August 10, 2020

MEMORANDUM TO: The Honorable Mike DeWine, Governor
The Honorable Jon Husted, Lt. Governor

FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report

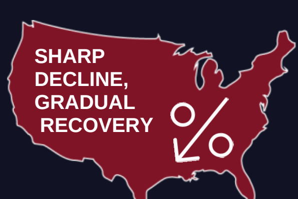
Report Overview:

National Real Gross Domestic Product (GDP) contracted 9.5 percent in the second quarter for an annualized rate of 32.9 percent, according to the "advance" estimate by the Bureau of Economic Analysis (BEA). The decline in GDP, both quarterly and annualized, is the largest since modern record-keeping began in 1947.

The Ohio unemployment rate decreased to 10.9 percent in June from 13.7 percent in May. By the week ending July 18, 2020 initial unemployment claims had fallen to 28,033, from the peak week in March when 274,288 initial claims were filed. Continued claims in Ohio decreased substantially between the peak of 777,214 in April and the week ending July 18, 2020, in which 426,858 individuals filed continued claims for unemployment insurance. However, continued claims seem to have plateaued in recent weeks at levels well above the peak of the Great Recession.

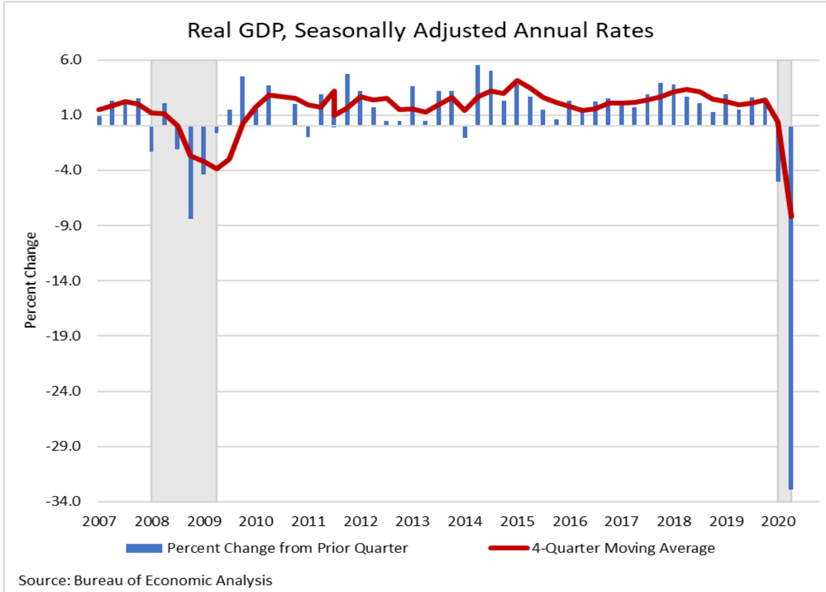
GRF non-auto sales and use tax collections in July totaled $949.2 million and were $97.1 million (11.4%) above estimate. July revenue increased by $138.0 million (17.0%) from the previous year. Consumer spending has been bolstered by federal stimulus and June and July sales have been boosted by pent-up demand.

July auto sales tax revenues were $182.6 million. Auto sales tax revenue in July was $48.6 million (36.3%) above estimate and $37.4 million (25.7%) higher than last July. Auto sales have been bolstered by the same factors as non-auto sales in recent months.



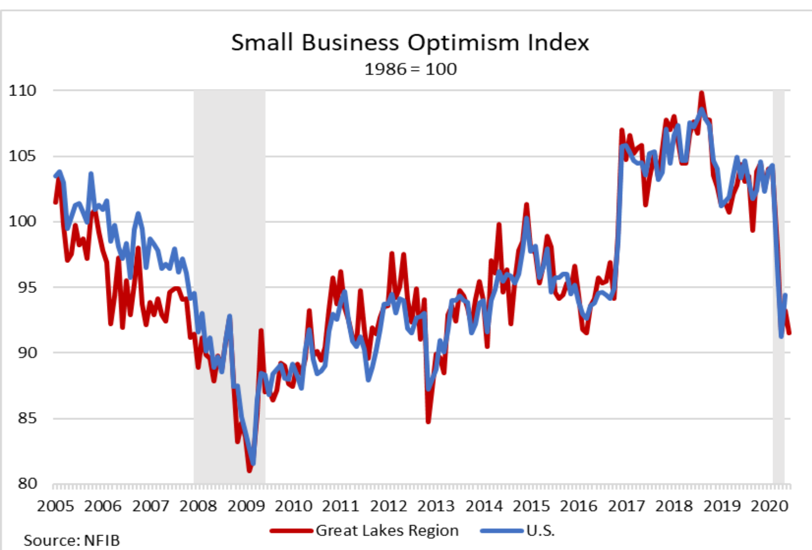
The consensus among forecasters is that the economy will begin to recover in the third quarter of 2020. Despite the rise of COVID-19 cases and the response by several states to slow or pause their reopening plans, it is highly likely that GDP will begin to expand during the next three months. The July survey of economists by the Wall Street Journal found that 70.4 percent of respondents predict the economic recovery will look like a "Nike-swoosh", a sharp decline with a long and gradual recovery. Economic recovery, however, will be strongly linked the course of the pandemic and may be dependent on additional federal relief packages.

Economic Activity



Real Gross Domestic Product (GDP) contracted 9.5 percent in the second quarter for an annualized rate of 32.9 percent, according to the "advance" estimate by the Bureau of Economic Analysis (BEA). The decline in GDP, both quarterly and annualized, is the largest since modern record-keeping began in 1947. While the BEA usually focuses on annualized rates to allow comparisons to previous years, it is less useful this quarter. Unless additional mass closures are required to contain the COVID-19, it is unlikely that the economy will suffer another collapse as steep as it did in the second quarter.

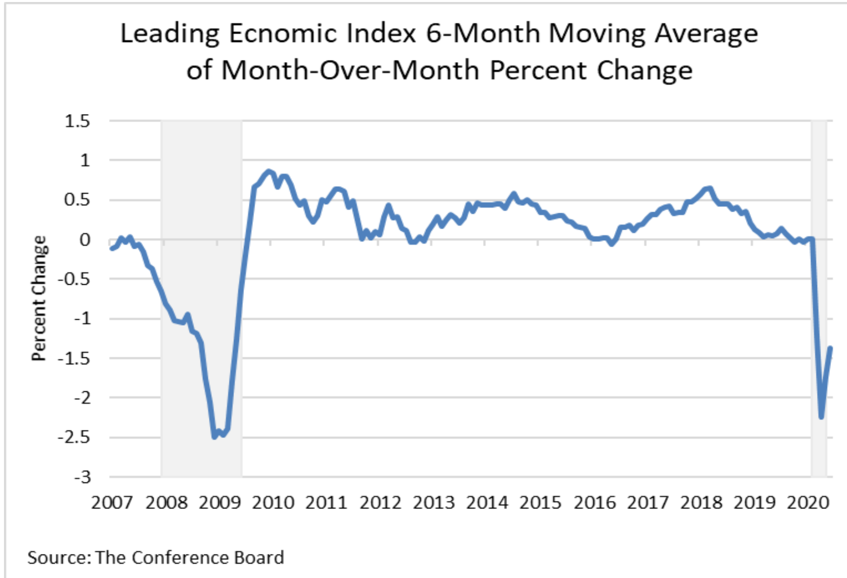
The second-quarter decrease in real GDP reflected negative contributions from personal consumption expenditures (-25.1%), exports (-9.4%), private inventory investment (-4.0%), nonresidential fixed investment (-3.6%), residential fixed investment (-1.8%) and state and local government spending (-0.4%). These decreases were partially offset by increases in federal government spending (1.3%). Imports, which are included in the above categories and then subtracted in a separate category, decreased, effectively adding to other categories by a total of 10.1 percent.



The National Federation of Independent Business (NFIB) produces the **Small Business Optimism Index** by surveying a sample of small-business owners each month. In June, there was a national increase of 6.2 points, with the index rising to 100.6. The index for the Great Lakes Region, however, fell 1.7 points, from 93.2 in May to 91.5 points in June.

Nationally, eight of the ten index components improved in June compared to May, with only two declining. Business owners anticipated improving sales as the economy continued to reopen, with sales expectations in the next three-months increasing 37 points. Owners continue to be optimistic about future business opportunities and as of June they expected the recession to be short-lived. Plans to create new jobs increased by eight points, with the Paycheck Protection Plan accounting for some of the increase in hiring plans.

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 June, the LEI increased 2.0 percent, contributing to the recovery that began in May. This increase reflects the partial reopening of the economy, with decreases in initial unemployment claims, increasing average hours worked, and increasing stock prices contributing to the positive gains. However, the economic outlook is still weak. The Leading Credit Index™, manufactures' new orders for consumer goods and materials, and average consumer expectations for business conditions all were negative drivers to the overall LEI. Together with the resurgence of COVID-19 cases across the country, The Conference Board concluded that the U.S. would remain in recession for the near term.



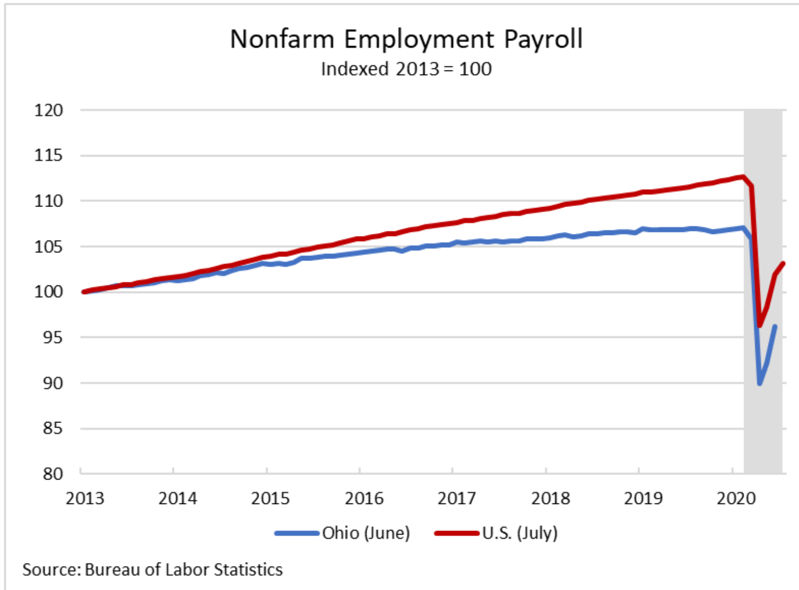
The Ohio economy expanded some in June. The **state-level coincident economic index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased another 6.0 percent in June. Combined with gains in May, this amounts to about half of what was lost after the historic decline April. The six-month smoothed rate of change fell from -0.4 percent in March to -3.7 percent in April. Although May and June have been less negative (-2.88 and -1.91, respectively) this indicates Ohio's economy remains in the recession induced by the COVID-19 pandemic. Over the past month, the indexes in 42 states increased, 7 states decreased, and one state remained stable. This resulted in a one-month diffusion index of 70. Between April and June, the indexes in two states increased and decreased in 42 states for a three-month diffusion index of -92.0. For comparison, the U.S. coincident index fell 5.0 percent over the last three months and increased 2.7 percent between May and June.

Source	**Date**	**3rd Quarter GDP Forecast**
Federal Reserve Bank of New York (NowCast)	7/24/20	13.3%
Federal Reserve Bank of Atlanta (GDPNow)	7/29/20	11.9%
IHS Markit GDP Tracker	8/4/20	20.4%
Moody's Analytics High-Frequency Model	8/3/2020	16.6%
Wells Fargo	7/09/20	18.4%
Conference Board	7/08/20	20.6%
Wall Street Journal Survey	7/01/20	15.2%

After the historic contraction in second quarter, the consensus among forecasters is that the economy will begin to recover in the third quarter of 2020. Despite the rise of COVID-19 cases and the response by several states to slow or pause their reopening plans, it is highly likely that GDP will begin to expand during the next three months. The July survey of economists by the Wall Street Journal found that 70.4 percent of their respondents predict that the economic recovery will look like a "Nike-swoosh", a sharp decline with a long and gradual recovery. However, economic recovery is strongly linked the course of the pandemic and may be dependent on additional federal relief packages.

Employment

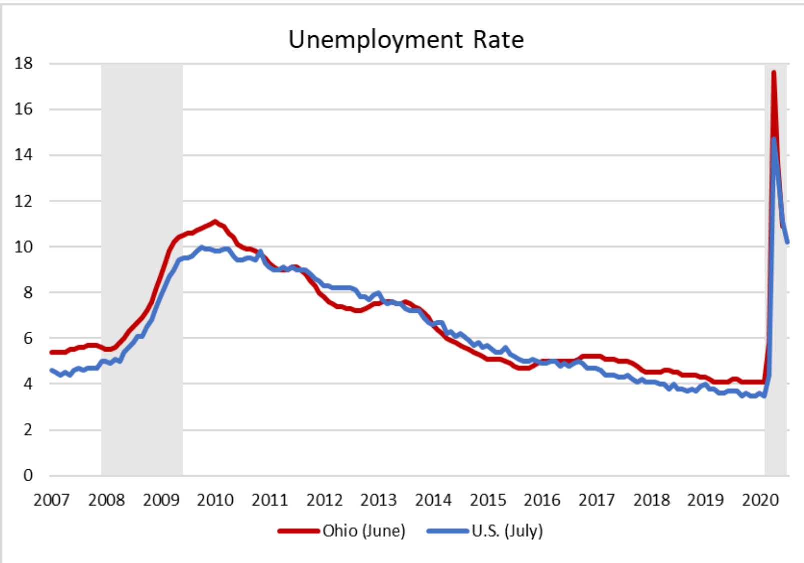
The U.S. Bureau of Labor Statistics reported that total **nonfarm payroll employment** increased by 1.8 million in July, this is the third straight month of increases. However, the increase in July was less than the increases in May and June. Nonfarm Employment remains lower than its February level by 8.4 percent. Improvements in the labor market can be attributed to the recommencement of economic activity that was halted due to the pandemic.



In July the biggest contributor to job gains was in **leisure and hospitality**, which increased by 592,000 jobs and accounts for about one-third of the improvement. Another sector that contributed largely to job gains was **government** which added 301,000 jobs in July. **Retail trade** added 258,000 jobs in July, but the industry remains lower than its February level. Employment in **professional and business services** increased by 170,000 jobs in July; however, 144,000 of jobs occurred in temporary help services. The **Other services** industry increased by 149,000 jobs with most gains occurring in personal and laundry services. Employment in **healthcare** increased in July by 126,000 jobs but this industry remains down since February. Employment in **social assistance** increased by 66,000 jobs in July but remains 460,000 jobs lower than in February. Childcare services accounted for most of the gain. In July, **financial activities** added 21,000 jobs, with most gains in real estate and rental and leasing.

Manufacturing employment increase by 26,000 in July, the gain in employment was due to motor vehicles and parts which partially offset the loss in jobs in fabricated metal products, machinery and computer and electronic products. Employment within **construction** had little change with an increase of just 20,000 jobs. This follows large increases in employment in May and June. However, employment in construction remains 444,000 jobs lower than in February. **Mining** lost 7,000 jobs in July.

Ohio nonfarm payroll employment increased to 5.0 million jobs in June, a 4.3 percent increase over May. Despite the increase, nonfarm employment remains down 9.9 percent from last year. Sectors with the greatest job increases included leisure and hospitality (82,300); trade, transportation, and utilities (29,300); manufacturing (28,900); education and health services (27,900); other services (15,800); government (12,700); and, professional business services (10,800). These gains were partially offset by losses in financial activities (-700). Even with these gains, employment in all sectors is still below June 2019 levels. However, the number of job postings on the OhioMeansJobs website has increased 4.1 percent compared to the number of postings in June 2019 – a hopeful sign.



The Bureau of Labor Statistics reported that the national unemployment rate declined to 10.2 percent in July, a 0.9 percentage point decrease from June. Nationally, the number of unemployed individuals fell by 1.4 million to 16.3 million. Even though unemployment has declined over the past 3 months unemployment remains up 6.7 percentage points and 10.6 million since February.

Unemployment rates for the month varied for the major working groups but the unemployment rates for all groups declined in comparison to June – another positive signal. In July, the unemployment rate for adult men was 9.4 percent, for adult women 10.5 percent, and for teenagers, 19.3 percent. In July, individuals who identify as Black had an unemployment rate of 14.6 percent, Hispanic at 12.9 percent, Asian at 12.0 percent and White at 9.2 percent.

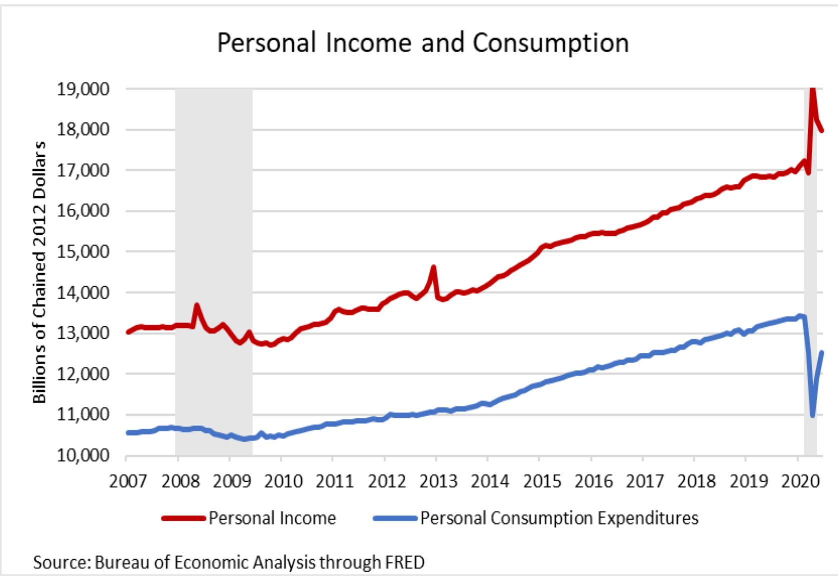
Temporary layoffs for those who are unemployed decreased by 1.3 million in July to 9.2 million, this is around half of its April level. **Permanent job losses** and **reentrants** were virtually unchanged since June, at 2.9 million and 2.4 million. Reentrants are individuals who had previously worked but were not in the workforce prior to starting their job search.

Whilethe number of long-term unemployed was relatively unchanged over the month at 1.5 million, nationally, individuals who were **jobless less than 5 weeks** and **jobless 15 to 26 weeks** both increased. In July, unemployed individuals who were jobless less than 5 weeks increased by 364,000 to 3.2 million, and those who are jobless 15 to 26 weeks increased by 4.6 million to 6.5 million. The number of individuals **jobless 5 to 14 weeks** decreased by 6.3 million to 5.2 million.

The **labor force participation rate** decreased by 0.1 percent in July to 61.4 percent. This is relatively unchanged from June's rate and follows increases in May and June. Total employment in July increased to 143.5 million, a 1.4 million increase from June. The **employment-population ratio** increased by 0.5 percentage points from June to 55.1 percent in July. This remains lower than the February pre-pandemic ratio of 61.6 percent, July is 6.5 percent below February's ratio. The number of persons who **usually work part time** rose by 803,000 to 24.0 million but the number of people who **usually work full time** had little change in July at 119.5 million.

The **Ohio unemployment rate** decreased to 10.9 percent in June from 13.7 percent in May. By the week ending July 18, 2020 initial unemployment claims had fallen to 28,033, from the peak week in March when 274,288 initial claims were filed. Continued claims in Ohio decreased substantially between the peak of 777,214 in April and the week ending July 18, 2020, in which 426,858 individuals filed continued claims for unemployment insurance. However, continued claims seem to have plateaued in recent weeks as since the week ending July 4, continued claims only decreased 1.6 percent. Additionally, in July 50 companies filed Worker Adjustment and Retraining Notification (WARN) Act notices with the Ohio Department of Job and Family Services, warning 6,552 employees of potential layoff and closures. This is a 37.9 percent increase in the number of employees notified compared to June.

Consumer Income and Consumption



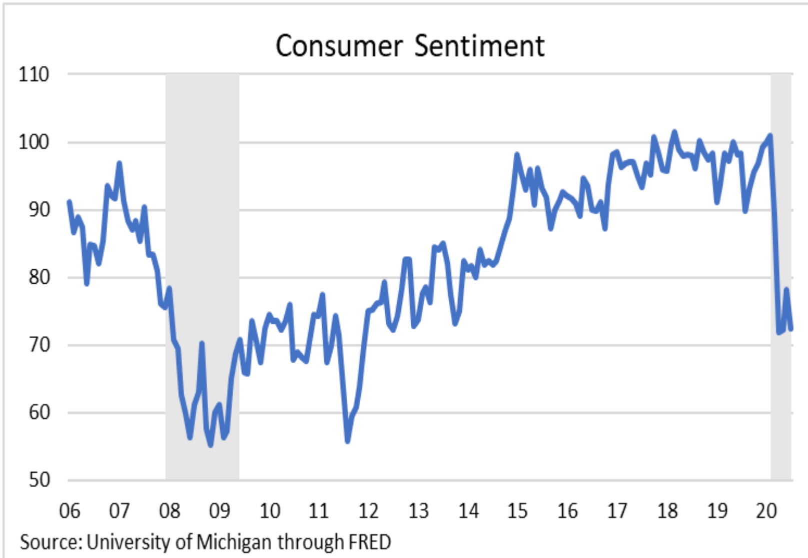
Overall, **personal income** decreased 1.1 percent in June, after a 4.2 percent reduction in May. This was largely driven by 8.9 percent decline in personal current transfer receipts from May to June. Specifically, the government social benefits category declined by 9.0 percent as the $1,200 stimulus checks were distributed to most citizens in April. This decline was offset by an increase of unemployment insurance benefits of 8.5 percent, which has increased for the fourth consecutive month. This includes the additional $600 per week unemployed workers were receiving that officially ended July 31st. Wage and salary disbursements, the largest portion of personal income, increased 2.2 percent in June.

Personal consumption expenditures are a measure of national consumer spending. The **Real Personal Consumption Expenditure Index** (PCE) increased 5.2 percent ($623.0 billion) in June. These increases are due to $273.7 billion in spending for goods and a $362.1 billion increase in spending for services.

Durable goods increased 8.8 percent in June with increases in all categories. The largest increase was in other durable goods (20.9%) followed by an increase in furnishings and durable household equipment (8.0%). Nondurable goods increased 4.1 percent in June with increases in all categories except food and beverages purchased for off-premise consumption (-1.0%). The largest increase was in clothing and footwear consumption (29.6%) which increased for the second month in a row. Service consumption increased 5.0 percent in June with the largest increase in recreation services (37.6%) followed by food services and accommodations (18.4%) and health care (13.7%). Within health care, outpatient services and hospital spending increased.

Only final consumption expenditures for nonprofit institutions that serve households decreased substantially (17.2%). Food and beverages purchased for off-premise consumption decreased 1.0 percent and housing and utilities declined 0.1 percent.

Personal saving decreased 22.7 percent in June from May; this is the second month in a row of declines after its substantial increase in April. However personal saving remains above the February level by 142 percent. Personal saving as a percentage of disposable personal income or the personal saving rate is 19.0 percent. Personal outlays increased 734.4 billion in June which is a 5.2 percent increase.



The latest survey results indicate consumer expectations for the economy are declining due to the continued resurgence of coronavirus cases nationally. The University of Michigan's Consumer Sentiment Index decreased to 72.5 points in July which is a 7.2 percent decrease from June and a -26.3 percent change from the same period in 2019. The Consumer Expectations Index fell 8.9 percent from June to 65.9 in July, this is tied with the six-year low in May. This suggests that consumers are not anticipating the economy to expand. Substantial declines in consumer finances were partially avoided due to federal relief programs that helped protect consumers from job losses, salary cuts and a reduction of hours, including added federally-funded unemployment benefits that expired on July 31.

The Conference Board's Consumer Confidence Index decreased 6.2 percent in July, to a score of 92.6 after an increase between May and June. The Conference Board's Present Situation Index is comprised of consumers' current assessment of the business and labor market conditions, which increased to 94.2 in July from 86.7 in June. The Conference Board's Present Expectations Index is consumers' short-term assessment of business, income, and labor market conditions. The Expectations index decreased in July to 91.5 from 106.1 in June. Consumers in states that are experiencing a resurgence of COVID-19 reported large declines. Consumer's short-term outlook for the labor market and the economy has become less optimistic which could damage the recovery and lead to slowing of consumer spending. In July, consumers' outlook on present day conditions improved due to more favorable assessment of the job market.

The travel and hospitality industries continue to face significant challenges due to the pandemic. The Transportation Security Administration (TSA) tracks how many travelers go through TSA checkpoints as "throughput". Total travel throughput for July is 73.9 percent lower than July of last year. Airline travel has been increasing since a low in April, 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 – almost three years – for the number of room nights sold at hotels to rise to 2019 levels. They reported a 42.5 percent decline in the occupancy rate between June of this year and last. The average daily rate, or average revenue earned for an occupied room, has declined 31.5 percent compared to June of last year. As such, revenue per available room declined 60.6 percent. Occupancy and revenue per available room were at the lowest levels for any June on record but they were up from May levels.

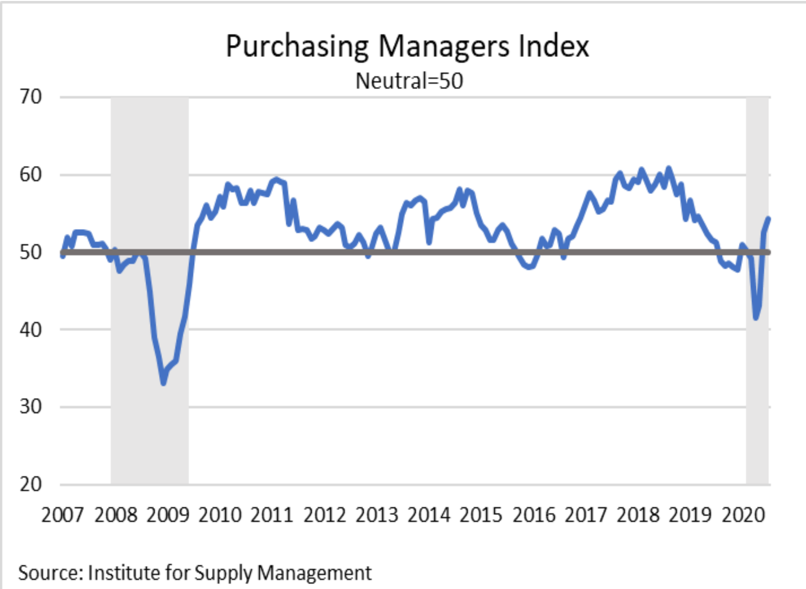
Commercial vehicle miles traveled on the Ohio Turnpike increased 0.5 percent compared to July of last year, however; passenger vehicle miles traveled declined 25.4 percent in July compared to July of last year. Passenger vehicle travel has been affected by the decreased numbers of employees commuting to work.

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. Total **industrial production** increased 5.34 percent in June as many factories began to reopen in at least partial capacity after the COVID-19 suspension. Even with this increase, total industrial production in June was still 10.9 percent below its pre-pandemic level in February. During the second quarter, the index fell 42.6 percent at an annual rate, the largest quarterly decrease since World War II. **Manufacturing production** also continued to rebound in June, increasing by 7.2 percent, as all major industries demonstrated increases, yet remaining 11.1 percent below February levels.

The durable goods sector index increased by 11.6 percent in June. The output of motor vehicles and parts, one of Ohio's largest industries, increased 105.0 percent, but remained nearly 25 percent below its February level. The index for nondurable good production rose 3.4 percent with sizable gains for apparel and leather products, and plastics and rubber products. The output or utilities rose 4.2 percent in June as both gas and electric utilities posted gains. However, mining output fell 18.0 percent in June.

Industries that contribute to a large portion of manufacturing employment in Ohio, aside from motor vehicle and parts, all increased production in June. Plastics and rubber products increase by 8.7 percent; machinery by 6.4 percent; miscellaneous transportation and equipment by 4.5 percent; food, beverage and tobacco products by 3.6 percent; primary metal production by 2.5 percent; chemicals by 1.8 percent; and, both fabricated metals products and electronics and appliances and components by 1.7 percent.



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 July, the PMI for the United States expanded to 54.2, compared to 52.6 in June and 43.1 in May. This shows expansion of the economy for the third month in a row, after the contraction due the pandemic in April.

The new orders index increased 5.1 percentage points to 61.5 percent and the production index was up from 57.3 in June to 62.1 percent. The backlog of orders index rose 6.5 percentage points to 51.8 percent. These increases provide additional evidence that manufacturing is recovering since the COVID-19 stay-at-home orders were lifted.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, thirteen reported growth between June and July. Of those that are important to Ohio's manufacturing industry food, beverage, and tobacco products, chemical products, primary metals increased. However, transportation equipment, machinery, and fabricated metals showed a decline.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM was mixed in July. On the positive side, a respondent from the chemical products industry said, "Orders are starting to pick up. [An] increase of about 35 percent to 40 percent." A source in the food and beverage industry who was uncertain about the impact of schools reopening in the fall stated, "How much demand will continue to shift, will be dictated by students returning or not." A respondent from the transportation equipment industry reported, "Overall business remains down almost 70 percent. We are hanging on to as many employees as possible, but we will have to lay off 30 percent or more for at least two to three months until September or October."

Construction

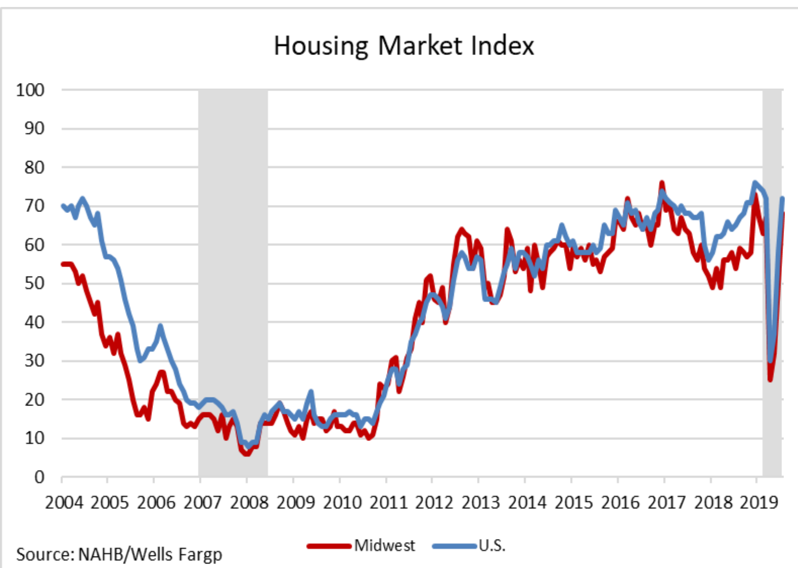
Total construction decreased 0.7 percent in June from May and has increased 0.1 percent from June of last year. Throughout the first six months this year, construction spending remains 5.0 percent higher than the same time period in 2019.

Overall, private sector construction spending declined 0.7 percent in June from May and has decreased 1.9 percent from June of last year. Private residential construction spending declined 1.5 percent in June from May, and is 0.8 percent below the June 2019 rate. Private non-residential consturction spending increased 0.2 percent in June from May and the rate from June to June of last year decreased 3.2 percent.

Public construction spending declined 0.7 percent in June from May but has increased 6.2 percent from June of last year. Public residential cosntruction spending increased 2.7 percent in June from May and 34.1 percent increase from June to June of last year. Public non-residental construction declined 0.8 percent in June from May and the rate of change from this June to June of last year increased by 5.7 percent.

Privately-owned housing units aprroved from building permits increased 2.1 percent in June, however the rate remains 2.5 percent below the June 2019 rate. Building permits in the Midwest increased in June by 10.9 percent from May, which is a 6.4 percent increase from June of last year. This is the second month of increased building permits after a decline in April. Privately-owned housing starts increased 17.3 percent for June but remain 4.0 percent below the June 2019 rate. Housing starts in the Midwest increased 29.3 percent in June but remain 0.5 percent below the June 2019 rate. Privately-owned housing completions increased 4.3 percent in June and are 5.1 percent above the June 2019 level. Privately-owned housing completions in the Midwest increased 5.3 percent in June and are 34.9 percent above the June 2019 rate.

New home sales increased 13.8 percent in June after a decline in April and are 6.9 percent above the June 2019 rate. Midwest home sales increased 10.5 percent in June and 33.3 percent above the June 2019 rate. Existing home sales rebounded after three months of declines and increased 20.7 percent from May. However, sales declined 11.3 percent compared to year ago. The Midwest's existing home sales increased 11.1 percent but remains down 13.4 percent from a year ago. Total housing inventory increased 1.3 percent in June but remains 18.2 percent down from a year ago.



Homebuilders reported an increase in activity in July due to low mortgage rates andstrong interest in new housing construction because existing home inventories remain low. The Housing Market Index (HMI) from the National Association increased in July to 72 from 58 in June. This is a 24.1 percent increase and a 14 point jump. HMI has increased for the third month in a row. Midwest builders are benefiting from demand that was curbed in the early months of the pandemic by stay-at-home orders. Midwest HMI rose to 68 in July from 50 in June.

REVENUES

July GRF revenues were strong; . although these returns provide a solid launch to fiscal year 2021, July's outcome was singular and probably not predictive of ensuing months' revenue performances. Much of July's proceeds stem from the extension of the income tax payment deadline to July 15th; revenue that normally would have been collected in April and May was instead received in July, with a smaller remaining amount expected to be processed in August. Furthermore, the unprecedented volatility caused by the pandemic appears to have resulted in the unusually large amount of revenue collected from the auto and non-auto sales taxes. To simplify the complex interplay of influences resulting in this outcome, July likely reflected pent-up consumer demand for durable and non-durable products and the influence of federal stimulus payments, causing a temporary spike in sales tax collections.

July total GRF receipts totaled $4.1billion and were $270.2 million (7.1%) above estimate. Tax revenues were $184.6 million (8.2%) above estimate. Non-tax receipts and transfers were $85.6 million above estimate; this was predominantly driven by the transfers in-other source. Several charts provided below show the sources with the largest variation from 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	$184.6	8.2%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$9.8	0.6%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$75.8	N/A
TOTAL REVENUE VARIANCE:		**$270.2**	**7.1%**
Non-federal revenue variance		**$270.2**	**12.0%**
Federal grants variance		**$0.0**	**0.0%**

(Note: Estimates for Federal Grants in fiscal year 2021 are currently in development, so this month they are shown as equaling actuals.)

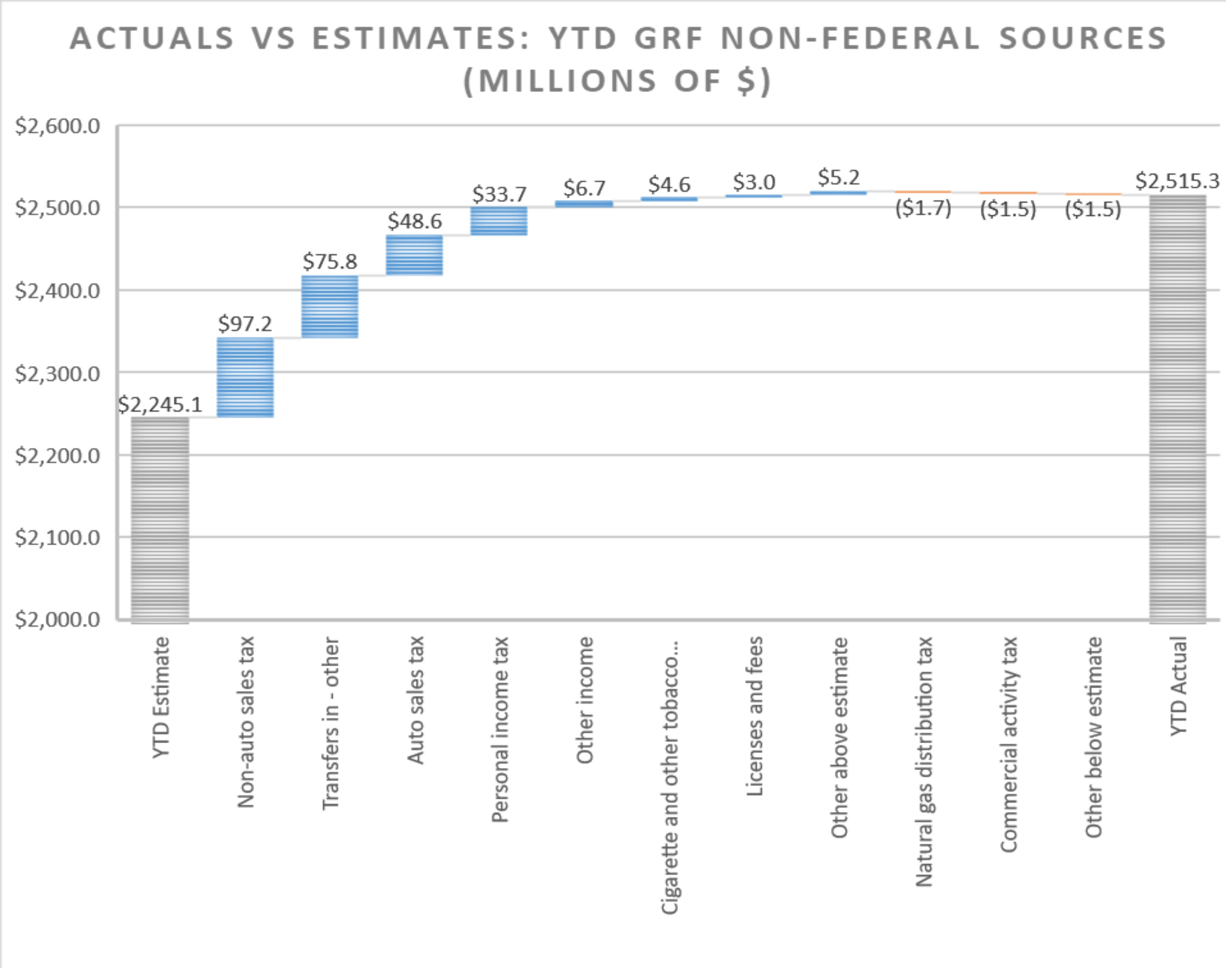
For July, receipts were $1.1 billion (37.5%) above the previous year. All three categories experienced an increase, with tax receipts growing by $722.9 million (42.4%), non-tax receipts increasing by $312.7 million (24.9%), and transfers being $75.8 million over last year. The source with the largest increase was the personal income tax, at $550.0 million (87.3%) above last July. This was followed by Federal grants which were $302.6 million (24.1%) over the prior year, non-auto sales tax which increased by $138.0 million (17.0%), transfers in-other which grew by $75.8 million, and auto sales which grew by $37.4 million (25.7%). The largest decline was experienced by the commercial activity tax, which was $11.5 million below estimate (-17.6%).

The table below shows that sources exceeding estimate (an overage totaling $274.9 million) in July outweighed the size of revenue underperformers (a negative variance of $4.7 million), resulting in a $270.2 million net positive variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto sales tax	$97.2	Natural gas distribution tax	($1.7)
Transfers in-other	$75.8	Commercial activity tax	($1.5)
Auto sales tax	$48.6	Other sources below estimate	($1.5)
Personal income tax	$33.7		
Other income	$6.7		
Cigarette and other tobacco products tax	$4.6		
Licenses and fees	$3.0		
Other sources above estimate	$5.2		
Total above	**$274.9**	**Total below**	**($4.7)**

(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 2021 to date, with the net difference amounting to $270.2 million. The chart most notably depicts the major overages for several revenue sources.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in July totaled $949.2 million and were $97.1 million (11.4%) above the estimate. July revenue increased by $138.0 million (17.0%) from the previous year. July constitutes the largest amount of monthly GRF non-auto sales tax ever received. If adjusted for inflation, only two months have exceeded July 2020: in April 2003, which was the month when accelerated payments began; and in January 2000 which was a high point for the economy preceding a major decline in the stock market.

July non-auto sales tax revenue reflects a composite of June and July 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).

Signs of recovery were apparent from June's non-auto sales tax performance, which was much stronger than in March-May. Continued revenue strengthening in July was not a surprise, however the magnitude of revenue generation was unexpectedly large. OBM continues to monitor economic data to better understand the July outcome and attempt to assess future non-auto sales tax revenue performance. At this time, however, July revenue intake appears to reflect a combination of pent-up demand, federal government fiscal stimulus, and at least a modest overall shift in consumption patterns toward taxable goods. All three of these influences are to some degree transitional, especially pent-up demand effects.

To shed some light on the composition of non-auto sales tax, industry classification data from June tax returns was reviewed. Several sectors that showed steep year-over-year declines in preceding months showed significant improvement in June, with some of them turning positive. The GAFO sector (comprised of general merchandise, clothing, appliances & electronics, furniture & home furnishings, and sporting goods retailers) was no longer a downward influence on tax collections, and instead had turned slightly positive. Furthermore, Non-Store Retailers (which would include Marketplace Facilitators) exhibited very strong growth. The most substantial downward influence was from the Accommodations and Food Services sector. In the July return data, OBM would expect to see continued improvement nearly all sectors, and likely somewhat less negative year-over-year performance shown by the Accommodations and Food Services.

Auto Sales Tax

July auto sales tax revenues were $182.6 million. Auto sales tax revenue in July was $48.6 million (36.3%) above estimate and $37.4 million (25.7%) higher than last July. This month's revenue intake represents the largest-ever monthly amount of GRF auto sales tax proceeds. July immediately followed the month that now holds the record for the second-highest intake of auto sales tax revenue.

A modest portion of July's revenue outcome was due to structural timing effects of tax administration, driven by a substantially smaller distribution of permissive (local) motor vehicle sales taxes that occurred this July. These distributions are drawn against GRF auto sales tax revenues each month. Because the July 2020 permissive distributions were based on May collections, when auto sales tax greatly declined due to the pandemic, the draw against July GRF auto sales tax revenue was much smaller than in July 2019. If permissive distributions had remained at their July 2019 level, GRF auto sales tax revenue would have grown by $29.8 million (20.5%) in July 2020.

Even after taking such timing effects into account, the absolute level and year-over-year growth rate of July auto sales tax were both large. OBM routinely tracks and reports national new auto sales for the previous month to discern whether Ohio's auto sales tax performance indicates consistencies with national economic experience. 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. new auto sales in July reached an estimated 14.5 million units. Although this constitutes an improvement from the 13.0 million units in June, it is about 13 percent below the prior July. Such performance does not comport with Ohio's sales tax growth.

Used vehicle sales likely explain some of the divergence between national new auto sales data and Ohio's auto sales tax performance, even after factoring in changes in average new vehicle prices. Quarterly data from the Bureau of Motor Vehicles (BMV) indicates that used vehicle sales account for more than one-half of taxable transactions, so changes in that segment of the auto market have an important impact on Ohio tax revenues. BMV vehicle sales data for July, however, is not yet available. A forecast by ALG, Inc. expected 9 percent growth in used vehicle sales for July. In addition, Cox Automotive reports an increase in the used vehicle retail price index for July, approximately 5 percent higher than at the beginning of the calendar year. Such combined price and demand effects for used vehicles could explain some of Ohio's strong July outcome. However, as indicated in last month's Monthly Financial Report, during this period of almost unprecedented volatility and uncertainty nationwide motor vehicle sales activity for a given month will simply not neatly conform with activity occurring in Ohio.

Fundamentally, Ohio's strong auto sales tax performance in June and July alike was probably influenced by a combination of federal fiscal stimulus policies (especially those enacted by the CARES Act), as well as pent-up demand which would have built up during the roughly mid-March through mid-May period. To the extent temporary factors such as these were the primary causes of growth in the last two months, it is prudent to expect more modest auto sales tax performance in the coming months.

Personal Income Tax

July GRF personal income tax receipts totaled $1.2 billion and were $33.7 million (2.9%) above the estimate. On a year-over-year basis, July income tax collections were $550.1 million (87.3%) above July 2019 collections. This extraordinary growth is directly attributable to the extended July 15 deadline for filing and payment of tax year 2019 annual income tax (which is normally due in April), as well as the extension for tax year 2020 quarterly estimated income taxes that are ordinarily due in April and June. Further detail on these components is provided below.

Although the Ohio labor market continues to be challenged by layoffs, declines in hours worked, and wage reductions, the July withholding tax payments showed only a slight downturn relative to expectations. For the month, withholding tax payments fell short of estimate by $27.8 million (-3.5%). In contrast, the year-over-year withholding tax results in July show an increase of $37.0 million (5.1%). The year-over-year comparison, however, is somewhat clouded by several tax policy changes. First, the withholding component includes payments made by pass-through entities on their nonresident investors' income. Because such payments were subject to the July 15 payment extension, they were substantially higher than in an ordinary July (growing from $1.7 million last July to $31.1 million this July). Secondly, the withholding tax paid by employers on their employees' wage and salary income was reduced by four percent from the prior year, effective in January 2020. After making computational adjustments due to these changes, employer withholding payments in July would have increased by an estimated 5.2 percent if not for the rate reduction.

Quarterly estimated tax payments were subject to the July 15 payment extension. Accordingly, the July and August revenue estimates reflect revenue anticipated to be received during such months due to the extension. In addition, the July and August estimates for tax dues from individual and trust annual tax return payments and for refunds were also crafted to reflect revenue anticipated from the revised payment due date. Estimated payments exceeded anticipated collections by $23.5 million (19.1%) in July. Since the estimate for this component in August is only $17.9 million, it is apparent that the amount anticipated to be received during the first two months of this fiscal year will be reached.

Tax payments accompanying annual tax returns (and return extensions) exceeded the estimate by $66.4 million (15.2%). As mentioned above, this component was also subject to the payment extension. It is too soon to know if the actual revenue from this component for combined July and August will reach the estimate, but the $66.4 overage in July may be a positive sign that it could happen.

Refunds are the last major category impacted by the July 15 extension. July refunds exceeded estimate by $23.1 million (11.5%) in July. As with annual return payments described above, it is too soon to tell how combined July and August refunds will perform relative to expectations.

JULY PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Actual July	Estimate July	$ Var	Actual July-2020	Actual July-2019	$Var Y-0ver-Y
Withholding	$767.0	$794.8	($27.8)	$767.0	$730.1	$37.0
Quarterly Est.	$146.7	$123.2	$23.5	$146.7	$14.7	$132.0
Annual Returns & 40 P	$502.9	$435.5	$66.4	$502.9	$9.2	$492.5
Trust Payments	$24.5	$26.0	($1.5)	$24.5	$1.4	$23.1
Other	$4.0	$7.7	($3.7)	$4.0	$7.7	($3.7)
Less: Refunds	($224.7)	($201.6)	($23.1)	($224.7)	($95.3)	($129.4)
Local Distr.	($39.4)	($39.3)	($0.1)	($39.4)	($38.1)	($1.3)
Net to GRF	$1,180.0	$1,146.3	$33.7	$1,180.0	$629.9	$550.1

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

GRF Non-Tax Receipts

GRF non-tax revenues in July totaled $1.6 billion and were $312.7 million (24.9%) higher than the same month in the previous fiscal year. This variance was primarily attributable to the Federal Grants category, which was $302.6 million (24.1%) higher than July of fiscal year 2020. This positive variance was associated with higher Medicaid caseloads as well as the enhanced Federal Medical Assistance Percentage (eFMAP) authorized in the Families First Coronavirus Response Act.

Revenues from the License & Fee and Other Income categories were $3.3 million and $6.8 million, respectively, above July of fiscal year 2020. Large variances are expected as revenue patterns vary on a monthly basis for these categories.

July transfers into the GRF were $75.8 million higher than the same month in the previous fiscal year. This variance was primarily attributable to the timing of a transfer from the Petroleum Activity Public Highways Fund to the GRF to reimburse debt service payments for public highway and bridge construction. This transfer occurred in July of fiscal year 2021 rather than August of fiscal year 2020.

DISBURSEMENTS

NOTE: At the beginning of each fiscal year, the Office of Budget and Management (OBM) and agencies undertake the process of estimating GRF spending by month for the upcoming year. These spending estimates are built on a combination of H.B. 166 appropriation levels and estimated spending against prior year encumbrances. In addition to accounting for policy changes and spending to meet prior year encumbrances, OBM and the agencies also take this opportunity to review any changes in caseloads, payrolls, or other demands for services that might impact the level and pattern of spending during the coming year. The fiscal year 2021 GRF disbursement estimates will be completed in August and included in the September Monthly Financial Report. As a result, OBM has set disbursement estimates for July at the actual disbursement amounts for the month, and Table 3 in this report shows no monthly variances.

Also, in response to the COVID-19 pandemic, agencies across the state have deviated from their typical disbursement patterns, which is expected to continue in fiscal year 2021. Some agencies have increased spending in targeted areas to mitigate the health and economic effects of Coronavirus. Simultaneously, all agencies continue to be under orders to reduce spending through pay and hiring freezes, and additional budgetary oversight from OBM. These factors began to be reflected in the March disbursement estimates and, because the GRF disbursement estimates for fiscal year 2021 are not due until August, will be reflected in this report as well.

July GRF disbursements, across all uses, totaled $4.1 billion. On a year-over-year basis, July total uses were $577.6 million (16.5%) higher than those of the same month in the previous fiscal year, with an increase in Medicaid 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)	$170.1	4.9%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$407.5	N/A
TOTAL DISBURSEMENTS VARIANCE:		**$577.6**	**16.5%**

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 for the Ohio Department of Education. July disbursements for this category totaled $721.3 million and were $18.8 million (2.7%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to disbursements in the Foundation Funding line item, which were $30.9 million (5.0%) above prior year disbursements due to all expenditures occurring from the General Revenue Fund in July of the current fiscal year. In July of the previous fiscal year, a portion of Foundation Funding expenditures were shifted to the Lottery Profits Education Fund. Disbursements in the Student Assessment line item were $12.6 million (-93.4%) below prior year disbursements due to timing of payments and the elimination of spring assessments. Disbursements for the Pupil Transportation line item were $1.9 million (-4.3%) below prior year disbursements due to subsidy payments to school districts being reduced because of budgetary control measures implemented in response to the economic impact of COVID-19.

Expenditures for the school foundation program totaled $708.6 million and were $29.5 million (4.3%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to shifting of expenditures from the Lottery Profits Education Fund to the General Revenue Fund in July of the current fiscal year.

Higher Education

July disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $177.0 million and were $9.5 million (5.7%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to Memorandum of Understanding (MOUs) for multiple programs that are necessary prior to disbursement of funds that were not completed this time last year as well as additional spending of $8.7 million. In addition, spending in the Ohio College Opportunity Grant and the National Guard Scholarship Program was above prior year disbursements by $3.9 million. This variance was partially offset by spending in the State Share of Instruction line that was below prior year by $2.4 million due to budgetary control measures implemented in response to the economic impact of COVID-19.

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, and disbursements made to libraries, cultural, and arts organizations.

July disbursements in this category totaled $9.5 million. On a year-over-year basis, disbursements in this category were $0.8 million (9.6%) higher than for the same month in the previous fiscal year.

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

July GRF disbursements for the Medicaid Program totaled $2.2 billion and were $235.4 million (12.2%) above disbursements for the same month in the previous fiscal year. This variance is attributable to higher caseloads and costs associated with the impacts of Covid-19. Both Federal relief packages, and their requirements, and the economic impact of the pandemic have caused total caseload to increase by approximately 225,000 since pre-pandemic February. This increase has caused significant growth in the managed care program, notably within the Group VIII and CFC categories which were $136.6 and $99.3 million higher, respectively, when compared with July of fiscal year 2020. Of note, the use of non-GRF funding sources is generally limited in July and therefore the GRF assumes a particularly heavy burden during this month.

July all funds disbursements for the Medicaid Program totaled $2.7 billion and were $464.9 million (20.7%) above disbursements for the same month in the previous fiscal year. The all funds variance was primarily attributable to the additional Covid related GRF spending mentioned above, as well as a payment in the Health Care Assurance Program (HCAP) that occurred in July of fiscal year 2021 but did not occur until August in fiscal year 2020.

The chart below shows July fiscal year 2021 compared to July fiscal year 2020 by funding source.

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

	July FY20	July FY21	Variance	Variance %
GRF	$1,928.7	$2,164.1	$235.4	12.2%
Non-GRF	$319.5	$549.0	$229.5	71.8%
All Funds	$2,248.2	$2,713.1	$464.9	20.7%

Enrollment

Total July enrollment for the program was 3.01 million, which was 188,000 (6.7%) above estimate and 197,750 (7.0%) above enrollment for the same period last fiscal year. July enrollment by major eligibility category was as follows: Covered Families and Children, 1.68 million; Aged, Blind and Disabled (ABD), 497,870; and Group VIII Expansion, 703,090.

**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.

July disbursements in this category totaled $122.1 million. On a year-over-year basis, disbursements in this category were $2.0 million (-1.6%) lower than for the same month in the previous fiscal year.

Department of Health

July disbursements for the Department of Health totaled $12.7 million and were $4.2 million (33.3%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to the Help Me Grow and Chronic Disease and Injury Prevention line items, which were $4.1 million and $3.2 million above prior year disbursements respectively due to payments going out earlier this fiscal year than the same period last fiscal year.

Department of Job and Family Services

July disbursements for the Department of Job and Family Services totaled $73.9 million and were $2.2 million (3.1%) above disbursements for the same month in the previous fiscal year. The Program Operations line item was $11.3 million above prior year disbursements due to the line item being newly created in the fiscal year 2020/2021 budget bill. The line item is a combination of prior ALIs, and by combining the disbursements for those lines and comparing to the disbursements for the Program Operations line item in the current fiscal year, the disbursements in current fiscal year are $1.1 million below disbursements in the previous fiscal year. The $1.1 million variance is due to receiving lower than estimated invoices in the month for IT services. The Early Care and Education line item was $1.5 million below prior year disbursements due to using more federal funds to pay for childcare provider payments compared to last year. The Medicaid Program Support – Local Transportation line item was $1.5 million above prior year disbursements due to a change in the childcare disbursement schedule during the pandemic period.

Department of Mental Health and Addiction Services

July disbursements for the Department of Mental Health and Addiction Services totaled $33.5 million and were $0.7 million (-2.1%) below disbursements for the same month of the previous fiscal year. This variance was primarily attributable to the Hospital Services line item, which was $6.0 million below prior year disbursements due to three payrolls in July of the previous fiscal year. This variance was partially offset by the Central Administration line item, which was $1.7 million above prior year disbursements due to spending on prior year encumbrances for the Community Medication Program and the Continuum of Care Services line item, which was above prior year disbursements due to the interim budget at the beginning of fiscal year 2020 and the last payroll in fiscal year 2020.

Department of Veteran Services

July disbursements for the Department of Veteran Services totaled $4.4 million and were $1.1 million (34%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to disbursements in the Veteran's Homes line item, which was $1.0 million above prior year disbursements due to Department of Administrative Services (DAS) computer services expenses billed in fiscal year 2020 and partly paid in fiscal year 2021 along with cleaning and maintenance equipment purchases.

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.

July disbursements in this category totaled $325.5 million. On a year-over-year basis, disbursements in this category were $58.5 million (21.9%) higher than for the same month in the previous fiscal year.

Department of Rehabilitation and Correction
July disbursements for the Department of Rehabilitation and Correction totaled $240.1 million and were $51.7 million (27.4%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to variances in the Institutional Operations line item, which was $28.9 million above prior year disbursements; the Institution Medical Services line item, which was $11.4 million above prior year disbursements; the Community Non-Residential Programs line item, which was $10.0 million above prior year disbursements, and the Community Residential Programs line item, which was $1.1 million above prior year disbursements. The variance in the institutional operations ALI is primarily attributable to increased contractual payroll expenses from cost of living adjustments and step increases for bargaining unit employees, while the increases in the Institutional Medical services line item are due to both payroll expense increases as well as costs associated with COVID-19. The variance in the Community Residential Programs and Community Non-residential Programs line items are due to increased contract expenses caused by payroll increases. Additionally, the agency delayed spending in all line items last July during the period of the fiscal year 2020 interim budget.

Department of Youth Services
July disbursements for the Department of Youth Services totaled $55.3 million and were $4.7 million (9.3%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item which was $4.6 million higher than prior year disbursements due to increased payroll expenses from cost of living adjustments and step increases during fiscal year 2020. Additionally, the agency delayed spending in all line items last July during the period of the fiscal year 2020 interim budget.

Office of the Attorney General
July disbursements for the Ohio Attorney General's Office totaled $5.2 million and were $1.4 million (-22.6%) below disbursements for the same month in the previous fiscal year. This variance is primarily attributable to the expenditure of $1.3 million in prior year encumbrances in July of fiscal year 2020 in the Operating Expenses line item.

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.

July disbursements in this category totaled $44.7 million. On a year-over-year basis, disbursements in this category were $2.1 million (-4.5%) lower than for the same month in the previous fiscal year.

Department of Agriculture

July disbursements for the Department of Agriculture totaled $2.7 million and were $2.3 million (-45.6%) below disbursements for the same month of the previous fiscal year. This variance was primarily attributable to the Soil and Water District Support line item, which was $2.8 million below last year due to the timing of quarterly payments to the Soil and Water Conservation Districts.

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 because of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. Property tax reimbursements totaled -$6,000 in June and were without variation because of estimates being under development. On a year-over-year basis, disbursements in this category were -$6,000 lower than for the same month in the previous fiscal year.

Debt Service

July payments for debt service totaled $99.2 million and were $148.9 million (60.0%) below expenses for the same month in the previous fiscal year. This year-over-year variance is primarily attributable to a reduction in debt service due to the state refunding of a portion of its general obligation debt, specifically for Higher Education and Infrastructure Improvement bonds that were previously issued. This refunding provided cash flow and budgetary relief for fiscal year 2021.

Transfers Out

July transfers out of the GRF were $407.5 million higher than the same month in the previous fiscal year. This variance was primarily attributable to the timing of the Student Wellness and Success transfer to the Department of Education. This transfer occurred in July of fiscal year 2021 and in August of fiscal year 2020.

FUND BALANCE

The Office of Budget and Management (OBM) is currently working to complete the analysis necessary for the preparation of the fiscal year 2021 General Revenue Fund (GRF) ending balance estimate. As mentioned above, OBM is currently finalizing the fiscal year 2021 projections of disbursements, transfers, and encumbrances. This analysis is expected to be completed in August and reflected in the September 2021 Monthly Financial Report.

OBM staff that contributed to the development of this report are:

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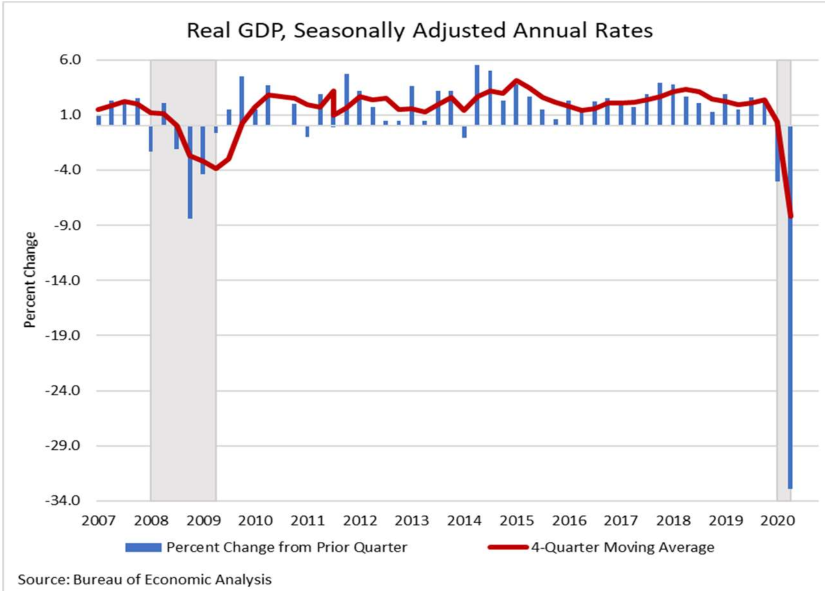
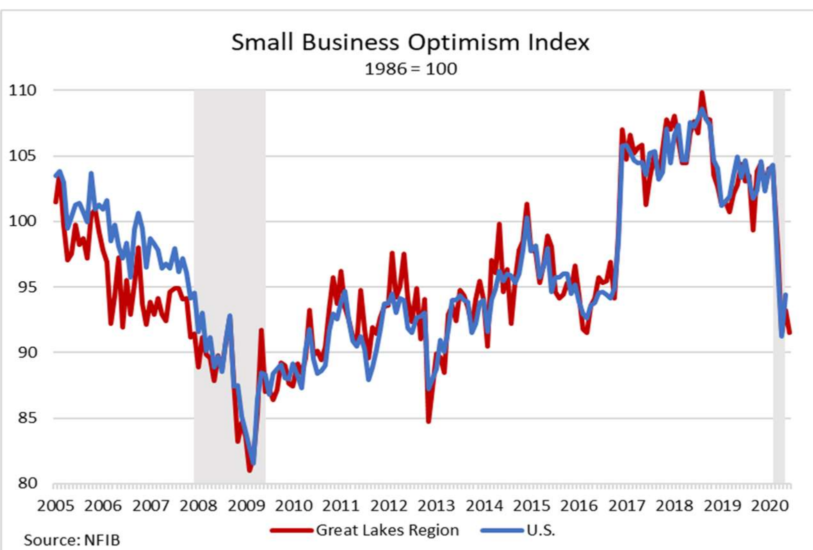
Economic Activity



Real Gross Domestic Product (GDP) contracted 9.5 percent in the second quarter for an annualized rate of 32.9 percent, according to the "advance" estimate by the Bureau of Economic Analysis (BEA). The decline in GDP, both quarterly and annualized, is the largest since modern record-keeping began in 1947. While the BEA usually focuses on annualized rates to allow comparisons to previous years, it is less useful this quarter. Unless additional mass closures are required to contain the COVID-19, it is unlikely that the economy will suffer another collapse as steep as it did in the second quarter.

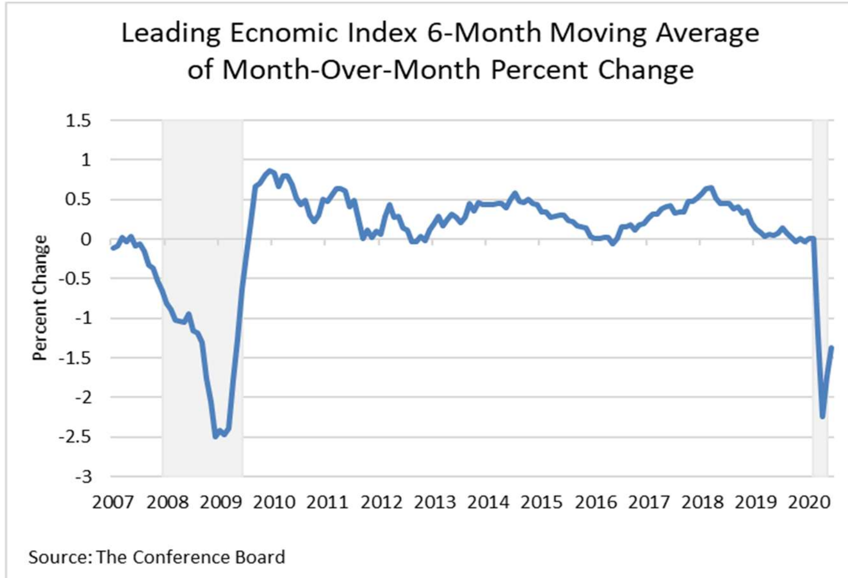
The second-quarter decrease in real GDP reflected negative contributions from personal consumption expenditures (-25.1%), exports (-9.4%), private inventory investment (-4.0%), nonresidential fixed investment (-3.6%), residential fixed investment (-1.8%) and state and local government spending (-0.4%). These decreases were partially offset by increases in federal government spending (1.3%). Imports, which are included in the above categories and then subtracted in a separate category, decreased, effectively adding to other categories by a total of 10.1 percent.



The National Federation of Independent Business (NFIB) produces the **Small Business Optimism Index** by surveying a sample of small-business owners each month. In June, there was a national increase of 6.2 points, with the index rising to 100.6. The index for the Great Lakes Region, however, fell 1.7 points, from 93.2 in May to 91.5 points in June.

Nationally, eight of the ten index components improved in June compared to May, with only two declining. Business owners anticipated improving sales as the economy continued to reopen, with sales expectations in the next three-months increasing 37 points. Owners continue to be optimistic about future business opportunities and as of June they expected the recession to be short-lived. Plans to create new jobs increased by eight points, with the Paycheck Protection Plan accounting for some of the increase in hiring plans.

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 June, the LEI increased 2.0 percent, contributing to the recovery that began in May. This increase reflects the partial reopening of the economy, with decreases in initial unemployment claims, increasing average hours worked, and increasing stock prices contributing to the positive gains. However, the economic outlook is still weak. The Leading Credit Index™, manufactures' new orders for consumer goods and materials, and average consumer expectations for business conditions all were negative drivers to the overall LEI. Together with the resurgence of COVID-19 cases across the country, The Conference Board concluded that the U.S. would remain in recession for the near term.



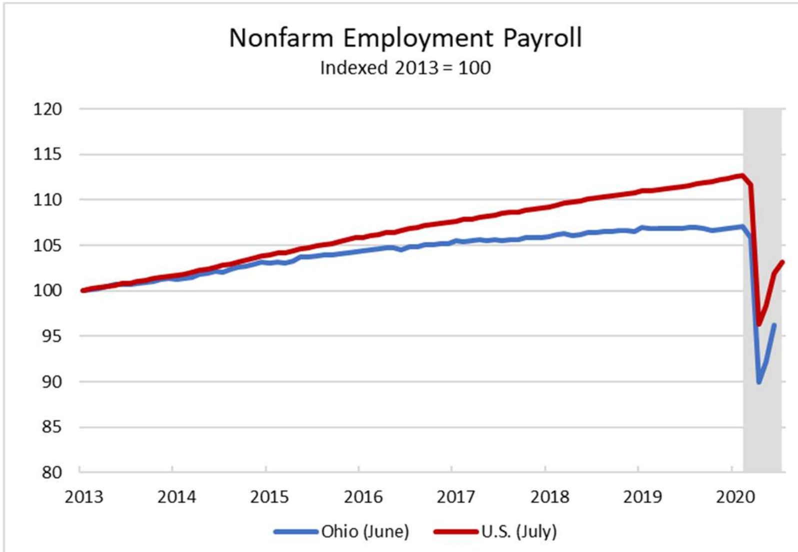
The Ohio economy expanded some in June. The **state-level coincident economic index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased another 6.0 percent in June. Combined with gains in May, this amounts to about half of what was lost after the historic decline April. The six-month smoothed rate of change fell from -0.4 percent in March to -3.7 percent in April. Although May and June have been less negative (-2.88 and -1.91, respectively) this indicates Ohio's economy remains in the recession induced by the COVID-19 pandemic. Over the past month, the indexes in 42 states increased, 7 states decreased, and one state remained stable. This resulted in a one-month diffusion index of 70. Between April and June, the indexes in two states increased and decreased in 42 states for a three-month diffusion index of -92.0. For comparison, the U.S. coincident index fell 5.0 percent over the last three months and increased 2.7 percent between May and June.

Source	**Date**	**3rd Quarter GDP Forecast**
Federal Reserve Bank of New York (NowCast)	7/24/20	13.3%
Federal Reserve Bank of Atlanta (GDPNow)	7/29/20	11.9%
IHS Markit GDP Tracker	8/4/20	20.4%
Moody's Analytics High-Frequency Model	8/3/2020	16.6%
Wells Fargo	7/09/20	18.4%
Conference Board	7/08/20	20.6%
Wall Street Journal Survey	7/01/20	15.2%

After the historic contraction in second quarter, the consensus among forecasters is that the economy will begin to recover in the third quarter of 2020. Despite the rise of COVID-19 cases and the response by several states to slow or pause their reopening plans, it is highly likely that GDP will begin to expand during the next three months. The July survey of economists by the Wall Street Journal found that 70.4 percent of their respondents predict that the economic recovery will look like a "Nike-swoosh", a sharp decline with a long and gradual recovery. However, economic recovery is strongly linked the course of the pandemic and may be dependent on additional federal relief packages.

Employment

The U.S. Bureau of Labor Statistics reported that total **nonfarm payroll employment** increased by 1.8 million in July, this is the third straight month of increases. However, the increase in July was less than the increases in May and June. Nonfarm Employment remains lower than its February level by 8.4 percent. Improvements in the labor market can be attributed to the recommencement of economic activity that was halted due to the pandemic.

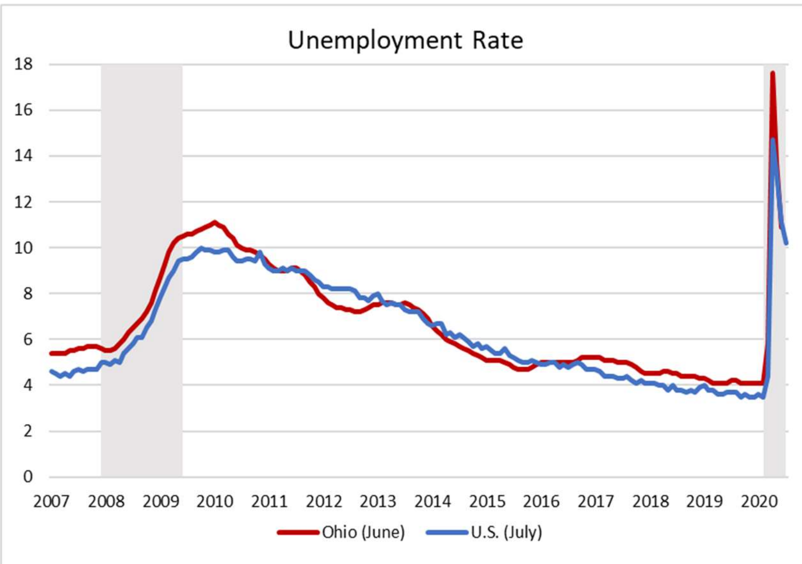


Source: Bureau of Labor Statistics

In July the biggest contributor to job gains was in **leisure and hospitality**, which increased by 592,000 jobs and accounts for about one-third of the improvement. Another sector that contributed largely to job gains was **government** which added 301,000 jobs in July. **Retail trade** added 258,000 jobs in July, but the industry remains lower than its February level. Employment in **professional and business services** increased by 170,000 jobs in July; however, 144,000 of jobs occurred in temporary help services. The **Other services** industry increased by 149,000 jobs with most gains occurring in personal and laundry services. Employment in **healthcare** increased in July by 126,000 jobs but this industry remains down since February. Employment in **social assistance** increased by 66,000 jobs in July but remains 460,000 jobs lower than in February. Childcare services accounted for most of the gain. In July, **financial activities** added 21,000 jobs, with most gains in real estate and rental and leasing.

Manufacturing employment increase by 26,000 in July, the gain in employment was due to motor vehicles and parts which partially offset the loss in jobs in fabricated metal products, machinery and computer and electronic products. Employment within **construction** had little change with an increase of just 20,000 jobs. This follows large increases in employment in May and June. However, employment in construction remains 444,000 jobs lower than in February. **Mining** lost 7,000 jobs in July.

Ohio nonfarm payroll employment increased to 5.0 million jobs in June, a 4.3 percent increase over May. Despite the increase, nonfarm employment remains down 9.9 percent from last year. Sectors with the greatest job increases included leisure and hospitality (82,300); trade, transportation, and utilities (29,300); manufacturing (28,900); education and health services (27,900); other services (15,800); government (12,700); and, professional business services (10,800). These gains were partially offset by losses in financial activities (-700). Even with these gains, employment in all sectors is still below June 2019 levels. However, the number of job postings on the OhioMeansJobs website has increased 4.1 percent compared to the number of postings in June 2019 – a hopeful sign.



The Bureau of Labor Statistics reported that the national unemployment rate declined to 10.2 percent in July, a 0.9 percentage point decrease from June. Nationally, the number of unemployed individuals fell by 1.4 million to 16.3 million. Even though unemployment has declined over the past 3 months unemployment remains up 6.7 percentage points and 10.6 million since February.

Unemployment rates for the month varied for the major working groups but the unemployment rates for all groups declined in comparison to June – another positive signal. In July, the unemployment rate for adult men was 9.4 percent, for adult women 10.5 percent, and for teenagers, 19.3 percent. In July, individuals who identify as Black had an unemployment rate of 14.6 percent, Hispanic at 12.9 percent, Asian at 12.0 percent and White at 9.2 percent.

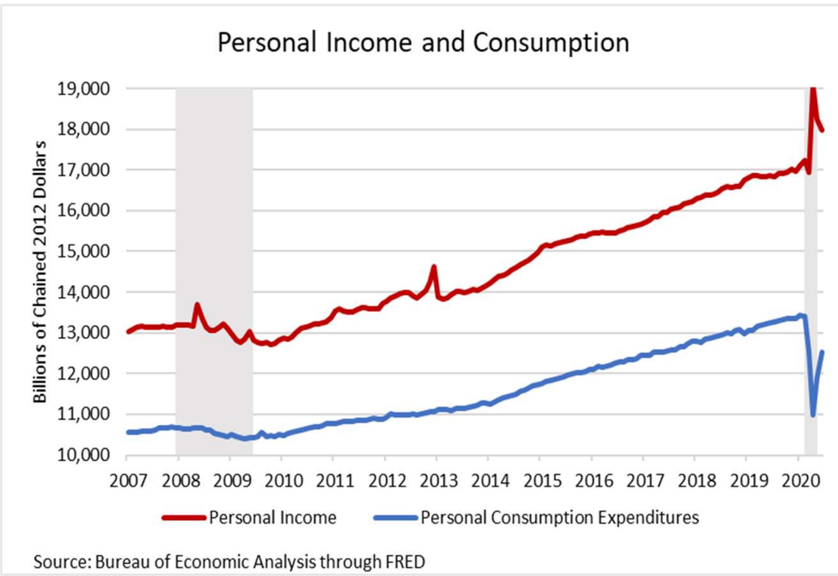
Temporary layoffs for those who are unemployed decreased by 1.3 million in July to 9.2 million, this is around half of its April level. **Permanent job losses** and **reentrants** were virtually unchanged since June, at 2.9 million and 2.4 million. Reentrants are individuals who had previously worked but were not in the workforce prior to starting their job search.

While the number of long term unemployed was relatively unchanged over the month at 1.5 million, nationally, individuals who were **jobless less than 5 weeks** and **jobless 15 to 26 weeks** both increased. In July, unemployed individuals who were jobless less than 5 weeks increased by 364,000 to 3.2 million, and those who are jobless 15 to 26 weeks increased by 4.6 million to 6.5 million. The number of individuals **jobless 5 to 14 weeks** decreased by 6.3 million to 5.2 million.

The **labor force participation rate** decreased by 0.1 percent in July to 61.4 percent. This is relatively unchanged from June's rate and follows increases in May and June. Total employment in July increased to 143.5 million, a 1.4 million increase from June. The **employment-population ratio** increased by 0.5 percentage points from June to 55.1 percent in July. This remains lower than the February pre-pandemic ratio of 61.6 percent, July is 6.5 percent below February's ratio. The number of persons who **usually work part time** rose by 803,000 to 24.0 million but the number of people who **usually work full time** had little change in July at 119.5 million.

The **Ohio unemployment rate** decreased to 10.9 percent in June from 13.7 percent in May. By the week ending July 18, 2020 initial unemployment claims had fallen to 28,033, from the peak week in March when 274,288 initial claims were filed. Continued claims in Ohio decreased substantially between the peak of 777,214 in April and the week ending July 18, 2020, in which 426,858 individuals filed continued claims for unemployment insurance. However, continued claims seem to have plateaued in recent weeks as since the week ending July 4, continued claims only decreased 1.6 percent. Additionally, in July 50 companies filed Worker Adjustment and Retraining Notification (WARN) Act notices with the Ohio Department of Job and Family Services, warning 6,552 employees of potential layoff and closures. This is a 37.9 percent increase in the number of employees notified compared to June.

Consumer Income and Consumption



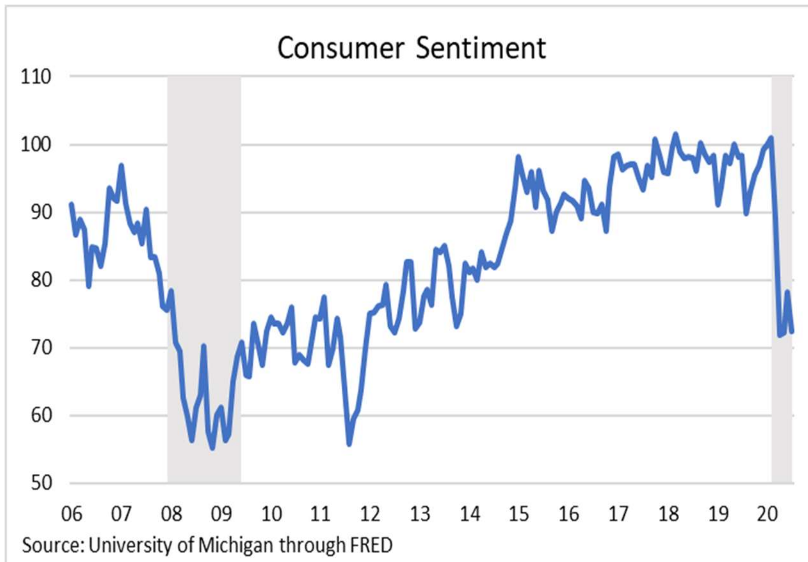
Overall, **personal income** decreased 1.1 percent in June, after a 4.2 percent reduction in May. This was largely driven by 8.9 percent decline in personal current transfer receipts from May to June. Specifically, the government social benefits category declined by 9.0 percent as the $1,200 stimulus checks were distributed to most citizens in April. This decline was offset by an increase of unemployment insurance benefits of 8.5 percent, which has increased for the fourth consecutive month. This includes the additional $600 per week unemployed workers were receiving that officially ended July 31st. Wage and salary disbursements, the largest portion of personal income, increased 2.2 percent in June.

Personal consumption expenditures are a measure of national consumer spending. The **Real Personal Consumption Expenditure Index** (PCE) increased 5.2 percent ($623.0 billion) in June. These increases are due to $273.7 billion in spending for goods and a $362.1 billion increase in spending for services.

Durable goods increased 8.8 percent in June with increases in all categories. The largest increase was in other durable goods (20.9%), which includes personal items such as jewelry and watches, telephone equipment, and educational books, followed by an increase in furnishings and household equipment (8.0%). Nondurable goods increased 4.1 percent in June with increases in all categories except food and beverages purchased for off-premise consumption (-1.0%). The largest increase was in clothing and footwear consumption (29.6%) which increased for the second month in a row. Service consumption increased 5.0 percent in June with the largest increase in recreation services (37.6%) followed by food services and accommodations (18.4%) and health care (13.7%). Within health care, outpatient services and hospital spending increased.

Only final consumption expenditures for nonprofit institutions that serve households decreased substantially (17.2%). Food and beverages purchased for off-premise consumption decreased 1.0 percent and housing and utilities declined 0.1 percent.

Personal saving decreased 22.7 percent in June from May; this is the second month in a row of declines after its substantial increase in April. However personal saving remains above the February level by 142 percent. Personal saving as a percentage of disposable personal income or the personal saving rate is 19.0 percent. Personal outlays increased 734.4 billion in June which is a 5.2 percent increase.



The latest survey results indicate consumer expectations for the economy are declining due to the continued resurgence of coronavirus cases nationally. The University of Michigan's Consumer Sentiment Index decreased to 72.5 points in July which is a 7.2 percent decrease from June and a -26.3 percent change from the same period in 2019. The Consumer Expectations Index fell 8.9 percent from June to 65.9 in July, this is tied with the six-year low in May. This suggests that consumers are not anticipating the economy to expand. Substantial declines in consumer finances were partially avoided due to federal relief programs that helped protect consumers from job losses, salary cuts and a reduction of hours, including added federally-funded unemployment benefits that expired on July 31.

The Conference Board's Consumer Confidence Index decreased in 6.2 percent in July, to a score of 92.6. after an increase between May and June. The Conference Board's Present Situation Index is comprised of consumers' current assessment of the business and labor market conditions, which increased to 94.2 in July from 86.7 in June. The Conference Board's Present Expectations Index is consumers' short-term assessment of business, income, and labor market conditions. The Expectations index decreased in July to 91.5 from 106.1 in June. Consumers in states that are experiencing a resurgence of COVID-19 reported large declines. Consumer's short-term outlook for the labor market and the economy has become less optimistic which could damage the recovery and lead to slowing of consumer spending. In July, consumers outlook on present day conditions improved due to more favorable assessment of the job market.

The travel and hospitality industries continue to face significant challenges due to the pandemic. The Transportation Security Administration (TSA) tracks how many travelers go through TSA checkpoints as "throughput". Total travel throughput for July is 73.9 percent lower than July of last year. Airline travel has been increasing since a low in April, 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 - almost three years - for the number of room nights sold at hotels to rise to 2019 levels. They reported a 42.5 percent decline in the occupancy rate between June of this year and last. The average daily rate, or average revenue earned for an occupied room, has declined 31.5 percent compared to June of last year. As such, revenue per available room declined 60.6 percent. Occupancy and revenue per available room were at the lowest levels for any June on record but they were up from May levels.

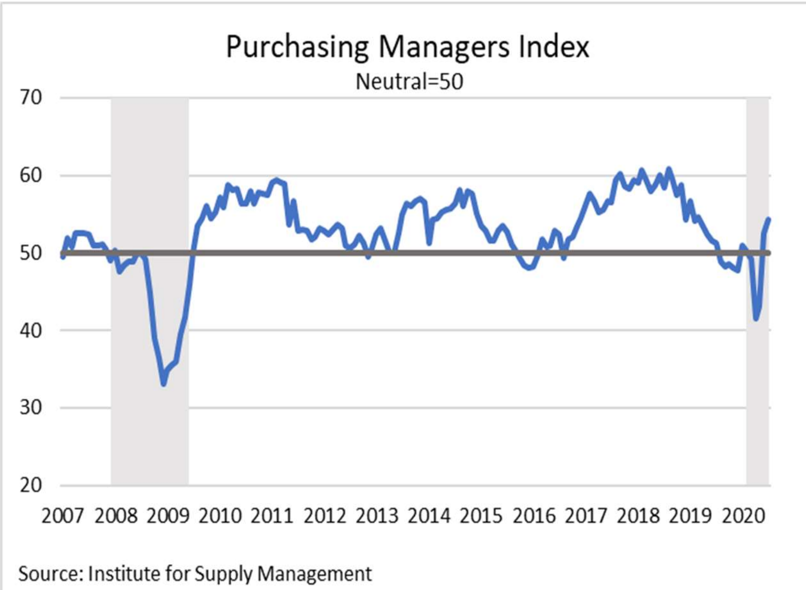
Commercial vehicle miles traveled on the Ohio Turnpike increased 0.5 percent compared to July of last year, however; passenger vehicle miles traveled declined 25.4 percent in July compared to July of last year. Passenger vehicle travel has been affected by the decreased number of employees commuting to work.

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. Total **industrial production** increased 5.34 percent in June as many factories began to reopen in at least partial capacity after the COVID-19 suspension. Even with this increase, total industrial production in June was still 10.9 percent below its pre-pandemic level in February. During the second quarter, the index fell 42.6 percent at an annual rate, the largest quarterly decrease since World War II. **Manufacturing production** also continued to rebound in June, increasing by 7.2 percent, as all major industries demonstrated increases, yet remaining 11.1 percent below February levels.

The durable goods sector index increased by 11.6 percent in June. The output of motor vehicles and parts, one of Ohio's largest industries, increased 105.0 percent, but remained nearly 25 percent below its February level. The index for nondurable good production rose 3.4 percent with sizable gains for apparel and leather products, and plastics and rubber products. The output or utilities rose 4.2 percent in June as both gas and electric utilities posted gains. However, mining output fell 18.0 percent in June.

Industries that contribute to a large portion of manufacturing employment in Ohio, aside from motor vehicle and parts, all increased production in June. Plastics and rubber products increase by 8.7 percent; machinery by 6.4 percent; miscellaneous transportation and equipment by 4.5 percent; food, beverage and tobacco products by 3.6 percent; primary metal production by 2.5 percent; chemicals by 1.8 percent; and, both fabricated metals products and electronics and appliances and components by 1.7 percent.



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 July, the PMI for the United States expanded to 54.2, compared to 52.6 in June and 43.1 in May. This shows expansion of the economy for the third month in a row, after the contraction due the pandemic in April.

The new orders index increased 5.1 percentage points to 61.5 percent and the production index was up from 57.3 in June to 62.1 percent. The backlog of orders index rose 6.5 percentage points to 51.8 percent. These increases provide additional evidence that manufacturing is recovering since the COVID-19 stay-at-home orders were lifted.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, thirteen reported growth between June and July. Of those that are important to Ohio's manufacturing industry food, beverage, and tobacco products, chemical products, primary metals increased. However, transportation equipment, machinery, and fabricated metals showed a decline.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM was mixed in July. On the positive side, a respondent from the chemical products industry said, "Orders are starting to pick up. [An] increase of about 35 percent to 40 percent." A source in the food and beverage industry who was uncertain about the impact of schools reopening in the fall stated, "How much demand will continue to shift, will be dictated by students returning or not." A respondent from the transportation equipment industry reported, "Overall business remains down almost 70 percent. We are hanging on to as many employees as possible, but we will have to lay off 30 percent or more for at least two to three months until September or October."

Construction

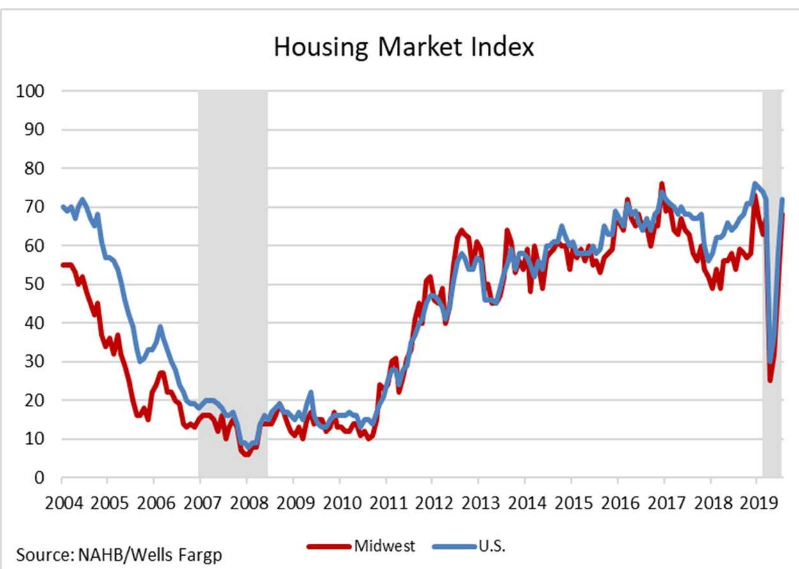
Total construction decreased 0.7 percent in June from May and has increased 0.1 percent from June of last year. Throughout the first six months this year, construction spending remains 5.0 percent higher than the same time period in 2019.

Overall, private sector construction spending declined 0.7 percent in June from May and has decreased 1.9 percent from June of last year. Private residential construction spending declined 1.5 percent in June from May, and is 0.8 percent below the June 2019 rate. Private non-residential consturction spending increased 0.2 percent in June from May and the rate from June to June of last year decreased 3.2 percent.

Public construction spending declined 0.7 percent in June from May but has increased 6.2 percent from June of last year. Public residential cosntruction spending increased 2.7 percent in June from May and 34.1 percent increase from June to June of last year. Public non-residental construction declined 0.8 percent in June from May and the rate of change from this June to June of last year increased by 5.7 percent.

Privately-owned housing units aprroved from building permits increased 2.1 percent in June, however the rate remains 2.5 percent below the June 2019 rate. Building permits in the Midwest increased in June by 10.9 percent from May, which is a 6.4 percent increase from June of last year. This is the second month of increased building permits after a decline in April. Privately-owned housing starts increased 17.3 percent for June but remain 4.0 percent below the June 2019 rate. Housing starts in the Midwest increased 29.3 percent in June but remain 0.5 percent below the June 2019 rate. Privatetly-owned housing completions increased 4.3 percent in June and are 5.1 percent above the June 2019 level. Privately-owned housing completions in the Midwest increased 5.3 percent in June and are 34.9 percent above the June 2019 rate.

New home sales increased 13.8 percent in June after a decline in April and are 6.9 percent above the June 2019 rate. Midwest home sales increased 10.5 percent in June and 33.3 percent above the June 2019 rate. Existing home sales rebounded after three months of declines and increased 20.7 percent from May. However, sales declined 11.3 percent compared to year ago. The Midwest's existing home sales increased 11.1 percent but remains down 13.4 percent from a year ago. Total housing inventory increased 1.3 percent in June but remains 18.2 percent down from a year ago.



Homebuilders reported an increase in activity in July due to low mortgage rates and strong insterest in new housing cosntruction because existing home inventories remain low. The Housing Market Index (HMI) from the National Association increased in July to 72 from 58 in June. This is a 24.1 percent increase and a 14 point jump. HMI has increased for the third month in a row. Midwest builders are benefiting from demand that was curbed in the early months of the pandemic by the stay-at-home. Midwest HMI rose to 68 in July from 50 in June.

REVENUES

July GRF revenues were strong; although these returns provide a solid launch to fiscal year 2021, July's outcome was singular and probably not predictive of ensuing months' revenue performances. Much of July's proceeds stem from the extension of the income tax payment deadlines to July 15th; revenue that normally would have been collected in April and May was instead received in July, with a smaller remaining amount expected to be processed in August. Furthermore, the unprecedented volatility caused by the pandemic appears to have resulted in the unusually large amount of revenue collected from the auto and non-auto sales taxes. To simplify the complex interplay of influences resulting in this outcome, July likely reflected pent-up consumer demand for durable and non-durable products and the influence of federal stimulus payments, causing a temporary spike in sales tax collections.

July total GRF receipts totaled $4.1 billion and were $270.2 million (7.1%) above estimate. Tax revenues were $184.6 million (8.2%) above estimate. Non-tax receipts and transfers were $85.6 million above estimate; this was predominantly driven by the transfers in-other source. Several charts provided below show the sources with the largest variation from 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	$184.6	8.2%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$9.8	0.6%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$75.8	N/A
TOTAL REVENUE VARIANCE:		**$270.2**	**7.1%**
Non-federal revenue variance		**$270.2**	**12.0%**
Federal grants variance		**$0.0**	**0.0%**

(Note: Estimates for Federal Grants in fiscal year 2021 are currently in development, so this month they are shown as equaling actuals.)

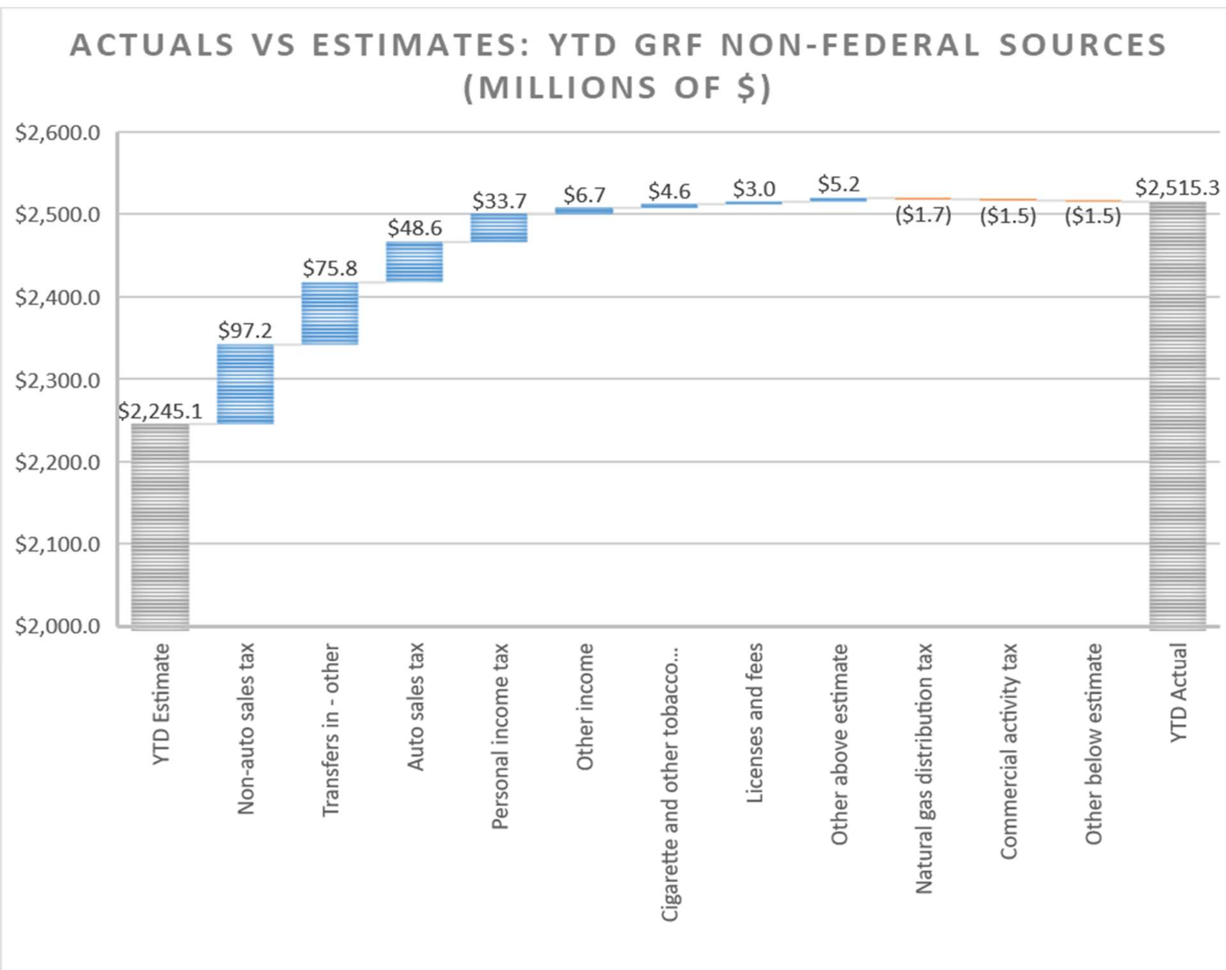
For July, receipts were $1.1 billion (37.5%) above the previous year. All three categories experienced an increase, with tax receipts growing by $722.9 million (42.4%), non-tax receipts increasing by $312.7 million (24.9%), and transfers being $75.8 million over last year. The source with the largest increase was the personal income tax, at $550.0 million (87.3%) above last July. This was followed by Federal grants which were $302.6 million (24.1%) over the prior year, non-auto sales tax which increased by $138.0 million (17.0%), transfers in-other which grew by $75.8 million, and auto sales which grew by $37.4 million (25.7%). The largest decline was experienced by the commercial activity tax, which was $11.5 million below estimate (-17.6%).

The table below shows that sources exceeding estimate (an overage totaling $274.9 million) in July outweighed the size of revenue underperformers (a negative variance of $4.7 million), resulting in a $270.2 million net positive variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto sales tax	$97.2	Natural gas distribution tax	($1.7)
Transfers in-other	$75.8	Commercial activity tax	($1.5)
Auto sales tax	$48.6	Other sources below estimate	($1.5)
Personal income tax	$33.7		
Other income	$6.7		
Cigarette and other tobacco products tax	$4.6		
Licenses and fees	$3.0		
Other sources above estimate	$5.2		
Total above	**$274.9**	**Total below**	**($4.7)**

(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 2021 to date, with the net difference amounting to $270.2 million. The chart most notably depicts the major overages for several revenue sources.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in July totaled $949.2 million and were $97.1 million (11.4%) above the estimate. July revenue increased by $138.0 million (17.0%) from the previous year. July constitutes the largest amount of monthly GRF non-auto sales tax ever received. If adjusted for inflation, only two months have exceeded July 2020: in April 2003, which was the month when accelerated payments began; and in January 2000 which was a high point for the economy preceding a major decline in the stock market.

July non-auto sales tax revenue reflects a composite of June and July 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).

Signs of recovery were apparent from June's non-auto sales tax performance, which was much stronger than in March-May. Continued revenue strengthening in July was not a surprise, however the magnitude of revenue generation was unexpectedly large. OBM continues to monitor economic data to better understand the July outcome and attempt to assess future non-auto sales tax revenue performance. At this time, however, July revenue intake appears to reflect a combination of pent-up demand, federal government fiscal stimulus, and at least a modest overall shift in consumption patterns toward taxable goods. All three of these influences are to some degree transitional, especially pent-up demand effects.

To shed some light on the composition of non-auto sales tax, industry classification data from June tax returns was reviewed. Several sectors that showed steep year-over-year declines in preceding months showed significant improvement in June, with some of them turning positive. The GAFO sector (comprised of general merchandise, clothing, appliances & electronics, furniture & home furnishings, and sporting goods retailers) was no longer a downward influence on tax collections, and instead had turned slightly positive. Furthermore, Non-Store Retailers (which would include Marketplace Facilitators) exhibited very strong growth. The most substantial downward influence was from the Accommodations and Food Services sector. In the July return data, OBM would expect to see continued improvement nearly all sectors, and likely somewhat less negative year-over-year performance shown by the Accommodations and Food Services.

Auto Sales Tax

July auto sales tax revenues were $182.6 million. Auto sales tax revenue in July was $48.6 million (36.3%) above estimate and $37.4 million (25.7%) higher than last July. This month's revenue intake represents the largest-ever monthly amount of GRF auto sales tax proceeds. July immediately followed the month that now holds the record for the second-highest intake of auto sales tax revenue.

A modest portion of July's revenue outcome was due to structural timing effects of tax administration, driven by a substantially smaller distribution of permissive (local) motor vehicle sales taxes that occurred this July. These distributions are drawn against GRF auto sales tax revenues each month. Because the July 2020 permissive distributions were based on May collections, when auto sales tax greatly declined due to the pandemic, the draw against July GRF auto sales tax revenue was much smaller than in July 2019. If permissive distributions had remained at their July 2019 level, GRF auto sales tax revenue would have grown by $29.8 million (20.5%) in July 2020.

Even after taking such timing effects into account, the absolute level and year-over-year growth rate of July auto sales tax were both large. OBM routinely tracks and reports national new auto sales for the previous month to discern whether Ohio's auto sales tax performance indicates consistencies with national economic experience. 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. new auto sales in July reached an estimated 14.5 million units. Although this constitutes an improvement from the 13.0 million units in June, it is about 13 percent below the prior July. Such performance does not comport with Ohio's sales tax growth.

Used vehicle sales likely explain some of the divergence between national new auto sales data and Ohio's auto sales tax performance, even after factoring in changes in average new vehicle prices. Quarterly data from the Bureau of Motor Vehicles (BMV) indicates that used vehicle sales account for more than one-half of taxable transactions, so changes in that segment of the auto market have an important impact on Ohio tax revenues. BMV vehicle sales data for July, however, is not yet available. A forecast by ALG, Inc. expected 9 percent growth in used vehicle sales for July. In addition, Cox Automotive reports an increase in the used vehicle retail price index for July, approximately 5 percent higher than at the beginning of the calendar year. Such combined price and demand effects for used vehicles could explain some of Ohio's strong July outcome. However, as indicated in last month's Monthly Financial Report, during this period of almost unprecedented volatility and uncertainty nationwide motor vehicle sales activity for a given month will simply not neatly conform with activity occurring in Ohio.

Fundamentally, Ohio's strong auto sales tax performance in June and July alike was probably influenced by a combination of federal fiscal stimulus policies (especially those enacted by the CARES Act), as well as pent-up demand which would have built up during the roughly mid-March through mid-May period. To the extent temporary factors such as these were the primary causes of growth in the last two months, it is prudent to expect more modest auto sales tax performance in the coming months.

Personal Income Tax

July GRF personal income tax receipts totaled $1.2 billion and were $33.7 million (2.9%) above the estimate. On a year-over-year basis, July income tax collections were $550.1 million (87.3%) above July 2019 collections. This extraordinary growth is directly attributable to the extended July 15 deadline for filing and payment of tax year 2019 annual income tax (which is normally due in April), as well as the extension for tax year 2020 quarterly estimated income taxes that are ordinarily due in April and June. Further detail on these components is provided below.

Although the Ohio labor market continues to be challenged by layoffs, declines in hours worked, and wage reductions, the July withholding tax payments showed only a slight downturn relative to expectations. For the month, withholding tax payments fell short of estimate by $27.8 million (-3.5%). In contrast, the year-over-year withholding tax results in July show an increase of $37.0 million (5.1%). The year-over-year comparison, however, is somewhat clouded by several tax policy changes. First, the withholding component includes payments made by pass-through entities on their nonresident investors' income. Because such payments were subject to the July 15 payment extension, they were substantially higher than in an ordinary July (growing from $1.7 million last July to $31.1 million this July). Secondly, the withholding tax paid by employers on their employees' wage and salary income was reduced by four percent from the prior year, effective in January 2020. After making computational adjustments due to these changes, employer withholding payments in July would have increased by an estimated 5.2 percent if not for the rate reduction.

Quarterly estimated tax payments were subject to the July 15 payment extension. Accordingly, the July and August revenue estimates reflect revenue anticipated to be received during such months due to the extension. In addition, the July and August estimates for tax dues from individual and trust annual tax return payments and for refunds were also crafted to reflect revenue anticipated from the revised payment due date. Estimated payments exceeded anticipated collections by $23.5 million (19.1%) in July. Since the estimate for this component in August is only $17.9 million, it is apparent that the amount anticipated to be received during the first two months of this fiscal year will be reached.

Tax payments accompanying annual tax returns (and return extensions) exceeded the estimate by $66.4 million (15.2%). As mentioned above, this component was also subject to the payment extension. It is too soon to know if the actual revenue from this component for combined July and August will reach the estimate, but the $66.4 overage in July may be a positive sign that it could happen.

Refunds are the last major category impacted by the July 15 extension. July refunds exceeded estimate by $23.1 million (11.5%) in July. As with annual return payments described above, it is too soon to tell how combined July and August refunds will perform relative to expectations.

JULY PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Actual July	Estimate July	$ Var	Actual July-2020	Actual July-2019	$Var Y-0ver-Y
Withholding	$767.0	$794.8	($27.8)	$767.0	$730.1	$37.0
Quarterly Est.	$146.7	$123.2	$23.5	$146.7	$14.7	$132.0
Annual Returns & 40 P	$502.9	$435.5	$66.4	$502.9	$9.2	$492.5
Trust Payments	$24.5	$26.0	($1.5)	$24.5	$1.4	$23.1
Other	$4.0	$7.7	($3.7)	$4.0	$7.7	($3.7)
Less: Refunds	($224.7)	($201.6)	($23.1)	($224.7)	($95.3)	($129.4)
Local Distr.	($39.4)	($39.3)	($0.1)	($39.4)	($38.1)	($1.3)
Net to GRF	$1,180.0	$1,146.3	$33.7	$1,180.0	$629.9	$550.1

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

GRF Non-Tax Receipts

GRF non-tax revenues in July totaled $1.6 billion and were $312.7 million (24.9%) higher than the same month in the previous fiscal year. This variance was primarily attributable to the Federal Grants category, which was $302.6 million (24.1%) higher than July of fiscal year 2020. This positive variance was associated with higher Medicaid caseloads as well as the enhanced Federal Medical Assistance Percentage (FMAP) authorized in the Families First Coronavirus Response Act.

Revenues from the License & Fee and Other Income categories were $3.3 million and $6.8 million, respectively, above July of fiscal year 2020. Large variances are expected as revenue patterns vary on a monthly basis for these categories.

July transfers into the GRF were $75.8 million higher than the same month in the previous fiscal year. This variance was primarily attributable to the timing of a transfer from the Petroleum Activity Public Highways Fund to the GRF to reimburse debt service payments for public highway and bridge construction. This transfer occurred in July of fiscal year 2021 rather than August of fiscal year 2020.

8/5/2020

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2021 VS ESTIMATE FY 2021
($ in thousands)

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**ACTUAL JULY**	**ESTIMATE JULY**	**$ VAR**	**% VAR**	**ACTUAL Y-T-D**	**ESTIMATE Y-T-D**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	949,191	852,000	97,191	11.4%	949,191	852,000	97,191	11.4%
Auto Sales & Use	182,578	134,000	48,578	36.3%	182,578	134,000	48,578	36.3%
Subtotal Sales & Use	1,131,769	986,000	145,769	14.8%	1,131,769	986,000	145,769	14.8%
Personal Income	1,179,960	1,146,300	33,660	2.9%	1,179,960	1,146,300	33,660	2.9%
Corporate Franchise	168	0	168	N/A	168	0	168	N/A
Financial Institutions Tax	2,004	100	1,904	1904.4%	2,004	100	1,904	1904.4%
Commercial Activity Tax	53,994	55,500	(1,506)	-2.7%	53,994	55,500	(1,506)	-2.7%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	256	200	56	27.9%	256	200	56	27.9%
Kilowatt Hour	22,850	23,500	(650)	-2.8%	22,850	23,500	(650)	-2.8%
Natural Gas Distribution	38	1,700	(1,662)	-97.8%	38	1,700	(1,662)	-97.8%
Foreign Insurance	37	900	(863)	-95.9%	37	900	(863)	-95.9%
Domestic Insurance	379	0	379	N/A	379	0	379	N/A
Other Business & Property	15	0	15	N/A	15	0	15	N/A
Cigarette and Other Tobacco	25,610	21,000	4,610	22.0%	25,610	21,000	4,610	22.0%
Alcoholic Beverage	6,633	4,600	2,033	44.2%	6,633	4,600	2,033	44.2%
Liquor Gallonage	4,876	4,200	676	16.1%	4,876	4,200	676	16.1%
Estate	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	2,428,590	2,244,000	184,590	8.2%	2,428,590	2,244,000	184,590	8.2%
NON-TAX RECEIPTS								
Federal Grants	1,557,186	1,557,186	0	0.0%	1,557,186	1,557,186	0	0.0%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	3,636	613	3,023	493.3%	3,636	613	3,023	493.3%
Other Income	7,198	459	6,740	1468.7%	7,198	459	6,740	1468.7%
ISTV'S	6	0	6	N/A	6	0	6	N/A
Total Non-Tax Receipts	1,568,026	1,558,258	9,769	0.6%	1,568,026	1,558,258	9,769	0.6%
TOTAL REVENUES	**3,996,616**	**3,802,258**	**194,359**	**5.1%**	**3,996,616**	**3,802,258**	**194,359**	**5.1%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	75,832	0	75,832	N/A	75,832	0	75,832	N/A
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	75,832	0	75,832	N/A	75,832	0	75,832	N/A
TOTAL SOURCES	**4,072,448**	**3,802,258**	**270,191**	**7.1%**	**4,072,448**	**3,802,258**	**270,191**	**7.1%**

8/5/2020

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2021 VS ACTUAL FY 2020
($ in thousands)

REVENUE SOURCE	MONTH JULY FY 2021	MONTH JULY FY 2020	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2021	YEAR-TO-DATE ACTUAL FY 2020	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	949,191	811,175	138,016	17.0%	949,191	811,175	138,016	17.0%
Auto Sales & Use	182,578	145,218	37,360	25.7%	182,578	145,218	37,360	25.7%
Subtotal Sales & Use	1,131,769	956,392	175,377	18.3%	1,131,769	956,392	175,377	18.3%
Personal Income	1,179,960	629,865	550,095	87.3%	1,179,960	629,865	550,095	87.3%
Corporate Franchise	168	10	158	1568.0%	168	10	158	1568.0%
Financial Institutions Tax	2,004	21	1,984	9521.0%	2,004	21	1,984	9521.0%
Commercial Activity Tax	53,994	65,495	(11,501)	-17.6%	53,994	65,495	(11,501)	-17.6%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	256	215	40	18.8%	256	215	40	18.8%
Kilowatt Hour	22,850	21,885	965	4.4%	22,850	21,885	965	4.4%
Natural Gas Distribution	38	1,320	(1,282)	-97.1%	38	1,320	(1,282)	-97.1%
Foreign Insurance	37	560	(523)	-93.3%	37	560	(523)	-93.3%
Domestic Insurance	379	0	379	151456.6%	379	0	379	151456.6%
Other Business & Property	15	0	15	N/A	15	0	15	N/A
Cigarette and Other Tobacco	25,610	20,557	5,053	24.6%	25,610	20,557	5,053	24.6%
Alcoholic Beverage	6,633	5,122	1,511	29.5%	6,633	5,122	1,511	29.5%
Liquor Gallonage	4,876	4,229	648	15.3%	4,876	4,229	648	15.3%
Estate	0	37	(37)	N/A	0	37	(37)	N/A
Total Tax Receipts	2,428,590	1,705,708	722,882	42.4%	2,428,590	1,705,708	722,882	42.4%
NON-TAX RECEIPTS								
Federal Grants	1,557,186	1,254,568	302,617	24.1%	1,557,186	1,254,568	302,617	24.1%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	3,636	313	3,324	1063.3%	3,636	313	3,324	1063.3%
Other Income	7,198	449	6,750	1504.9%	7,198	449	6,750	1504.9%
ISTV'S	6	10	(4)	-39.6%	6	10	(4)	-39.6%
Total Non-Tax Receipts	1,568,026	1,255,339	312,687	24.9%	1,568,026	1,255,339	312,687	24.9%
TOTAL REVENUES	**3,996,616**	**2,961,047**	**1,035,569**	**35.0%**	**3,996,616**	**2,961,047**	**1,035,569**	**35.0%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	75,832	0	75,832	N/A	75,832	0	75,832	N/A
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	75,832	0	75,832	N/A	75,832	0	75,832	N/A
TOTAL SOURCES	**4,072,448**	**2,961,047**	**1,111,401**	**37.5%**	**4,072,448**	**2,961,047**	**1,111,401**	**37.5%**

DISBURSEMENTS

NOTE: At the beginning of each fiscal year, the Office of Budget and Management (OBM) and agencies undertake the process of estimating GRF spending by month for the upcoming year. These spending estimates are built on a combination of H.B. 166 appropriation levels and estimated spending against prior year encumbrances. In addition to accounting for policy changes and spending to meet prior year encumbrances, OBM and the agencies also take this opportunity to review any changes in caseloads, payrolls, or other demands for services that might impact the level and pattern of spending during the coming year. The fiscal year 2021 GRF disbursement estimates will be completed in August and included in the September Monthly Financial Report. As a result, OBM has set disbursement estimates for July at the actual disbursement amounts for the month, and Table 3 in this report shows no monthly variances.

Also, in response to the COVID-19 pandemic, agencies across the state have deviated from their typical disbursement patterns, which is expected to continue in fiscal year 2021. Some agencies have increased spending in targeted areas to mitigate the health and economic effects of Coronavirus. Simultaneously, all agencies continue to be under orders to reduce spending through pay and hiring freezes, and additional budgetary oversight from OBM. These factors began to be reflected in the March disbursement estimates and, because the GRF disbursement estimates for fiscal year 2021 are not due until August, will be reflected in this report as well.

July GRF disbursements, across all uses, totaled $4.1 billion. On a year-over-year basis, July total uses were $577.6 million (16.5%) higher than those of the same month in the previous fiscal year, with an increase in Medicaid 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)	$170.1	4.9%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$407.5	N/A
TOTAL DISBURSEMENTS VARIANCE:		**$577.6**	**16.5%**

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 for the Ohio Department of Education. July disbursements for this category totaled $721.3 million and were $18.8 million (2.7%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to disbursements in the Foundation Funding line item, which were $30.9 million (5.0%) above prior year disbursements due to all expenditures occurring from the General Revenue Fund in July of the current fiscal year. In July of the previous fiscal year, a portion of Foundation Funding expenditures were shifted to the Lottery Profits Education Fund. Disbursements in the Student Assessment line item were $12.6 million

(-93.4%) below prior year disbursements due to timing of payments and the elimination of spring assessments. Disbursements for the Pupil Transportation line item were $1.9 million (-4.3%) below prior year disbursements due to subsidy payments to school districts being reduced because of budgetary control measures implemented in response to the economic impact of COVID-19.

Expenditures for the school foundation program totaled $708.6 million and were $29.5 million (4.3%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to shifting of expenditures from the Lottery Profits Education Fund to the General Revenue Fund in July of the current fiscal year.

Higher Education

July disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $177.0 million and were $9.5 million (5.7%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to Memorandum of Understanding (MOUs) for multiple programs that are necessary prior to disbursement of funds that were not completed this time last year as well as the timing of payments at the beginning of the year. In addition, spending in the Ohio College Opportunity Grant and the National Guard Scholarship Program was above prior year disbursements by $3.9 million. Spending in the State Share of Instruction line that was below last year by $2.4 million due to budgetary control measures implemented in response to the economic impact of COVID-19.

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, and disbursements made to libraries, cultural, and arts organizations.

July disbursements in this category totaled $9.5 million. On a year-over-year basis, disbursements in this category were $0.8 million (9.6%) higher than for the same month in the previous fiscal year.

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

July GRF disbursements for the Medicaid Program totaled $2.2 billion and were $235.4 million (12.2%) above disbursements for the same month in the previous fiscal year. This variance is primarily attributable to higher caseloads and costs associated with the impacts of COVID-19. Both Federal relief packages, and their requirements, and the economic impact of the pandemic have caused total caseload to increase by approximately 225,000 since pre-pandemic February. This increase has caused significant growth in the managed care program, notably within the Group VIII and CFC categories which were $136.6 and $99.3 million higher, respectively, when compared with

July of fiscal year 2020. Of note, the use of non-GRF funding sources is generally limited in July and therefore the GRF assumes a particularly heavy burden during this month.

July all funds disbursements for the Medicaid Program totaled $2.7 billion and were $464.9 million (20.7%) above disbursements for the same month in the previous fiscal year. The all funds variance was primarily attributable to the additional COVID-19 related GRF spending mentioned above, as well as a payment in the Health Care Assurance Program (HCAP) that occurred in July of fiscal year 2021 but did not occur until August in fiscal year 2020.

The chart below shows July fiscal year 2021 compared to July fiscal year 2020 by funding source.

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

	July FY20	July FY21	Variance	Variance %
GRF	$1,928.7	$2,164.1	$235.4	12.2%
Non-GRF	$319.5	$549.0	$229.5	71.8%
All Funds	$2,248.2	$2,713.1	$464.9	20.7%

<u>Enrollment</u>
Total July enrollment for the program was 3.01 million, which was 188,000 (6.7%) above estimate and 197,750 (7.0%) above enrollment for the same period last fiscal year. July enrollment by major eligibility category was as follows: Covered Families and Children, 1.68 million; Aged, Blind and Disabled (ABD), 497,870; and Group VIII Expansion, 703,090.

**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.

July disbursements in this category totaled $122.1 million. On a year-over-year basis, disbursements in this category were $2.0 million (-1.6%) lower than for the same month in the previous fiscal year.

<u>Department of Health</u>
July disbursements for the Department of Health totaled $12.7 million and were $4.2 million (33.3%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to the Help Me Grow and Chronic Disease and Injury Prevention line items, which were $4.1 million and $3.2 million above prior year disbursements respectively due to payments going out earlier this fiscal year than the same period last fiscal year.

Department of Job and Family Services

July disbursements for the Department of Job and Family Services totaled $73.9 million and were $2.2 million (3.1%) above disbursements for the same month in the previous fiscal year. The Program Operations line item was $11.3 million above prior year disbursements due to the line item being newly created in the fiscal year 2020/2021 budget bill. The line item is a combination of prior ALIs, and by combining the disbursements for those lines and comparing to the disbursements for the Program Operations line item in the current fiscal year, the disbursements in current fiscal year are $1.1 million below disbursements in the previous fiscal year. The $1.1 million variance is due to receiving lower than estimated invoices in the month for IT services. The Early Care and Education line item was $1.5 million below prior year disbursements due to using more federal funds to pay for childcare provider payments compared to last year. The Medicaid Program Support – Local Transportation line item was $1.5 million above prior year disbursements due to a change in the childcare disbursement schedule during the pandemic period.

Department of Mental Health and Addiction Services

July disbursements for the Department of Mental Health and Addiction Services totaled $33.5 million and were $0.7 million (-2.1%) below disbursements for the same month of the previous fiscal year. This variance was primarily attributable to the Hospital Services line item, which was $6.0 million below prior year disbursements due to three payrolls in July of the previous fiscal year. This variance was partially offset by the Central Administration line item, which was $1.7 million above prior year disbursements due to spending on prior year encumbrances for the Community Medication Program and the Continuum of Care Services line item, which was above prior year disbursements due to the interim budget at the beginning of fiscal year 2020 and the last payroll in fiscal year 2020.

Department of Veteran Services

July disbursements for the Department of Veteran Services totaled $4.4 million and were $1.1 million (34%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to disbursements in the Veteran's Homes line item, which was $1.0 million above prior year disbursements due to Department of Administrative Services (DAS) computer services expenses billed in fiscal year 2020 and partly paid in fiscal year 2021 along with cleaning and maintenance equipment purchases.

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.

July disbursements in this category totaled $325.5 million. On a year-over-year basis, disbursements in this category were $58.5 million (21.9%) higher than for the same month in the previous fiscal year.

Department of Rehabilitation and Correction
July disbursements for the Department of Rehabilitation and Correction totaled $240.1 million and were $51.7 million (27.4%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to variances in the Institutional Operations line item, which was $28.9 million above prior year disbursements; the Institution Medical Services line item, which was $11.4 million above prior year disbursements; the Community Non-Residential Programs line item, which was $10.0 million above prior year disbursements, and the Community Residential Programs line item, which was $1.1 million above prior year disbursements. The variance in the institutional operations ALI is primarily attributable to increased contractual payroll expenses from cost of living adjustments and step increases for bargaining unit employees, while the increases in the Institutional Medical services line item are due to both payroll expense increases. The variance in the Community Residential Programs and Community Non-residential Programs line items are due to increased contract expenses caused by payroll increases. Additionally, the agency intentionally delayed spending in all line items last July during a two-week period where the budget was still pending legislative approval.

Department of Youth Services
July disbursements for the Department of Youth Services totaled $55.3 million and were $4.7 million (9.3%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item which was $4.6 million higher than prior year disbursements due to increased payroll expenses from cost of living adjustments and step increases during fiscal year 2020 for bargaining unit employees. Additionally, the agency delayed spending in all line items last July during the period of the fiscal year 2020 interim budget.

Office of the Attorney General
July disbursements for the Ohio Attorney General's Office totaled $5.2 million and were $1.4 million (-22.6%) below disbursements for the same month in the previous fiscal year. This variance is primarily attributable to the expenditure of $1.3 million in prior year encumbrances in July of fiscal year 2020 in the Operating Expenses line item.

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.

July disbursements in this category totaled $44.7 million. On a year-over-year basis, disbursements in this category were $2.1 million (-4.5%) lower than for the same month in the previous fiscal year.

Department of Agriculture
July disbursements for the Department of Agriculture totaled $2.7 million and were $2.3 million (-45.6%) below disbursements for the same month of the previous fiscal year. This variance was primarily attributable to the Soil and Water District Support line item, which was $2.8 million below last year due to the timing of quarterly payments to the Soil and Water Conservation Districts.

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 because of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. Property tax reimbursements totaled -$6,000 in June due to a voided warrant. On a year-over-year basis, disbursements in this category were -$6,000 lower than for the same month in the previous fiscal year.

Debt Service

July payments for debt service totaled $99.2 million and were $148.9 million (60.0%) below expenses for the same month in the previous fiscal year. This year-over-year variance is primarily attributable to a reduction in debt service due to the state refunding of a portion of its general obligation debt, specifically for Higher Education and Infrastructure Improvement bonds that were previously issued. This refunding provided cash flow and budgetary relief for fiscal year 2021.

Transfers Out

July transfers out of the GRF were $407.5 million higher than the same month in the previous fiscal year. This variance was primarily attributable to the timing of the Student Wellness and Success transfer to the Department of Education. This transfer occurred in July of fiscal year 2021 and in August of fiscal year 2020.

8/5/2020

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2021 VS ESTIMATE FY 2021
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL JULY	MONTH ESTIMATED JULY	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE YTD ACTUAL	YEAR-TO-DATE YTD ESTIMATE	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	721,349	721,349	0	0.0%	721,349	721,349	0	0.0%
Higher Education	177,039	177,039	0	0.0%	177,039	177,039	0	0.0%
Other Education	9,482	9,482	0	0.0%	9,482	9,482	0	0.0%
Medicaid	2,164,098	2,164,098	0	0.0%	2,164,098	2,164,098	0	0.0%
Health and Human Services	122,113	122,113	0	0.0%	122,113	122,113	0	0.0%
Justice and Public Protection	325,540	325,540	0	0.0%	325,540	325,540	0	0.0%
General Government	44,743	44,743	0	0.0%	44,743	44,743	0	0.0%
Property Tax Reimbursements	(6)	(6)	0	0.0%	(6)	(6)	0	0.0%
Debt Service	99,249	99,249	0	0.0%	99,249	99,249	0	0.0%
Total Expenditures & ISTV's	**3,663,606**	**3,663,606**	**0**	**0.0%**	**3,663,606**	**3,663,606**	**0**	**0.0%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	407,500	407,500	0	0.0%	407,500	407,500	0	0.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**407,500**	**407,500**	**0**	**0.0%**	**407,500**	**407,500**	**0**	**0.0%**
Total Fund Uses	**4,071,106**	**4,071,106**	**0**	**0.0%**	**4,071,106**	**4,071,106**	**0**	**0.0%**

8/5/2020

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2021 VS ACTUAL FY 2020
($ in thousands)

Functional Reporting Categories Description	MONTH JULY FY 2021	MONTH JULY FY 2020	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2021	YEAR-TO-DATE ACTUAL FY 2020	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	721,349	702,522	18,827	2.7%	721,349	702,522	18,827	2.7%
Higher Education	177,039	167,559	9,480	5.7%	177,039	167,559	9,480	5.7%
Other Education	9,482	8,654	828	9.6%	9,482	8,654	828	9.6%
Medicaid	2,164,098	1,928,681	235,416	12.2%	2,164,098	1,928,681	235,416	12.2%
Health and Human Services	122,113	124,101	(1,988)	-1.6%	122,113	124,101	(1,988)	-1.6%
Justice and Public Protection	325,540	267,033	58,507	21.9%	325,540	267,033	58,507	21.9%
General Government	44,743	46,874	(2,131)	-4.5%	44,743	46,874	(2,131)	-4.5%
Property Tax Reimbursements	(6)	0	(6)	N/A	(6)	0	(6)	N/A
Debt Service	99,249	248,105	(148,857)	-60.0%	99,249	248,105	(148,857)	-60.0%
Total Expenditures & ISTV's	**3,663,606**	**3,493,530**	**170,076**	**4.9%**	**3,663,606**	**3,493,530**	**170,076**	**4.9%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	407,500	0	407,500	N/A	407,500	0	407,500	N/A
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**407,500**	**0**	**407,500**	**N/A**	**407,500**	**0**	**407,500**	**N/A**
Total Fund Uses	**4,071,106**	**3,493,530**	**577,576**	**16.5%**	**4,071,106**	**3,493,530**	**577,576**	**16.5%**

FUND BALANCE

The Office of Budget and Management (OBM) is currently working to complete the analysis necessary for the preparation of the fiscal year 2021 General Revenue Fund (GRF) ending balance estimate. As mentioned above, OBM is currently finalizing the fiscal year 2021 projections of disbursements, transfers, and encumbrances. This analysis is expected to be completed in August and reflected in the September 2021 Monthly Financial Report.

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