1.6 million (-42.0%) below estimate. Year-to-date disbursements were $82.1 million, which was $1.0 million (1.3%) above estimate. On a year-over-year basis, disbursements in this category were $1.3 million (-37.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $11.4 million (16.1%) higher than at the same point in fiscal year 2019.

Medicaid

This category includes all Medicaid spending on services and program support by the following eight agencies: the Department of Medicaid, the Department of Mental Health and Addiction Services, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, the Department of Aging, the Department of Education, and the State Board of Pharmacy.

Expenditures

June GRF disbursements for the Medicaid Program totaled $1.0 billion and were $431.5 million (-29.3%) below estimate and $163.5 million (-13.5%) below disbursements for the same month in the previous fiscal year. The monthly variance was primarily attributable to the receipt of additional federal reimbursement (known as enhanced FMAP), as outlined in the Families First Coronavirus Response Act, for calendar quarters one and two. Additionally, both the monthly and year-over-year variances were attributable to the timing of the availability and use of non-GRF funding sources in the Department of Medicaid. Receipt of certain non-GRF revenue was delayed and therefore was unable to be expended until June, where it further offset GRF costs.

Fiscal year 2020 GRF disbursements totaled $15.5 billion and were $49.1 million (-0.3%) below estimate and $419.0 million (2.8%) above fiscal year 2019 disbursements. The total yearly variance was partially attributable to declining enrollment throughout much of the first three quarters of the fiscal year. The COVID-19 crisis did cause increases in enrollment for the period of March-June, however, the federal government's decision to provide enhanced FMAP mitigated some of the additional costs to the GRF as the Medicaid program's non-GRF funding sources were able to leverage significant additional federal dollars.

June all-funds disbursements for the Medicaid Program totaled $2.4 billion and were $29.1 million (-1.2%) below estimate and $123.0 million (5.4%) above disbursements for the same month in the previous fiscal year. The variance was primarily attributable to the receipt of enhanced FMAP (from calendar quarter 1 and quarter 2) and the timing of the use and availability of non-GRF resources as mentioned above. While GRF expenditures were significantly below estimate, non-GRF expenditures were significantly above estimate and essentially offsetting.

Fiscal year 2020 all-funds disbursements totaled $28.2 billion and were $240.5 million (-0.8%) below estimate and $1.5 billion (5.5%) above disbursements for the same point in the previous fiscal year. The fiscal year 2020 all-funds variance was primarily attributable to below estimate spending in the fee-for-service program, both Medicaid fee-for-service and Department of Developmental Disabilities (DDD) services, and in below estimate administration related expenses. Underspending in the Medicaid fee-for-service program was largely attributable to COVID related underutilization, both generally, and specifically in the Medicaid Schools Program. Underspending in DDD services was also attributable to some general underutilization but was primarily attributable to enhanced FMAP revenue receipt and expenditure reconciliation. Fiscal year 2020 administrative expenses were below estimate due primarily to lower than anticipated information technology expenses, some of which were delayed or reduced in scope due to COVID related spending control measures.

Despite the general all-funds underspending, it should be noted that the managed care program was above estimate for the fiscal year by $234.3 million. This overage was largely attributable to COVID related enrollment increases during the months of March through June. Additionally, previously reported quality assurance corrective payments contributed to the above-estimate spending for this category.

The chart below shows the current month's disbursement variance by funding source.

(in millions, totals may not add due to rounding)

	June Actual	June Projection	Variance	Variance %
GRF	$1,437.1	$1,474.6	$ (37.6)	-2.5%
Non-GRF	$842.8	$948.0	$ (105.2)	-11.1%
All Funds	$2,279.8	$2,422.6	$ (142.8)	-5.9%

Enrollment

Total June enrollment was 2.98 million, which was 164,765 (5.8%) above estimate and 168,636 (6.0%) above enrollment for the same period last fiscal year. Fiscal year 2020 average monthly enrollment was 2.83 million and was essentially at estimate.

June enrollment by major eligibility category was: Covered Families and Children, 1.66 million; Aged, Blind and Disabled (ABD), 499,919; and Group VIII Expansion, 691,191.

**Please note that these data are subject to revision.*

Health and Human Services

This category includes non-debt service GRF expenditures by the following state agencies: Job and Family Services, Health, Aging, Developmental Disabilities, Mental Health and Addiction Services, and others. Examples of expenditures in this category include childcare, TANF, administration of the state's psychiatric hospitals, operating subsidies to county boards of developmental disabilities, various immunization programs, and Ohio's long-term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in the Medicaid category.

June disbursements in this category totaled $42.1 million and were $37.6 million (-47.1%) below estimate. Year-to-date disbursements were $1.3 billion, which was $109.4 million (-7.5%) below estimate. On a year-over-year basis, disbursements in this category were $13.0 million (-23.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $72.0 million (5.7%) higher than at the same point in fiscal year 2019.

Department of Job and Family Services

June disbursements for the Department of Job and Family Services totaled $18.2 million and were $23.2 million (-56.0%) below estimate. This variance was primarily attributable to the TANF State/Maintenance of Effort line item, which was $9.6 million below estimate due to budgetary control measures implemented in response to the economic impact of COVID-19, and the Child Care State/Maintenance of Effort line item, which was $9.2 below estimate due to a change in the child care disbursement schedule during the pandemic period. The Program Operations line item was $4.6 million below estimate due to not receiving anticipated invoices for the Electronic Benefits Transfer contract for SNAP and various other IT contract support and maintenance.

Department of Mental Health and Addiction Services

June disbursements for the Department of Mental Health and Addiction Services totaled $11.6 million and were $11.1 million (-49.0%) below estimate. This variance was primarily attributable to disbursements in the Hospital Services line item, which was $12.1 million below estimate, and the Addiction Services Partnership with Corrections line item, which was $1.2 million below estimate. This variance was partially offset by disbursements in the Community Innovations line item, which was $2.4 million above estimate due to delayed May and June subsidy payments for Workforce Development being paid in June.

Department of Veteran Services

June disbursements for the Department of Veteran Services totaled $2.1 million and were $1.5 million (-74.4%) below estimate. This variance was primarily attributable to disbursements in the Veteran's Homes line item, which was $1.4 million below estimate.

Justice and Public Protection

This category includes non-debt service GRF expenditures by the Department of Rehabilitation & Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities.

June disbursements in this category totaled $112.7 million and were $62.9 million (-35.8%) below estimate. Year-to-date disbursements were $2.4 billion, which was $107.2 million (-4.3%) below estimate. On a year-over-year basis, disbursements in this category were $48.1 million (-29.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $163.5 million (7.4%) higher than at the same point in fiscal year 2019.

Adjutant General's Department

June disbursements for the Adjutant General totaled $2.76 million and were $1.58 million (131.1%) above estimates. This variance was primarily attributable to disbursements in the Central Administration line, which was $2.07 million above estimates due to additional spending approved by the Controlling Board from the Emergency Proposes/Contingency Fund to support state active duty costs incurred as a result of civil unrest beginning May 30, 2020.

Department of Public Safety

June disbursements for the Department of Public Safety totaled $1.8 million and were $2.8 million (-60.6%) below estimate. This variance was primarily attributable to disbursements in the Local Disaster Assistance, Security Grants, and Security Grants - Personnel line items, which were $1.6 million below estimate due to the timing of subsidy payments. Additionally, the EMA Operating and Investigative Unit Operating line items were $0.7 million below estimate due to various COVID-19 implications, including budgetary control measures implemented in response to the economic impact of COVID-19, expenses for the EMA operating line shifting to the federal Coronavirus Relief Fund, and reduced investigative costs from the closing of bars and other liquor-licensed establishments during Ohio's Stay at Home order. Finally, the Recovery Ohio Law Enforcement line item was $0.4 million below estimate due to the timing of subsidy payments and budgetary control measures implemented in response to the economic impact of COVID-19.

Department of Rehabilitation and Correction

June disbursements for the Department of Rehabilitation and Correction totaled $68.6 million and were $56.8 million (-45.3%) below estimate. This variance was primarily attributable to variances in the Institutional Operations line item, which was $42 million below estimate; the Institution Medical Services line item, which was $7.3 million below estimate; the Parole and Community Operations line item, which was $3.3 million below estimate; the Institution Education Services line item, which was $1.7 million below estimate; the Community Non-Residential Programs line item, which was $1.5 million below estimate and the Administrative Operations line item, which was $1.1 million below estimate. All these variances were caused by the timing of the final payroll, which occurred in July rather than in June as anticipated, and reduced expenditures due to budgetary control measures implemented in response to the economic impact of COVID-19.

Department of Youth Services

June disbursements for the Department of Youth Services totaled $14.5 million and were $4.5 million (-23.6%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item which was $3.7 million below estimate due to the timing of the final payroll, which occurred in July rather than in June as anticipated and reduced expenditures due to budgetary control measures implemented in response to the economic impact of COVID-19.

Office of the Attorney General

June disbursements for the Office of the Attorney General totaled $1.6 million and were $0.9 million (0.8%) above estimate. This variance was primarily attributable to disbursements in the Operating Expenses line item, which was $1.2 million above estimate as the Office moved expenditures from non-GRF line items. This variance was partially offset by below estimate spending in the Drug Abuse Response Team Grant, Drug Testing Equipment, Internet Crimes Task Force, and the Pike County Capital Case lines.

Public Defender Commission

June disbursements for the Public Defender Commission totaled $9.2 million and were $0.9 million (10.1%) above estimate. This variance was primarily attributable to disbursements in the County Reimbursement ALI which was $1.2 million above estimate due to additional payments being made to compensate for lower reimbursement amounts earlier in the year.

General Government

This category includes non-debt service GRF expenditures by the Department of Administrative Services, Department of Natural Resources, Development Services Agency, Department of Agriculture, Department of Taxation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others.

June disbursements in this category totaled $15.7 million and were $24.8 million (-61.3%) below estimate. Year-to-date disbursements were $440.4 million, which was $88.9 million (-16.8%) below estimate. On a year-over-year basis, disbursements in this category were $9.3 million (-37.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $49.2 million (12.6%) higher than at the same point in fiscal year 2019.

Department of Agriculture
June disbursements for the Department of Agriculture totaled $0.6 million and were $6.2 million (-90.4%) below estimate. This variance was primarily attributable to the Soil and Water Phosphorous Program line item, which was $5.0 million below estimate due to the timing of the program's subsidy payments and other expenditures.

Department of Natural Resources
June disbursements for the Department of Natural Resources totaled $2.6 million and were $2.7 million (-51.4%) below estimate. This variance was primarily attributable to the Parks and Recreation line item, which was $2.3 million below estimate due to many parks being closed for safety reasons related to the ongoing impact of COVID-19.

Development Services Agency
June disbursements for Development Services Agency totaled $2.0 million and were $3.2 million (-61.1%) below estimates. This variance was primarily attributable to below estimated spending in the Technology Programs and Grants, TechCred Program, Appalachia Assistance, and Sector Partnership Networks (Industry Sector Partnership) line items. These line items were below estimate due to budgetary control measures implemented in response to the economic impact of COVID-19.

Department of Transportation
June disbursements for the Department of Transportation totaled $1.7 million and were $5.3 million (-75.4%) below estimate. This variance was primarily attributable to disbursements in the Public Transportation - State line item, which was$5.1 million below estimate due to the timing of subsidy payments and budgetary control measures implemented in response to the economic impact of COVID-19.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. Property tax reimbursements totaled $26.3 million in June and were $9.6 million (-26.8%) below estimate. Fiscal year 2020 disbursements totaled $1.8 billion and were $42.0 million (-2.3%) below estimate and $0.6 million lower than fiscal year 2019 disbursements.

Debt Service

June payments for debt service totaled $74.0 million and were $57,000 (-0.1%) below estimate. Fiscal year 2020 expenses in this category totaled $1.45 billion and were $10.2 million (-0.7%) below estimate and $19.1 million (1.3%) higher than fiscal year 2019 expenses.

Transfers Out

June transfers out totaled $1.3 million and were $12.4 million (-90.2%) below estimate. Fiscal year 2020 transfers out totaled $669.5 million and were $14.2 million (-2.1%) below estimate and $103.5 million (-13.4%) lower than fiscal year 2019 transfers out.

7/2/2020

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2020 VS ESTIMATE FY 2020
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL JUNE**	**ESTIMATED JUNE**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary and Secondary Education	391,678	536,114	(144,436)	-26.9%	7,846,873	8,187,474	(340,601)	-4.2%
Higher Education	143,760	187,057	(43,297)	-23.1%	2,282,270	2,400,971	(118,701)	-4.9%
Other Education	2,153	3,709	(1,556)	-42.0%	82,091	81,061	1,029	1.3%
Medicaid	1,043,185	1,474,642	(431,457)	-29.3%	15,471,844	15,520,897	(49,053)	-0.3%
Health and Human Services	42,143	79,717	(37,574)	-47.1%	1,343,999	1,453,397	(109,399)	-7.5%
Justice and Public Protection	112,742	175,595	(62,852)	-35.8%	2,385,951	2,493,163	(107,212)	-4.3%
General Government	15,655	40,502	(24,846)	-61.3%	440,437	529,349	(88,912)	-16.8%
Property Tax Reimbursements	26,254	35,868	(9,614)	-26.8%	1,800,605	1,842,600	(41,995)	-2.3%
Debt Service	73,955	74,012	(57)	-0.1%	1,449,932	1,460,175	(10,243)	-0.7%
Total Expenditures & ISTV's	**1,851,525**	**2,607,214**	**(755,690)**	**-29.0%**	**33,104,001**	**33,969,088**	**(865,086)**	**-2.5%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	1,337	13,700	(12,363)	-90.2%	669,497	683,675	(14,178)	-2.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**1,337**	**13,700**	**(12,363)**	**-90.2%**	**669,497**	**683,675**	**(14,178)**	**-2.1%**
Total Fund Uses	**1,852,862**	**2,620,914**	**(768,053)**	**-29.3%**	**33,773,499**	**34,652,763**	**(879,264)**	**-2.5%**

7/2/2020

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2020 VS ACTUAL FY 2019
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**JUNE FY 2020**	**JUNE FY 2019**	**$ VAR**	**% VAR**	**ACTUAL FY 2020**	**ACTUAL FY 2019**	**$ VAR**	**% VAR**
Primary and Secondary Education	391,678	625,813	(234,135)	-37.4%	7,846,873	8,143,715	(296,842)	-3.6%
Higher Education	143,760	180,168	(36,408)	-20.2%	2,282,270	2,292,590	(10,320)	-0.5%
Other Education	2,153	3,436	(1,283)	-37.3%	82,091	70,726	11,365	16.1%
Medicaid	1,043,185	1,206,680	(163,495)	-13.5%	15,471,844	15,052,848	418,995	2.8%
Health and Human Services	42,143	55,133	(12,991)	-23.6%	1,343,999	1,272,017	71,981	5.7%
Justice and Public Protection	112,742	160,880	(48,138)	-29.9%	2,385,951	2,222,454	163,497	7.4%
General Government	15,655	24,933	(9,277)	-37.2%	440,437	391,270	49,167	12.6%
Property Tax Reimbursements	26,254	50,559	(24,305)	-48.1%	1,800,605	1,801,184	(579)	0.0%
Debt Service	73,955	61,476	12,479	20.3%	1,449,932	1,430,790	19,142	1.3%
Total Expenditures & ISTV's	**1,851,525**	**2,369,077**	**(517,552)**	**-21.8%**	**33,104,001**	**32,677,595**	**426,407**	**1.3%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	657,503	(657,503)	N/A
Operating Transfer Out	1,337	8,789	(7,452)	-84.8%	669,497	115,503	553,994	479.6%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**1,337**	**8,789**	**(7,452)**	**-84.8%**	**669,497**	**773,006**	**(103,509)**	**-13.4%**
Total Fund Uses	**1,852,862**	**2,377,866**	**(525,004)**	**-22.1%**	**33,773,499**	**33,450,601**	**322,898**	**1.0%**

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2020
($ in thousands)

JULY 1, 2019 Beginning Cash Balance*	**1,538,011.8**
Plus FY 2020 Actual Revenues	22,942,599.2
Plus FY 2020 Actual Federal Revenues	10,482,045.1
Plus FY 2020 Actual Transfers to GRF	81,019.8
Total Sources Available for Expenditures & Transfers	**35,043,676.0**
Less FY 2020 Actual Disbursements**	33,104,001.4
Less Actual Total Encumbrances as of June 30, 2020***	485,334.7
Less FY 2020 Actual Transfers Out	669,497.9
Total Actual Uses	**34,258,834.0**
FY 2020 UNENCUMBERED ENDING FUND BALANCE	**784,842.0**

*** Includes reservations of $391.6 million for prior year encumbrances. After accounting for this adjustment, the estimated unencumbered beginning fund balance for fiscal year 2020 is $1,146.4 million.**

**** Disbursements include estimated spending against current year appropriations and prior year encumbrances.**

***Encumbrances for fiscal year 2020 include $73.1 million for the final pay period of the fiscal year. This payment was disbursed in fiscal year 2021 using fiscal year 2020 appropriations and is therefore considered a fiscal year 2020 obligation.

OBM staff that contributed to the development of this report are:
Jason Akbar, Ben Boettcher, Frederick Church, Ariel King, Todd Clark, Adam Damin, Paul DiNapoli, Florel Fraser, Teresa Goodridge, Chris Guerrini, Chris Hall, Sharon Hanrahan, Charlotte Kirschner, Sári Klepacz, Taylor Pair, Steven Peishel, Craig Rethman, Tara Schuler, Travis Shaul, Jasmine Winston, Melissa Snider, Nick Strahan, Luis da Cruz and Kevin Schrock.