


December 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:



The Ohio unemployment rate decreased to 5.6 percent in October, a 2.7 percentage point drop compared to the September rate. During the week ending November 21, 2020, 27,750 initial unemployment claims were filed. This was an 89.9 percent decline from the peak week in March 2020 when 274,288 initial claims were filed.



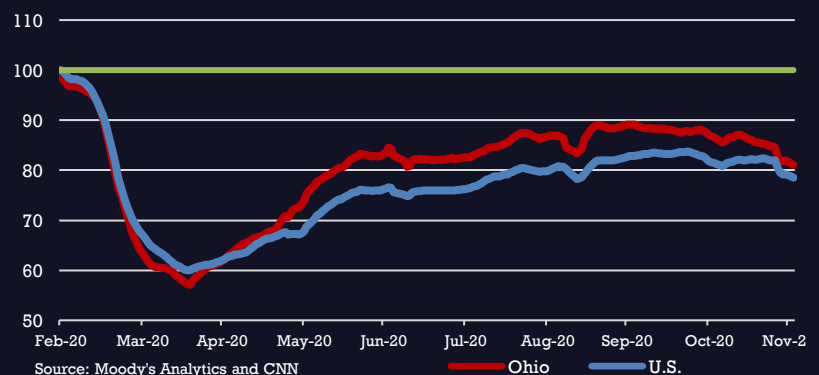
GRF non-auto sales and use tax collections in November totaled \$848.0 million and were \$25.7 million (3.1%) above the estimate. Across the first five months of the fiscal year, non-auto sales tax revenues are now \$209.1 million (5.3%) above estimate.



November auto sales tax revenues were \$128.8 million, which was \$13.3 million (11.5%) above estimate and \$10.3 million (8.7%) above last November. This makes six successive months in which auto sales tax has exceeded estimate.

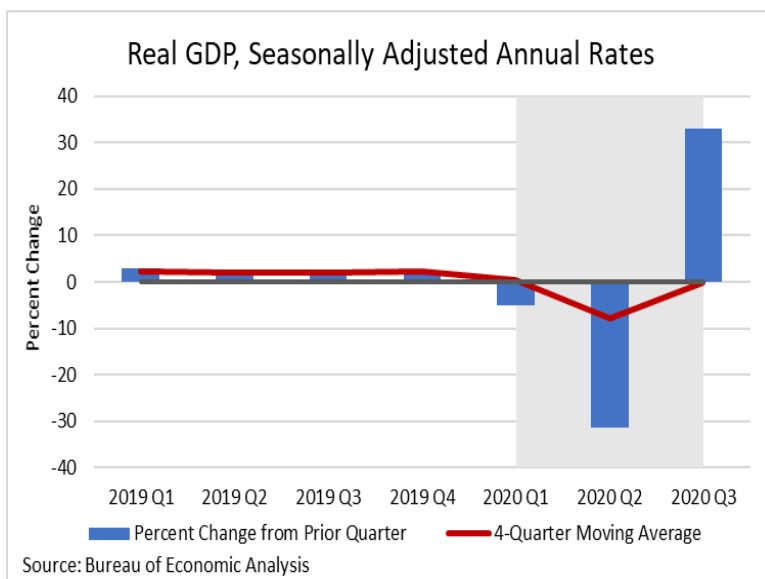
Moody's Analytics and CNN created the "Back-to-Normal" Index to track the economic recovery. Index values range from zero, representing no economic activity, to 100 percent, indicating full economic recovery to pre-pandemic levels. As of December 2, 2020, the national index was at 78.5 percent, while Ohio's index was 2.5 percentage points ahead at 81.0 percent. Both indices have increased substantially from their low points at the end of April; however, in recent months, growth first slowed and then in the last month declined.

Back-to-Normal Index



Economic Activity

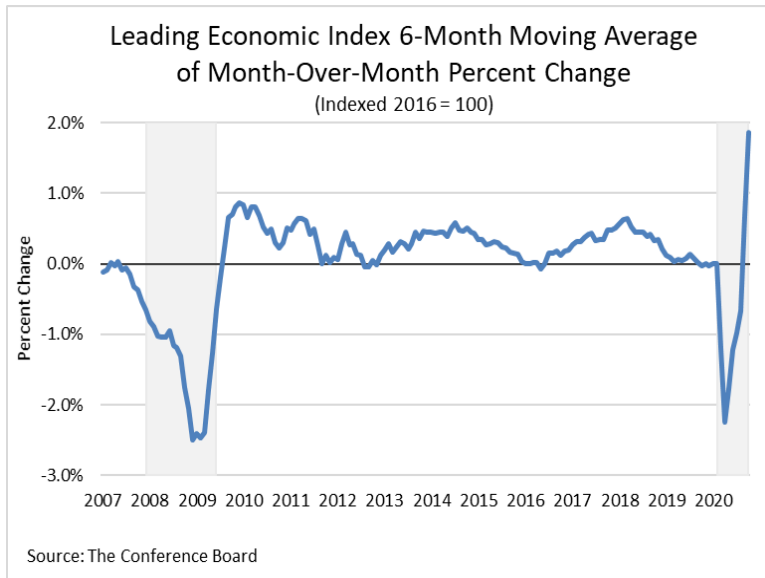
According to the Bureau of Economic Analysis (BEA)'s second estimate **Real Gross Domestic Product (GDP)** expanded in the third quarter of the calendar year at an annualized rate of 33.1 percent. This followed a 31.4 percent decrease in the second quarter. The historic third quarter increase reflected ongoing efforts to reopen businesses and resume activities restricted to manage the effects of the COVID-19 pandemic. While the BEA uses annualized rates to allow comparisons to previous years, that comparison was less useful for both the second and third quarter of 2020. In the third quarter of 2020, real GDP declined 2.9 percent compared to the third quarter of 2019.



The third-quarter increase in real GDP resulted from increases in personal consumption expenditures (25.2%), private inventory investment (6.6%), exports (5.0%), nonresidential fixed investment (3.1%), and residential fixed investment (2.2%). These increases were partially offset by decreases in federal government spending (-0.4%) and state and local government spending (-0.4%). 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 8.1 percent.

Moody's Analytics and CNN created the **Back-to-Normal Index** to track the economic recovery. The national index combines 37 indicators of economic activity, including the 25 traditional economic indicators used in their High Frequency GDP model, with 12 real-time indicators. Each state index is composed of a weighted average of the national index and six state level indicators. Both indices range from zero, representing no economic activity, to 100 percent, indicating full economic recovery to pre-pandemic levels. As of December 2, 2020, the national index was at 78.5 percent, while Ohio's index was 2.5 percentage points ahead at 81.0 percent. Both indices increased substantially from their low points at the end of April; however, in recent months, growth first slowed and then in the last month declined.

The Federal Reserve's **Beige Book** evaluates current economic conditions across its 12 districts. According to this report, the economy in the Fourth District, which includes Ohio, expanded at a moderate pace since the mid-October release. Consumer activity increased in professional services, freight haulers, and firms who benefit from low interest rates (e.g., homebuilders and durable good producers). Firms in hospitality, aerospace, and energy continued to struggle, seeing little increase in demand. Looking ahead, respondents expected modest improvement in consumer demand, however, uncertainty about the pandemic restrained expectations and plans for hiring in the future.



The Conference Board’s composite **Leading Economic Index (LEI)** is an index designed to reveal patterns in economic data by smoothing the volatility of its ten individual components. In October, the LEI increased 0.7 percent to reach 108.2 following a similar increase in September and a 1.6 percent increase in August. The increase in the LEI in October resulted from widespread improvements in seven of the ten indicators. Manufacturers’ new orders for nondefense capital goods decreased and consumer expectations for business conditions and housing

permits stayed the same in October, but all other indicators increased. The declining rate of growth in the LEI over the last five months, suggests that the economy may only have a small expansion in the fourth quarter of the calendar year.

Produced by the National Federation of Independent Business (NFIB), the **Small Business Optimism Index** surveys a sample of small-business owners to determine the health of the small businesses each month. The national index remained unchanged at 104.0 between September and October. Four of the ten index components improved in October compared to September, five declined, and one remained unchanged. The ‘earnings trends’ and ‘plans to increase inventories’ components increased, but the ‘plans to increase employment’ and ‘expect economy to improve’ components decreased. Uncertainty among the survey respondents increased to its highest level since November 2016.

The Ohio economy expanded in October. 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 4.4 percent in October and 5.2 percent over the last three months. For comparison, the U.S. coincident index increased 0.8 percent between September and October, and 2.4 percent over the last three months. Between September and October, the indexes increased in 42 states, decreased in eight states. This resulted in a one-month diffusion index of 68. Between August and October, the indexes increased in 48 states and decreased in two states for a three-month diffusion index of 92.

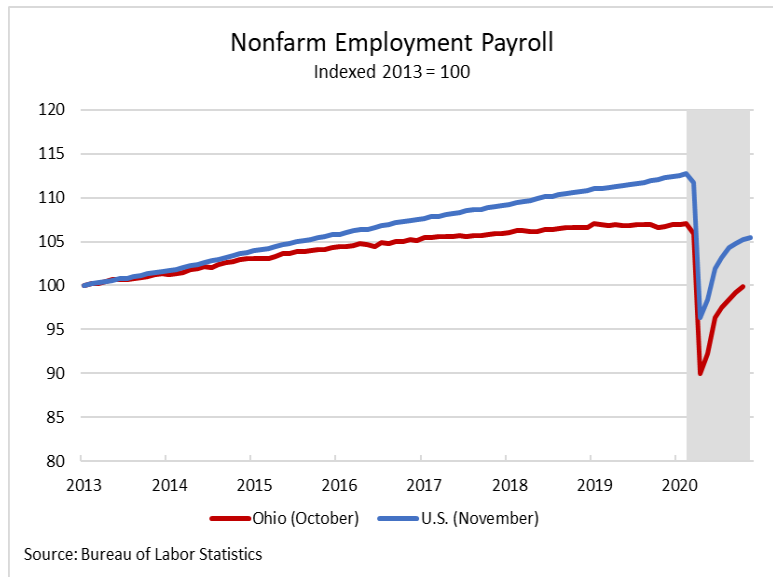
There is a tremendous amount of uncertainty regarding the state of the economy for the fourth quarter of 2020. While economists generally agree that there will be some growth during the fourth quarter, how much is unclear. The state of the economy remains strongly connected to the course of the pandemic. The announcement of effective vaccines brings hope, but until enough people have received it, continued behavioral changes will be required to stem the tide of the virus. Additional federal stimulus could shorten the recovery period as several important relief programs are currently scheduled to end at the end of the December, however, it is uncertain if a stimulus package will be passed before the new year.

| Source | Date | 4 th Quarter GDP Forecast |
|--|----------|--------------------------------------|
| Federal Reserve Bank of Atlanta (GDPNow) | 12/04/20 | 11.2% |
| Federal Reserve Bank of New York (NowCast) | 12/04/20 | 2.5% |
| IHS Markit GDP Tracker | 12/04/20 | 6.3% |
| Moody's Analytics High Frequency GDP Model | 12/04/20 | 7.9% |
| Wells Fargo | 11/10/20 | 4.5% |
| Conference Board | 11/13/20 | 2.2% |
| Wall Street Journal Survey | 11/01/20 | 4.0% |

Employment

The U.S. Bureau of Labor Statistics reported that total **nonfarm payroll employment** increased by 245,000 in November. This was the seventh straight month of increases; however, improvements have slowed in recent months.

Job gains in November were the highest in transportation and warehousing, professional and business services, and health care. Employment in **transportation and warehousing** increased by 145,000, however, it was 123,000 below its February level. Most of the job growth



occurred in couriers and messengers, and warehousing and storage. **Professional and business services** added 60,000 jobs in November, with about half of the gains occurring in temporary help services (32,000). Employment in professional and business services remained 1.1 million jobs below February levels. **Health care** employment increased 46,000 jobs with most gains occurring in offices of physicians (21,000) and home health care services (13,000). Employment within health care is 527,000 positions lower than in February. Employment in **manufacturing** increased by 27,000 and was 599,000 jobs lower than in February. **Construction** employment increased by 27,000 jobs but remained 279,000 below its February level. **Financial activities** added 15,000 jobs in November, mostly in real estate, but remained 115,000 below the February level. These gains were partially offset by **retail trade**, which declined in November 35,000 jobs. This represents a decline in seasonal hiring in retail industries such as general merchandise stores (-21,000), electronics and appliance stores (-11,000), and sporting goods, hobby, book and music stores (-12,000).

The **government** sector declined for the third month in a row, decreasing by 99,000 jobs. A decline in federal employment of 86,000 jobs was due to the loss of temporary workers who were hired for the 2020 Census. Local government education employment continued to decline by 21,000 jobs.

The national **labor force participation rate** in November decreased 0.2 percentage points to 61.5 percent and remained 1.9 percentage points below its February level. The **employment population ratio** decreased slightly in November by 0.1 percentage points to 57.3 percent. This ratio remained 3.8 percentage points lower than in February.

Ohio nonfarm payroll employment increased 0.6 percent from September to October, to 5.2 million jobs. Despite this increase, nonfarm employment remained down 6.3 percent from October 2019. Sectors with the greatest job increases between September and October included manufacturing (8,100); professional and business services (7,300); leisure and hospitality (6,100); trade, transportation, and utilities (5,700); financial activities (3,000); education and health services (1,500); and, construction (1,500). These gains were partially offset by job losses in government (-2,800) and information (-300). Even with these overall gains, employment in all sectors were below October 2019 levels due to the economic effects of the pandemic.

The Bureau of Labor Statistics reported that the national **unemployment rate** declined to 6.7 percent in November, a 0.2 percentage point decline from the revised October figure. The number of unemployed individuals fell by 326,000 jobs to 10.7 million. However, despite declines for the past seven months, the number of unemployed persons remained 4.9 million higher than February, resulting in an unemployment rate that remained 3.2 percentage points higher.

Unemployment rates for the month decreased for all demographic groups. In November, the unemployment rate for adult women declined 0.4 percentage points to 6.1 percent. All other demographics showed little change from their October rates. The jobless rates for adult men remained the same at 6.7 percent and for teenagers it slightly increased by 0.1 percentage points to 14.0 percent. In November, the unemployment rate for individuals who identify as White declined 0.1 percentage points to 5.9 percent. While the unemployment rate for people who identify as Black declined 0.5 percentage points to 10.3 percent, nearly double that of those who identify as White. Among those who identify as Asian unemployment declined to 6.7 percent, a 0.9 percentage point decline. The unemployment rate for individuals who identify as Hispanic declined 0.4 percentage points to 8.4 percent.

Of those people that were unemployed, the number that were on **temporary layoff** decreased by 441,000 in November to 2.8 million. This was a significant decrease from the high of 18.1 million in April but remained 2.0 million higher than in February. The number of people with **permanent job losses** changed little to 3.7 million in November and remained 2.5 million higher than in February.

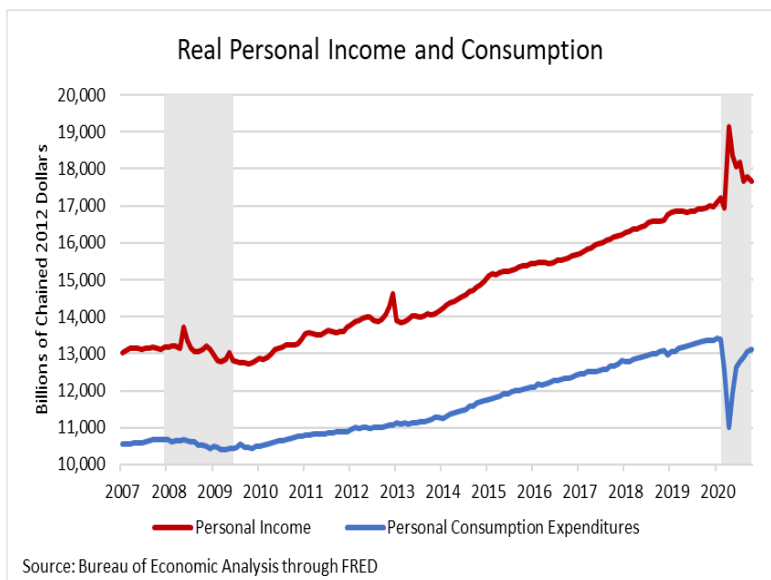
The number of unemployed individuals who were **jobless less than 5 weeks** was relatively unchanged at 2.5 million (-1.3%), and those who were **jobless 5 to 14 weeks** increased by 138,000 (6.1%) to 2.4 million. Those **jobless 15 to 26 weeks** decreased by 760,000 (-29.0%) to 1.9 million. Unemployed individuals that were long-term unemployed and **jobless 27 weeks or more** increased by 385,000 to 3.9 million, accounting for 36.9 percent of the total unemployed.

The number of people **not in the labor force who currently want a job** in November increased by 448,000 to 7.1 million. This remains 2.2 million higher than in February. These individuals who want a job are not counted as unemployed because they were not actively looking for work over the last 4 weeks or were unavailable to take a job for a variety of reasons including caring for children or other family members.

The **Ohio unemployment rate** decreased to 5.6 percent in October, a 2.7 percentage point drop compared to the September rate. During the week ending November 21, 2020, 27,750 initial unemployment claims were filed. This was an 89.9 percent decline from the peak week in March 2020 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 November 21, 2020, in which 142,412 individuals filed continued claims. However, 113,960 people filed for extended benefits during the same week; these individuals were unemployed for 27 or more weeks. As of December 3, 2020, the Ohio Department of Job and Family Services received Worker Adjustment and Retraining Notification (WARN) Act notices warning 287 employees of potential future layoffs and closures in December and 884 in January.

Consumer Income and Consumption

Nationally, **personal income** decreased by 130.1 billion (-0.7%) in October. This decrease in personal income was mainly a result of a decrease in government social benefits. Within government social benefits, the category other social benefits declined (-21.8%), which reflects a decrease in Lost Wages Assistance supplemental payments. This program administered by the Federal Emergency Management Administration provided wage assistance to individuals unemployed as a result of the COVID-19 pandemic between August 1 and September 5, 2020. The decrease in government



social benefits (-6.2%) was partially offset by increases in compensation and proprietors' income (1.8%). This increase was primarily led by an increase in farm proprietor's income (108.1%) due to the Coronavirus Food Assistance Program which aims to assist farmers and ranchers who were impacted by COVID-19. There were also small gains in wages in salaries (0.7%). These gains were mostly from wages and salaries from private industries (1.0%) and were partially offset by losses from government (-0.6%).

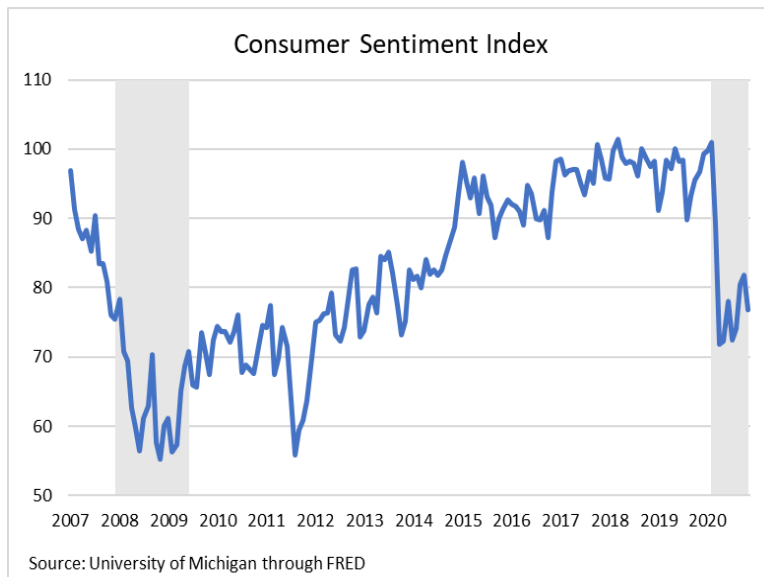
Real personal consumption expenditures, a measure of national consumer spending for goods and services increased 0.5 percent (\$63.5 billion) between September and October. This change resulted from an increase of \$12.7 billion in spending on goods, primarily driven by spending on recreational goods and vehicles. Spending for services increased \$48.7 billion primarily driven by increased spending on health care, particularly hospital and nursing home services. There were also increases in spending for recreation services and transportation services.

Consumer Spending by Industry, for Select Industries
(\$ in Millions of Chained 2012 dollars)

| | September 2020 | October 2020 | 1-Month Percent Change | 12-Month Percent Change |
|---|----------------|--------------|------------------------|-------------------------|
| Durable Goods | \$2,050,984 | \$ 2,066,508 | 0.8% | 14.7% |
| Recreational goods and vehicles | \$754,404 | \$765,524 | 1.5% | 25.4% |
| Furnishings and durable household equipment | \$463,414 | \$466,596 | 0.7% | 11.8% |
| Other nondurable goods | \$287,874 | \$289,507 | 0.6% | 10.1% |
| Nondurable goods | \$3,188,222 | \$3,186,775 | -0.1% | 5.2% |
| Other nondurable goods | \$1,258,093 | \$1,263,741 | 0.5% | 9.3% |
| Gasoline and other energy goods | \$411,831 | \$405,508 | -1.5% | -9.4% |
| Services | \$7,987,142 | \$8,035,850 | 0.6% | -6.3% |
| Recreation services | \$359,155 | \$368,377 | 2.6% | -27.2% |
| Transportation services | \$336,168 | \$341,933 | 1.7% | -23.7% |
| Health care services | \$2,147,606 | \$2,159,312 | 0.5% | -4.0% |

Source: Bureau of Economic Analysis, Table 2.4.6U Personal Consumption Expenditures by Type of Product

Personal savings decreased 7.8 percent in October compared to September, marking the sixth month of declines after a substantial increase in April; however, personal savings remained above the February level by 71.3 percent. Personal saving as a percentage of disposable personal income, the **personal saving rate**, was 13.6 percent. This was a decrease of 1.0 percentage points between September and October.



The latest survey results indicated that consumer sentiment declined. In November, the **University of Michigan's Consumer Sentiment Index** decreased 4.9 points to 76.9. This was a 6.0 percent decrease from October and a 20.6 percent decline from November 2019. The Current Economic Conditions Index increased 1.1 points to 87.0. This was a 1.3 percent increase from last month but a 22.0 percent decline from last year. The Consumer Expectations Index decreased 8.8 points from last month to 70.5. This was a 11.0 percent decline from October and a 19.2 percent

decline from November 2019. The increase in current economic conditions slightly offset the decline in consumer expectations. November data were less optimistic due to the resurgence of COVID-19 and rising deaths. Looking ahead, if COVID-19 infections continue to rise, consumer optimism will likely decline further. However, the anticipation of several effective vaccines and additional federal aid before the end of the calendar year could temper the decline in optimism.

The Conference Board's **Consumer Confidence Index**, which reflects consumer attitudes and buying intentions decreased for the second month. In November, consumer confidence decreased 5.3 percentage points to 96.1 down from October's 101.4. The Conference Board's **Present Situation Index**, which measures consumers' current assessment of business and labor market conditions, decreased slightly 0.3 percentage points from 106.2 in October to 105.9 in November. The Conference Board's **Expectation Index** examines consumers short term outlook for the economy. In November it decreased to 89.5 from 98.2 in October; an 8.7 percentage point decrease. Consumers are not anticipating the economy or the labor market to improve. Along with the resurgence of COVID-19 cases, uncertainty has increased, which raises concerns about the economic outlook.

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". Although total travel throughput was on the rise in recent months, November 2020 throughput remained 63.1 percent lower than last year. Even with an increase because of Thanksgiving, travel between October and November 2020 was 0.5 percent lower.

For the week ending November 28, 2020, STR , a company that provides analytics and data on the hospitality sector, estimates that it will take eleven quarters – almost three years – for the number of room nights sold at hotels to return to 2019 reported an occupancy rate of just 36.2 percent, a 28.5 percent decline compared to the same week in 2019. The average daily rate earned for an occupied room declined 17.8 percent compared to the same week in 2019. Revenue per available room also declined 41.2 percent in a year-over-year comparison. Despite more than six million passengers traveling through TSA check points the week of Thanksgiving, there was not a corresponding increase in demand for hotel rooms. Occupancy rates have fallen to their lowest levels since late May 2020.

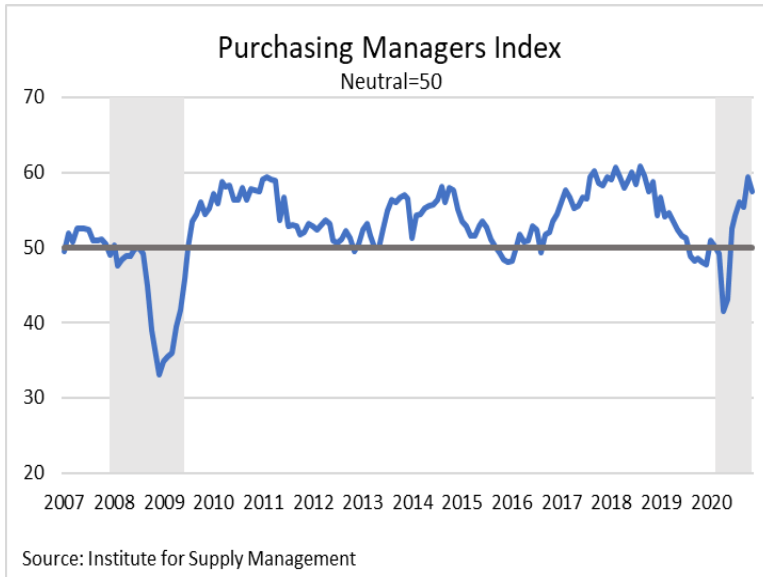
Commercial vehicle miles traveled on the Ohio Turnpike increased 13.2 percent compared to November of last year. However, passenger vehicle miles traveled declined 16.9 percent between October and November and were 21.5 percent lower than November 2019.

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 1.0 percent between September and October. While the index had recovered more than half of its pandemic decline, it remained 5.6 percent below its February level and 5.3 percent below October 2019.

Manufacturing production increased in October by 1.0 percent and was 3.9 percent below October 2019 levels. The durable goods manufacturing industry index increased by 0.9 percent in October, while the index for nondurable goods production increased 1.2 percent. The output of utilities increased 3.9 percent in October.

Most of Ohio’s top manufacturing industries made small gains in October compared to September. Aerospace and miscellaneous transportation and equipment increased production by 2.3 percent, primary metal manufacturing increased by 2.0 percent and, electrical equipment and appliances increased by 1.9 percent. The production of plastics and rubber products grew by 1.6 percent, petroleum and coal increased by 1.5 percent, and chemicals increased by 1.4 percent. The production food, beverage and tobacco products increased by 0.4 and machinery goods increased by 0.3 percent. These gains were partially offset by the productivity of fabricated metals products, which decreased by 0.2 percent. Additionally, the production of motor vehicles and parts decreased by another 0.1 percent in October, after very strong gains between May and July.



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 November, the PMI for the United States decreased to 57.5 percent, compared to 59.3 in October 2020. Although a decrease from last month, this represents an overall expansion of the economy for the seventh month in a row after the significant contraction in April.

The new orders index decreased 2.8 percentage points to 65.1 percent and the production index was down 2.2 percentage points to 60.8 percent. The backlog of orders index rose 1.2 percentage points to 56.9 percent. The employment index contracted 4.8 percentage points to 48.4. Overall, these changes provide evidence that manufacturing sector and the economy overall continue to grow, but at a slower rate than in previous months.

Of the 18 industries tracked by the Manufacturing ISM[®] *Report on Business*, 16 reported growth between October and November. Nine of the top ten industries that are most important to Ohio manufacturing reported gains, with only Petroleum and Coal Products reporting a contraction.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggest that the manufacturing industry was thinking positively about the future, while dealing with the ongoing struggles with COVID-19. A source in the fabricated metals industry reported “We will finish out the fourth quarter very strong. Customers have increased demand and 2021 is expected to continue to grow.” A source in the food, beverage and tobacco products industry noted “We are getting a lot more COVID-19 hits in our factories. We are also sending employees home for 14 days to quarantine if they were in close proximity to individuals that tested positive. We have had to shut down production lines due to lack of staffing.”

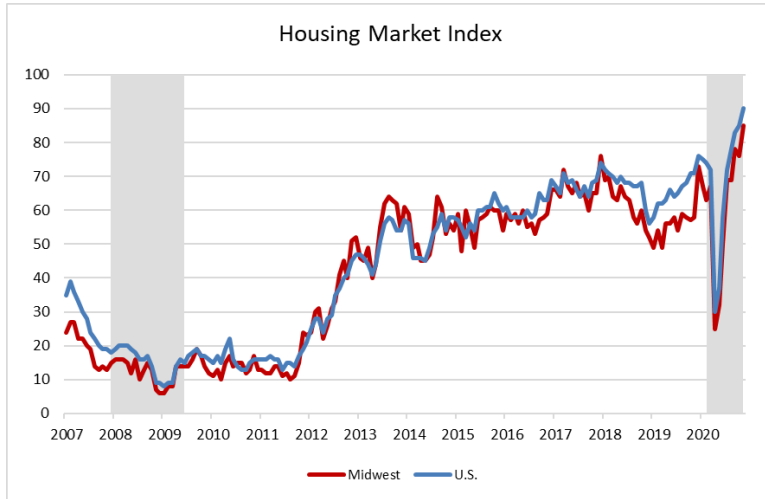
Construction

The U.S. Census Bureau estimated **total construction spending** in October to be at a seasonally adjusted annual rate of \$1.4 trillion, which was a 1.3 percent increase from the revised September estimate. The October estimate was 3.7 percent above that of October 2019. In October spending on private sector construction was at a seasonally adjusted rate of \$1.1 trillion, which was 1.4 percent above the revised September estimate. Residential construction increased 1.3 percent in October while nonresidential construction decreased 0.7 percent between September and October.

Public sector construction spending in October was at a seasonally adjusted annual rate of \$344.8 billion, a 1.0 percent increase compared to the revised September estimate. In October, public safety construction was 9.0 percent above September 2020 levels, and 40.5 percent above spending in October 2019. Highway construction was 1.6 percent above September 2020, and 5.6 percent compared to October 2019.

Nationally, the number of privately-owned housing units stayed the same between September and October, and were 2.7 percent above October 2019 levels. In Ohio, building permits for privately owned units increased 23.5 percent between September and October 2020, and were 77.4 percent above permits issued in October 2019. Nationally, privately-owned housing starts in October increased 4.9 percent compared to September and were 14.2 percent above the October 2019 level. Midwest privately-owned housing starts increased 3.3 percent from September and increased 23.0 percent from October 2019. Nationally, privately-owned housing completions decreased 4.5 percent in October but were 5.4 percent above the October 2019 level. October privately-owned housing completions in the Midwest increased 5.4 percent compared to September and were 23.3 percent above the October 2019 level.

The National Association of Home Builders reported newly built single-family home sales decreased 0.3 percent to 999,000 from an upwardly revised September number. Despite this decline, October's level were 41.5 percent higher than last year. So far, year-to-date new home sales are 20.6 percent higher in 2020. Existing home sales, as reported by the National Association of Realtors, continued to rise in October for the fifth consecutive month. Sales have increased 4.3 percent from September to a seasonally adjusted rate of 6.9 million in October and an increase of 26.6 percent from a year ago. The increase in sales in recent months have now offset the losses incurred in the spring. Sales in the Midwest grew 8.6 percent in October and increased 28.1 percent from October 2019. According to the Ohio Realtors, activity in the Ohio housing market strongly increased in October with sales rising 16.5 percent from October 2019. The average home price in Ohio in October was \$223,444, a 16.2 percent increase compared to October last year.



The Housing Market Index (HMI) from the National Association of Home Builders and Wells Fargo takes the pulse of the single-family housing market, and asks the respondents to rate market conditions for the sale of new homes at the present time and in the next six months. Nationally the HMI increased in November to 90.0 from 85.0 in October, a 5.9 percent increase. This was the seventh month of increasing HMI levels and the third month the index has been above 80.0. In the Midwest HMI increased 11.8

percent from a revised 76.0 in October to 85.0 in November. These increases suggest more favorable housing market conditions than in October.

REVENUES

November marks another month in which GRF tax revenues exceeded estimate, an outcome that has occurred each month this fiscal year. Although the overage was smaller than in October, it was well in line with the average post-July monthly overages. The overall result was a \$46.4 million positive variation from estimated tax revenues; this represents a 2.3% overage, which is a rate somewhat below the 3.8% year-to-date positive variation. Non-auto sales tax demonstrated the strongest performance for the month based on absolute dollars, while auto sales tax revenues also remained quite vibrant. The employer withholding component of the personal income tax showed even better performance in November than in preceding months, and its performance allowed this tax source to exceed estimate for the first time since August.

November total GRF receipts totaled \$3.4 billion and were \$135.9 million (4.1%) above estimate. Tax revenues were \$46.4 million (2.3%) above estimate. Furthermore, non-tax receipts were \$89.5 million (7.1%) above estimate, with Federal grants being \$91.0 million (7.2%) above the mark. For the year to date, tax revenues and transfers are above estimate while non-tax receipts are below estimate as shown in the table below.

| 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 | \$393.6 | 3.8% |
| Non-tax receipts | Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers | (\$283.3) | -4.4% |
| Transfers | Budget stabilization, liquor transfers, capital reserve, other | \$1.9 | 2.4% |
| TOTAL REVENUE VARIANCE: | | \$112.2 | 0.7% |
| Non-federal revenue variance | | \$412.6 | 3.9% |
| Federal grants variance | | (\$300.5) | -4.7% |

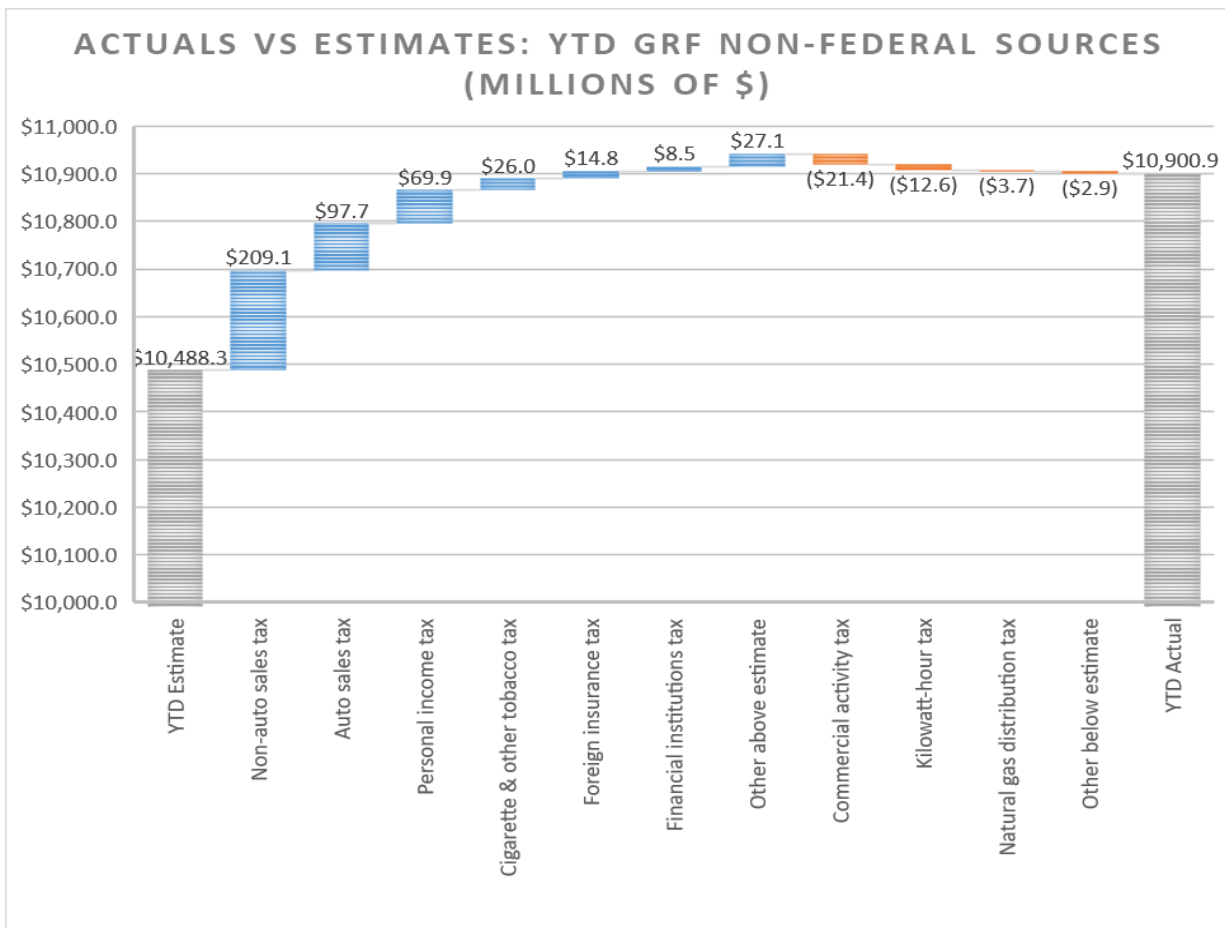
For November, revenues and transfers were \$823.2 million (31.5%) above the previous year. Tax receipts increased by \$73.2 million (3.6%) while non-tax receipts increased by \$750.0 million (124.1%). For the year-to-date, tax receipts are \$930.1 million (9.5%) above last year and non-tax receipts are \$2.0 billion (47.4%) over the prior year. Transfers are \$4.3 million (5.7%) above last year on a year-to-date basis.

During November, the source with the largest year-over-year increase was Federal grants, at \$752.0 million (125.2%) above last year. The next-largest increases were personal income tax at \$33.2 million (5.5%) and non-auto sales tax at \$24.6 million (3.0%). The largest decline was experienced by kilowatt-hour tax at \$4.7 million (-18.4%) and commercial activity tax at \$2.8 million (-0.9%). The table below shows that sources above estimate (a positive variance of \$151.5 million) in November outweighed the size of revenue overperformers (a negative variance of \$15.7 million), resulting in a \$135.9 million net positive variance from estimate.

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

| Individual Revenue Sources Above Estimate | | Individual Revenue Sources Below Estimate | |
|---|----------------|---|-----------------|
| Federal grants | \$91.0 | Commercial activity tax | (\$6.3) |
| Non-auto sales tax | \$25.7 | Kilowatt hour tax | (\$4.7) |
| Auto sales tax | \$13.3 | Other sources below estimate | (\$4.7) |
| Foreign insurance tax | \$10.7 | | |
| Other sources above estimate | \$10.9 | | |
| | | | |
| Total above | \$151.5 | Total below | (\$15.7) |

(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 \$412.6 million. The chart shows that non-auto sales tax accounts for one-half of the current overage.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in November totaled \$848.0 million and were \$25.7 million (3.1%) above the estimate. Across the first five months of the fiscal year revenues are now \$209.1 million (5.3%) above estimate and actual revenue has exceeded estimate in four of these months. November non-auto sales tax revenue was \$24.6 million (3.0%) above the prior year, while year to date revenue is \$224.2 million (5.7%) above fiscal year 2020.

The recent performance of non-auto sales tax revenue reflects the extraordinary nature of the unfolding situation. Throughout this fiscal year, as revenue has exceeded prior-year levels and current-year estimates, this source has displayed more exuberant outcomes than expected from an economy still recovering and coping with a profound ongoing public health crisis. In preceding editions of this report, OBM has cited the shift in consumption from services (which are mostly excluded from sales tax) to taxable goods as a positive influence on revenue intake. High-frequency data indicate that consumption for major service industries has substantially declined from normal levels, while certain retail categories have grown at a strong pace. The most recent update of the “Monthly Event Study of Spending” table issued by the U.S. Department of Commerce’s Bureau of Economic Analysis, which uses high-frequency credit card spending data, continues to indicate significant declines in industries generally not subject to sales tax. The Recreation, Accommodations, Food Services, and Gas Stations categories show declines ranging from -22 percent to -52 percent in November relative to the levels existing prior to the pandemic. In contrast, retailer segments such as Furniture, Building Materials & Garden Equipment, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 9 percent to 39 percent in November: the great majority of sales by these retailers are subject to Ohio sales tax. Adaptation to the current public health environment likely plays an important part in explaining these changes across retail and service categories: to the extent Ohioans are spending more of their time at home, spending is shifting toward items used at home and away from goods and services consumed elsewhere.

Auto Sales Tax

November auto sales tax revenues were \$128.8 million, which was \$13.3 million (11.5%) above estimate and \$10.3 million (8.7%) above last November. This makes six successive months in which auto sales tax has exceeded estimate.

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 November reached an estimated 15.9 million units. This represents a 4 percent decline from October, and a 4 percent decrease from the prior year. Although useful as a barometer of the health and direction of the motor vehicle sales, U.S. light vehicle unit monthly sales growth data typically simply do not track closely with Ohio auto sales tax performance.

In fact, since June various available national data on light vehicle sales transactions have underperformed relative to observed Ohio auto sales tax revenue. U.S. data on the number of transactions and average retail values have implied growth that is substantially below actual Ohio auto sales tax growth. The most relevant data pertaining to Ohio auto sales tax continues to be quarterly information reported by the Ohio Department of Public Safety's Bureau of Motor Vehicles (BMV). Data for the third quarter of calendar years 2019 and 2020 show that taxable sales on titled vehicle transactions grew by 13 percent in July through September 2020 while, in comparison, auto sales tax revenue increased by 16 percent during that time period. However, October through November 2020 auto sales tax revenue grew by 1.8 percent. Accordingly, OBM anticipates that the BMV report for the October through December 2020 period will yield substantially lower growth than the prior quarter.

The combined performance of the last two months may signal that the vigorous growth of the July-September period is abating, despite the strong November outcome. It is possible that the confluence of factors that could have largely explained the June through September exuberance – among them, federal fiscal stimulus policies, pent-up demand, and behavioral responses to current public health circumstances (e.g., private transportation as a substitute for ride sharing and public transport) — may be coming to an end, causing revenue to revert to outcomes closer to trend.

Personal Income Tax

November GRF personal income tax receipts totaled \$636.7 million and were \$2.1 million (0.3%) above the estimate. On a year-over-year basis, November income tax collections were \$33.2 million (5.5%) above November 2019 collections.

After falling slightly short of expectations during the two previous months, November withholding tax payments were \$7.9 million (1.1%) above estimate but remain \$2.6 million (-0.1%) below estimate for the year-to-date. Withholding tax payments increased by \$16.6 million (2.3%) in November compared to last year. However, an unadjusted year-over-year comparison is limited by the fact that withholding tax rates have been reduced by four percent during calendar year 2020. After applying a computational adjustment, monthly employer withholding payments in November would have increased by an estimated 6 percent if not for the rate reduction. Fiscal year-to-date growth would have been 3 percent without the rate reduction. Withholding tax collections continue to impress, especially given the fact that the labor market is still far from healed with many Ohioans still unemployed.

November is not a significant month for other income tax payment components. Total collections across those components exceeded estimate by \$1.1 million (3.7%). For the year to date, the non-withholding tax payment components are \$44.1 million (3.7%) above estimate. The only payment component that did not reach estimate in November was annual return tax due payments, which were \$1.1 million (-8.2%) below estimate; on a year to date basis, tax due payments are \$10.2 million (-1.4%) below estimate. December will be a more significant month for non-withholding tax payments, as many taxpayers will be making estimated payments, one month before the due date of the final quarterly payment for calendar year 2020.

Finally, refunds were above estimate in November, exceeding the anticipated level by \$7.0 million (8.9%). Despite this month’s performance, refunds are now \$42.3 million (-7.4%) below estimate for the fiscal year to date.

| NOVEMBER PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions) | | | | | | |
|--|--------------------|----------------------|--------------|-----------------------------|-----------------------------|-------------------|
| | Actual November | Estimate November | \$ Var | Actual November- 2020 | Actual November- 2019 | \$Var Y-Over-Y |
| Withholding | \$728.1 | \$720.2 | \$7.9 | \$728.1 | \$711.6 | \$16.6 |
| Quarterly Est. | \$9.8 | \$9.5 | \$0.3 | \$9.8 | \$8.2 | \$1.6 |
| Annual Returns & 40 P | \$12.7 | \$13.8 | (\$1.1) | \$12.7 | \$9.4 | \$3.3 |
| Trust Payments | \$0.5 | \$0.5 | \$0.0 | \$0.5 | \$0.5 | \$0.0 |
| Other | \$7.4 | \$5.5 | \$1.9 | \$7.4 | \$5.5 | \$1.9 |
| Less: Refunds | (\$85.7) | (\$78.7) | (\$7.0) | (\$85.7) | (\$92.7) | \$7.1 |
| Local Distr. | (\$36.2) | (\$36.2) | \$0.0 | (\$36.2) | (\$38.9) | \$2.8 |
| Net to GRF | \$636.7 | \$634.6 | \$2.1 | \$636.7 | \$603.5 | \$33.2 |

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

Commercial Activity Tax (CAT)

November revenues were \$6.3 million (-1.9%) below estimate. For the year to date, the source is \$21.4 million (-2.7%) below estimate. CAT revenue in November was \$2.8 million (-0.9%) below last year. Following a quarter in which CAT revenue performed below estimate by \$23.5 million (-6.3%), the combined October and November performance predicts a better outcome for the second quarter of fiscal year 2021. The last two months were \$2.1 million (0.5%) above estimate and, because only \$10.3 million in revenue is anticipated in December, a substantial negative variance for the entire quarter is unlikely while a modest positive one is possible. The combined October through November results – which reflect activity that occurred during the July through September period – are consistent with a recovering economy, in contrast to the second quarter when the steepest and swiftest in modern U.S. economic history occurred.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$1.4 billion and were \$89.5 million (7.1%) above estimate for the month of November. The positive variance was driven by the Federal Grants category, which was \$91.0 million (7.2%) above estimate. This variance coincides with a positive Medicaid disbursement variance discussed in the disbursement section of this report.

12/8/2020

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

| REVENUE SOURCE | MONTH | | | | YEAR-TO-DATE | | | |
|-----------------------------|--------------------|----------------------|----------------|-------------|-------------------|-------------------|----------------|-------------|
| | ACTUAL NOVEMBER | ESTIMATE NOVEMBER | \$ VAR | % VAR | ACTUAL Y-T-D | ESTIMATE Y-T-D | \$ VAR | % VAR |
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 847,993 | 822,300 | 25,693 | 3.1% | 4,175,636 | 3,966,500 | 209,136 | 5.3% |
| Auto Sales & Use | 128,772 | 115,500 | 13,272 | 11.5% | 754,838 | 657,100 | 97,738 | 14.9% |
| Subtotal Sales & Use | 976,765 | 937,800 | 38,965 | 4.2% | 4,930,474 | 4,623,600 | 306,874 | 6.6% |
| Personal Income | 636,654 | 634,600 | 2,054 | 0.3% | 4,240,081 | 4,170,200 | 69,881 | 1.7% |
| Corporate Franchise | (39) | 0 | (39) | N/A | 248 | 0 | 248 | N/A |
| Financial Institutions Tax | 1,184 | (2,800) | 3,984 | 142.3% | (14,968) | (23,500) | 8,532 | 36.3% |
| Commercial Activity Tax | 327,498 | 333,800 | (6,302) | -1.9% | 758,599 | 780,000 | (21,401) | -2.7% |
| Petroleum Activity Tax | 0 | 0 | 0 | N/A | 878 | 1,900 | (1,022) | -53.8% |
| Public Utility | 25,458 | 27,900 | (2,442) | -8.8% | 60,814 | 62,700 | (1,886) | -3.0% |
| Kilowatt Hour | 20,903 | 25,600 | (4,697) | -18.3% | 133,139 | 145,700 | (12,561) | -8.6% |
| Natural Gas Distribution | 5,284 | 5,900 | (616) | -10.4% | 19,004 | 22,700 | (3,696) | -16.3% |
| Foreign Insurance | 977 | (9,700) | 10,677 | 110.1% | 176,637 | 161,800 | 14,837 | 9.2% |
| Domestic Insurance | 0 | 0 | 0 | N/A | 824 | 0 | 824 | N/A |
| Other Business & Property | 0 | 0 | 0 | N/A | 15 | 0 | 15 | N/A |
| Cigarette and Other Tobacco | 75,121 | 71,800 | 3,321 | 4.6% | 347,917 | 321,900 | 26,017 | 8.1% |
| Alcoholic Beverage | 6,630 | 6,000 | 630 | 10.5% | 27,868 | 24,300 | 3,568 | 14.7% |
| Liquor Gallonage | 4,932 | 4,100 | 832 | 20.3% | 24,313 | 21,000 | 3,313 | 15.8% |
| Estate | 1 | 0 | 1 | N/A | 12 | 0 | 12 | N/A |
| Total Tax Receipts | 2,081,367 | 2,035,000 | 46,367 | 2.3% | 10,705,854 | 10,312,300 | 393,554 | 3.8% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 1,352,738 | 1,261,773 | 90,965 | 7.2% | 6,096,280 | 6,396,743 | (300,463) | -4.7% |
| Earnings on Investments | 0 | 0 | 0 | N/A | 17,576 | 13,750 | 3,826 | 27.8% |
| License & Fees | 719 | 621 | 98 | 15.8% | 14,815 | 8,959 | 5,857 | 65.4% |
| Other Income | 801 | 2,379 | (1,577) | -66.3% | 82,784 | 75,376 | 7,409 | 9.8% |
| ISTV'S | 13 | 0 | 13 | N/A | 84 | 0 | 84 | N/A |
| Total Non-Tax Receipts | 1,354,271 | 1,264,773 | 89,499 | 7.1% | 6,211,539 | 6,494,827 | (283,288) | -4.4% |
| TOTAL REVENUES | 3,435,638 | 3,299,773 | 135,866 | 4.1% | 16,917,394 | 16,807,127 | 110,267 | 0.7% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 0 | 0 | 0 | N/A | 79,832 | 77,932 | 1,900 | 2.4% |
| Temporary Transfers In | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers | 0 | 0 | 0 | N/A | 79,832 | 77,932 | 1,900 | 2.4% |
| TOTAL SOURCES | 3,435,638 | 3,299,773 | 135,866 | 4.1% | 16,997,226 | 16,885,059 | 112,167 | 0.7% |

12/8/2020

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

| REVENUE SOURCE | MONTH | | | | YEAR-TO-DATE | | | |
|-----------------------------|------------------|------------------|----------------|--------------|-------------------|-------------------|------------------|--------------|
| | NOVEMBER | NOVEMBER | \$ | % | ACTUAL | ACTUAL | \$ | % |
| | FY 2021 | FY 2020 | VAR | VAR | FY 2021 | FY 2020 | VAR | VAR |
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 847,993 | 823,376 | 24,617 | 3.0% | 4,175,636 | 3,951,423 | 224,213 | 5.7% |
| Auto Sales & Use | 128,772 | 118,485 | 10,288 | 8.7% | 754,838 | 681,487 | 73,352 | 10.8% |
| Subtotal Sales & Use | 976,765 | 941,861 | 34,904 | 3.7% | 4,930,474 | 4,632,910 | 297,564 | 6.4% |
| Personal Income | 636,654 | 603,464 | 33,190 | 5.5% | 4,240,081 | 3,601,894 | 638,186 | 17.7% |
| Corporate Franchise | (39) | 47 | (86) | -183.9% | 248 | 43 | 205 | 476.6% |
| Financial Institutions Tax | 1,184 | (3,129) | 4,313 | 137.8% | (14,968) | (29,917) | 14,949 | 50.0% |
| Commercial Activity Tax | 327,498 | 330,309 | (2,811) | -0.9% | 758,599 | 799,015 | (40,416) | -5.1% |
| Petroleum Activity Tax | 0 | 0 | 0 | N/A | 878 | 1,796 | (918) | -51.1% |
| Public Utility | 25,458 | 24,342 | 1,116 | 4.6% | 60,814 | 59,228 | 1,586 | 2.7% |
| Kilowatt Hour | 20,903 | 25,621 | (4,719) | -18.4% | 133,139 | 144,848 | (11,709) | -8.1% |
| Natural Gas Distribution | 5,284 | 4,987 | 297 | 6.0% | 19,004 | 18,291 | 714 | 3.9% |
| Foreign Insurance | 977 | (1,176) | 2,153 | 183.1% | 176,637 | 174,253 | 2,384 | 1.4% |
| Domestic Insurance | 0 | 6 | (6) | N/A | 824 | 7 | 817 | 11818.3% |
| Other Business & Property | 0 | 0 | 0 | N/A | 15 | 0 | 15 | N/A |
| Cigarette and Other Tobacco | 75,121 | 72,248 | 2,873 | 4.0% | 347,917 | 329,253 | 18,664 | 5.7% |
| Alcoholic Beverage | 6,630 | 5,329 | 1,301 | 24.4% | 27,868 | 22,487 | 5,381 | 23.9% |
| Liquor Gallonage | 4,932 | 4,301 | 631 | 14.7% | 24,313 | 21,579 | 2,734 | 12.7% |
| Estate | 1 | 0 | 1 | N/A | 12 | 38 | (25) | -67.1% |
| Total Tax Receipts | 2,081,367 | 2,008,210 | 73,157 | 3.6% | 10,705,854 | 9,775,725 | 930,130 | 9.5% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 1,352,738 | 600,694 | 752,044 | 125.2% | 6,096,280 | 4,089,613 | 2,006,667 | 49.1% |
| Earnings on Investments | 0 | (10) | 10 | N/A | 17,576 | 41,296 | (23,721) | -57.4% |
| License & Fee | 719 | 1,152 | (433) | -37.6% | 14,815 | 10,617 | 4,198 | 39.5% |
| Other Income | 801 | 2,325 | (1,524) | -65.5% | 82,784 | 73,676 | 9,108 | 12.4% |
| ISTV'S | 13 | 93 | (80) | -86.1% | 84 | 113 | (28) | -25.2% |
| Total Non-Tax Receipts | 1,354,271 | 604,253 | 750,018 | 124.1% | 6,211,539 | 4,215,315 | 1,996,224 | 47.4% |
| TOTAL REVENUES | 3,435,638 | 2,612,464 | 823,175 | 31.5% | 16,917,394 | 13,991,040 | 2,926,354 | 20.9% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 0 | 0 | 0 | N/A | 79,832 | 75,548 | 4,284 | 5.7% |
| Temporary Transfers In | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers | 0 | 0 | 0 | N/A | 79,832 | 75,548 | 4,284 | 5.7% |
| TOTAL SOURCES | 3,435,638 | 2,612,464 | 823,175 | 31.5% | 16,997,226 | 14,066,588 | 2,930,638 | 20.8% |

DISBURSEMENTS

November GRF disbursements, across all uses, totaled \$3.3 billion and were \$171.2 million (5.5%) above estimate. This variance was primarily attributable to above estimate disbursements in Medicaid. On a year-over-year basis, November total uses were \$607.8 million (22.8%) 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) | \$608.9 | 22.9% |
| Transfers | Temporary or permanent transfers out of the GRF that are not agency expenditures | (\$1.1) | N/A |
| TOTAL DISBURSEMENTS VARIANCE: | | \$607.8 | 22.8% |

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

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. November disbursements for this category totaled \$678.4 million and were \$37.8 million (5.9%) above estimate. This variance was primarily attributable to above estimate spending in the Foundation Funding and EdChoice Expansion line items. The Foundation Funding line item was above estimate as payments for the EdChoice Scholarship Program, community school enrollment, and fiscal year 2020 foundation funding reconciliation were higher than planned. Disbursements for the EdChoice Expansion line item were above estimate as scholarship applications are now awarded on a continuous basis. This above estimate spending was partially offset by below estimated disbursements for the Student Assessment line item due to timing of payments which will disburse in future months.

Expenditures for the school foundation program totaled \$601.2 million and were \$46.4 million (8.4%) above estimate. Year-to-date disbursements were \$3.4 billion, which was \$20.9 million (0.6%) above estimate. On a year-over-year basis, disbursements in this category were \$16.1 million (-2.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$112.6 million (-3.2%) lower than the same point in fiscal year 2020.

Higher Education

November disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$197.5 million and were \$0.9 million (0.5%) above estimate. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Scholarship Program, which was above estimate by a total of \$1.9 million due to higher than expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in the National Guard Scholarship program, which was below estimate by a total of \$1.0 million due to delays related to the implementation of a new payment system.

Year-to-date disbursements were \$954.8 million and were \$11.6 million (-1.2%) below estimate. On a year-over-year basis, disbursements in this category were \$0.8 million (0.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$18.9 million (2.0%) higher than at the same point in fiscal year 2020.

Other Education

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

November disbursements in this category totaled \$3.5 million and were \$0.6 million (-15.0%) below estimate. Year-to-date disbursements were \$38.5 million and were \$1.0 million (-2.4%) below estimate. On a year-over-year basis, disbursements in this category were \$2.7 million (-43.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$5.5 million (-12.5%) lower than at the same point in fiscal year 2020.

Medicaid

Note: Medicaid enrollment and spending estimates represented in this report are based on updated projections precipitated by the COVID-19 pandemic and therefore differ from projections outlined with the passage of H.B. 166. If enrollment is discussed as being below or above estimate in this report, the estimate is the updated COVID-19 estimate and not the H.B. 166 estimate.

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

November GRF disbursements for the Medicaid Program totaled \$1.97 billion and were \$133.7 million (7.3%) above estimate and \$644.4 million (48.8%) above disbursements for the same month in the previous fiscal year.

The November GRF variance was primarily attributable to the timing of a managed care withhold payment. This payment was estimated to disburse in October but disbursed in November instead. This variance was partially offset by below estimate enrollment in both the managed care and fee-for-service programs. The variance from the previous fiscal year was primarily attributable to increased Medicaid enrollment resulting from both federal law changes and adverse economic conditions, both associated with the COVID-19 pandemic.

Year-to-date GRF disbursements totaled \$8.70 billion and were \$411.9 million (-4.5%) below estimate, and \$1.93 billion (28.5%) above disbursements for the same point in the previous fiscal year. The year-to-date and year-over-year variances were both primarily attributable to enrollment. The program has underspent year-to-date as managed care enrollment in all major eligibility categories remains below the post-pandemic updated estimate; CFC, Group 8, and ABD are currently below estimate by 3.5%, 10.3%, and 2.6%, respectively. Additionally, the fee-for-service program’s enrollment is 8.5% below the updated estimate. However, enrollment is increasing month-to-month (just at a slower pace than estimated) and therefore the program spending is well above last fiscal year.

November all-funds disbursements for the Medicaid Program totaled \$2.80 billion and were \$124.4 million (4.7%) above estimate, and \$684.7 million (32.4%) above disbursements for the same month in the previous fiscal year. The November all-funds variance was primarily attributable to the timing of the managed care withhold payment as outlined above. Below estimate enrollment offset some of this variance. The year-over-year variance was primarily attributable to higher enrollment when compared to November 2019. In addition to the increases in enrollment, this year’s managed care withhold payment was larger and was disbursed in November whereas it was not disbursed until December in calendar year 2019, further driving the year-over-year variance.

Year-to-date all-funds disbursements totaled \$13.36 billion and were \$397.4 million (-2.9%) below estimate, and \$1.94 billion (16.9%) above disbursements for the same point in the previous fiscal year. The year-to-date all funds variance was primarily attributable to below estimate enrollment in the both the managed care and fee-for-service programs. Additionally, the variance was partially attributable to below estimate spending in administration related expenses, notably in information technology. The year-over-year variance is primarily attributable to higher costs associated with significant increases in enrollment due to the pandemic - enrollment has increased by approximately 304,300 individuals since November 2019.

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

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

| | Nov. Actual | Nov. Projection | Variance | Variance % |
|-----------|-------------|-----------------|----------|------------|
| GRF | \$1,965.9 | \$1,832.0 | \$133.8 | 7.3% |
| Non-GRF | \$833.2 | \$842.5 | -\$9.3 | -1.1% |
| All Funds | \$2,799.1 | \$2,674.6 | \$124.5 | 4.7% |

Enrollment

Total November enrollment was 3.09 million, which was 160,500 (-4.9%) below the updated post-pandemic estimate and 304,300 (10.9%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.04 million and was 101,100 (-3.2%) below the updated estimate.

November enrollment by major eligibility category was: Covered Families and Children, 1.72 million; Group VIII Expansion, 731,700; and Aged, Blind and Disabled (ABD), 498,000.

**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.

November disbursements in this category totaled \$121.6 million and were \$5.2 million (4.5%) above estimate. Year-to-date disbursements were \$595.3 million and were \$61.9 million (-9.4%) below estimate. On a year-over-year basis, disbursements in this category were \$2.9 million (2.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$36.3 million (-5.7%) lower than at the same point in fiscal year 2020.

Department of Job and Family Services

November disbursements for the Department of Job and Family Services totaled \$67.9 million and were \$3.9 million (-5.4%) below estimate. This variance was primarily attributable to the Early Care and Education line item, which was \$8.5 million below estimate because the weekly child care provider payments have been lower than expected due to the pandemic, which has impacted day care enrollment and/or attendance. The Family and Children Services line item was \$5.6 million above estimate because the disbursements for Children Services Best Practices, Foster Parent Recruitment, Multi-System Youth, and Child Protective Services were higher than what was anticipated for the month. The Program Operations line item was \$2.4 million below estimate because invoices from various vendors were not received as anticipated. The Family Assistance - Local line item was \$1.8 million above estimate because counties requested more of their Income Maintenance allocation than what was anticipated for the month.

Department of Mental Health and Addiction Services

November disbursements for the Department of Mental Health and Addiction Services totaled \$36.4 million and were \$8.2 million (29.1%) above estimate. This variance was primarily attributable to the Continuum of Care Services line item, which was \$8.3 million above spending due to delayed expenditures for Crisis Stabilization and OPS Community Disbursements estimated for October but paid in November, and the Criminal Justice Services line item, which was \$1.8 million above spending due to payments for prior months being made in November.

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.

November disbursements in this category totaled \$160.3 million and were \$11.8 million (-6.8%) below estimate. Year-to-date disbursements were \$1.1 billion and were \$52.6 million (-4.5%) below estimate. On a year-over-year basis, disbursements in this category were \$43.9 million (-21.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$53.7 million (5.0%) higher than at the same point in fiscal year 2020.

Department of Rehabilitation and Correction

November disbursements for the Department of Rehabilitation and Correction totaled \$115.8 million and were \$10.8 million (-8.5%) below estimate. This variance was primarily attributable to variances in the Institutional Operations line item, which was \$6.0 million below estimate and the Institutional Medical Services line item, which was \$4.4 million below estimate. Both variances were due to ongoing agency cost reduction efforts.

Public Defender Commission

November disbursements for the Public Defender Commission totaled \$12.2 million and were \$3.0 million (31.8%) above estimate. This variance was attributable to disbursements in the County Reimbursement ALI which was \$3.1 million above estimate as the agency makes the final portion of their catchup reimbursement payments to counties to account for no payments occurring in July.

Department of Youth Services

November disbursements for the Department of Youth Services totaled \$9.0 million and were \$1.5 million (-14%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item which was \$1.4 million lower than estimate due primarily to the timing of payments for community correctional facilities and behavioral health juvenile justice grants, which went out in October rather than November as planned.

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.

November disbursements in this category totaled \$33.7 million and were \$0.9 million (2.8%) above estimate. Year-to-date disbursements were \$190.3 million and were \$17.9 million (-8.6%) below estimate. On a year-over-year basis, disbursements in this category were \$1.1 million (-3.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$2.8 million (1.5%) higher than at the same point in fiscal year 2020.

Department of Administrative Services

November disbursements for the Department of Administrative Services totaled \$4.8 million and were \$2.3 million (90.9%) above estimate. This variance was attributable to the Ohio Business Gateway line item, which was \$3.7 million above estimate because of payments for internal DAS help desk and administrative charges that were anticipated for earlier months. This was offset by the State Agency Support Services line item, which was \$1.4 million below estimate chiefly because rent for certain GRF agencies and vacant space in state office buildings will be billed later than projected.

Department of Agriculture

November disbursements for the Department of Agriculture totaled \$4.7 million and were \$2.3 million above estimate (93.5%). This variance was primarily attributable to the Soil and Water Phosphorous Program line item, which was \$2.2 million above estimate due to the timing of paying encumbered amounts from fiscal year 2020.

Department of Transportation

November disbursements for the Department of Transportation totaled \$3.4 million and were \$1.4 million (-28.4%) below estimate. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was \$1.7 million below estimate due to the timing of subsidy payments. This variance was primarily offset by a positive variance in the Airport Improvements line item, which was \$0.5 million above estimate due to the timing of subsidy payments.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. November reimbursements totaled \$81.3 million and were \$5.0 million (6.6%) above estimate. Year-to-date reimbursements totaled \$902.2 million were \$16.4 million (-1.8%) below estimate. The year-to-date negative variance is largely caused by counties requesting reimbursements more slowly than estimated and are expected to be offset with positive variances later in the fiscal year.

Debt Service

November payments for debt service totaled \$26.3 million and were \$11,000 (-0.0%) below estimate. Year-to-date expenses in this category total \$504.0 million and were \$2.1 million (-0.4%) below estimate. The year-to-date variance was mostly due to a lease rental payment in September coming in \$1.5 million below estimate.

Transfers Out

There were no transfers out in November, and none were estimated. Year-to-date transfers out totaled \$411.5 million and were \$34.4 million (-7.7%) below estimate. The year-to-date variance was primarily caused by a transfer to the Targeted Addiction Program Fund not occurring in first quarter, as planned. This transfer is now expected to occur later in the fiscal year.

Preliminary

12/7/2020

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2021 VS ESTIMATE FY 2021
(\$ in thousands)

| Functional Reporting Categories Description | MONTH | | | | YEAR-TO-DATE | | | |
|--|--------------------|-----------------------|----------------|-------------|-------------------|-------------------|------------------|--------------|
| | ACTUAL NOVEMBER | ESTIMATED NOVEMBER | \$ VAR | % VAR | YTD ACTUAL | YTD ESTIMATE | \$ VAR | % VAR |
| Primary and Secondary Education | 678,431 | 640,666 | 37,766 | 5.9% | 3,443,752 | 3,422,886 | 20,866 | 0.6% |
| Higher Education | 197,499 | 196,570 | 929 | 0.5% | 954,777 | 966,328 | (11,552) | -1.2% |
| Other Education | 3,527 | 4,150 | (623) | -15.0% | 38,479 | 39,440 | (960) | -2.4% |
| Medicaid | 1,965,873 | 1,832,177 | 133,695 | 7.3% | 8,683,799 | 9,095,661 | (411,861) | -4.5% |
| Health and Human Services | 121,604 | 116,355 | 5,248 | 4.5% | 595,332 | 657,248 | (61,916) | -9.4% |
| Justice and Public Protection | 160,312 | 172,098 | (11,786) | -6.8% | 1,124,940 | 1,177,506 | (52,566) | -4.5% |
| General Government | 33,721 | 32,818 | 904 | 2.8% | 190,310 | 208,247 | (17,938) | -8.6% |
| Property Tax Reimbursements | 81,334 | 76,289 | 5,045 | 6.6% | 902,217 | 918,601 | (16,384) | -1.8% |
| Debt Service | 26,309 | 26,320 | (11) | 0.0% | 503,972 | 506,081 | (2,108) | -0.4% |
| Total Expenditures & ISTV's | 3,268,609 | 3,097,443 | 171,166 | 5.5% | 16,437,579 | 16,991,999 | (554,419) | -3.3% |
| Transfers Out: | | | | | | | | |
| BSF Transfer Out | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Operating Transfer Out | 0 | 0 | 0 | N/A | 411,475 | 445,900 | (34,425) | -7.7% |
| Temporary Transfer Out | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers Out | 0 | 0 | 0 | N/A | 411,475 | 445,900 | (34,425) | -7.7% |
| Total Fund Uses | 3,268,609 | 3,097,443 | 171,166 | 5.5% | 16,849,054 | 17,437,899 | (588,845) | -3.4% |

Preliminary

12/7/2020

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2021 VS ACTUAL FY 2020
(\$ in thousands)

| Functional Reporting Categories Description | MONTH | | | | YEAR-TO-DATE | | | |
|--|---------------------|---------------------|----------------|--------------|-------------------|-------------------|------------------|---------------|
| | NOVEMBER FY 2021 | NOVEMBER FY 2020 | \$ VAR | % VAR | ACTUAL FY 2021 | ACTUAL FY 2020 | \$ VAR | % VAR |
| Primary and Secondary Education | 678,431 | 694,505 | (16,074) | -2.3% | 3,443,752 | 3,556,395 | (112,643) | -3.2% |
| Higher Education | 197,499 | 196,708 | 791 | 0.4% | 954,777 | 935,853 | 18,924 | 2.0% |
| Other Education | 3,527 | 6,255 | (2,729) | -43.6% | 38,479 | 43,999 | (5,519) | -12.5% |
| Medicaid | 1,965,873 | 1,321,424 | 644,448 | 48.8% | 8,683,799 | 6,755,892 | 1,927,908 | 28.5% |
| Health and Human Services | 121,604 | 118,705 | 2,899 | 2.4% | 595,332 | 631,624 | (36,292) | -5.7% |
| Justice and Public Protection | 160,312 | 204,237 | (43,925) | -21.5% | 1,124,940 | 1,071,195 | 53,746 | 5.0% |
| General Government | 33,721 | 34,796 | (1,075) | -3.1% | 190,310 | 187,517 | 2,793 | 1.5% |
| Property Tax Reimbursements | 81,334 | 52,201 | 29,133 | 55.8% | 902,217 | 903,562 | (1,345) | -0.1% |
| Debt Service | 26,309 | 30,839 | (4,530) | -14.7% | 503,972 | 884,338 | (380,366) | -43.0% |
| Total Expenditures & ISTV's | 3,268,609 | 2,659,671 | 608,938 | 22.9% | 16,437,579 | 14,970,375 | 1,467,205 | 9.8% |
| Transfers Out: | | | | | | | | |
| BSF Transfer | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Operating Transfer Out | 0 | 1,132 | (1,132) | N/A | 411,475 | 662,799 | (251,324) | -37.9% |
| Temporary Transfer Out | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers Out | 0 | 1,132 | (1,132) | N/A | 411,475 | 662,799 | (251,324) | -37.9% |
| Total Fund Uses | 3,268,609 | 2,660,803 | 607,807 | 22.8% | 16,849,054 | 15,633,173 | 1,215,881 | 7.8% |

FUND BALANCE

The Office of Budget and Management (OBM) continues to track national and state economic indicators and review tax revenue performance. To provide additional opportunity to collect and analyze data, OBM has decided to release the fiscal year 2021 General Revenue Fund ending balance estimate in an upcoming Monthly Financial Report.

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