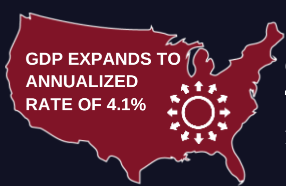
Ohio | Office of Budget and Management

MONTHLY FINANCIAL REPORT

March 10, 2021

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

Report Overview:



GDP expanded in the fourth quarter of calendar year 2020 at an annualized rate of 4.1 percent. This expansion reflects both the continued economic recovery from the sharp declines in the first and second quarters, and the challenges the nation faces due to the ongoing pandemic.

GRF non-auto sales and use tax collections in February totaled $686.7 million and were $25.2 million (3.8%) above the estimate. Across the first eight months of the fiscal year, revenues in this category are now $307.8 million (4.8%) above estimate; actual revenue has exceeded estimate in seven of these months.

February auto sales tax collections totaled $121.1 million and were $22.9 million (23.3%) above the estimate. Across the first eight months of the fiscal year, revenues in this category are now $138.6 million (13.9%) above estimate. This makes nine consecutive months in which auto sales tax has exceeded estimate.

February GRF personal income tax receipts totaled $382.5 million and were $90.4 million (30.9%) above estimate. Much of the overage is attributable to timing effects – refund pay-ments were lower-than-expected in February due to the Internal Revenue Services' delay in the opening of income tax filing season.

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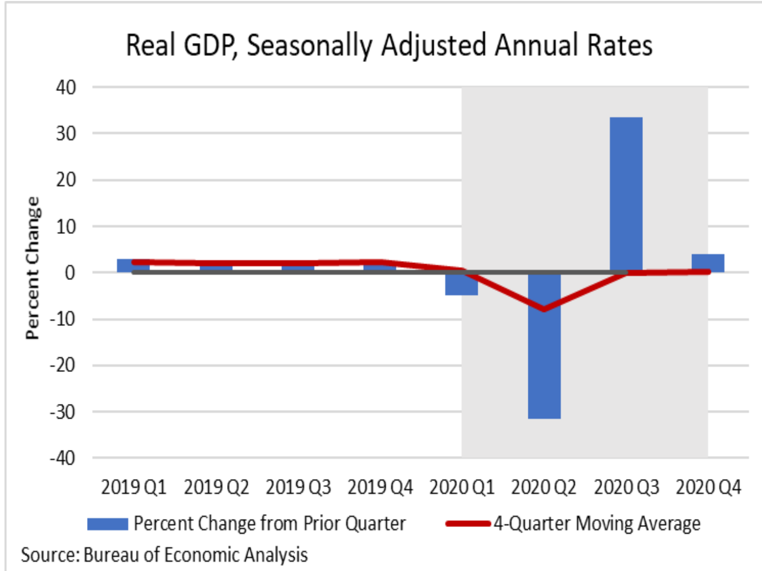
Economic Activity



According to the Bureau of Economic Analysis (BEA)'s second estimate, **Real Gross Domestic Product (GDP)** expanded in the fourth quarter of the calendar year at an annualized rate of 4.1 percent, up 0.1 percentage point from the advanced estimate provided last month. This expansion reflects both the continued economic recovery from the sharp declines in the first and second quarters, and the challenges the nation faces due to the ongoing pandemic.

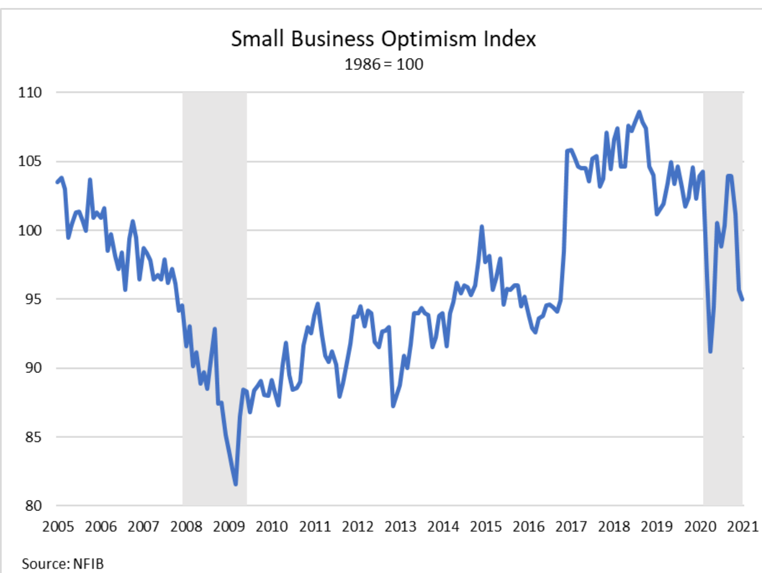
The massive swings in the economy in the second and third quarters made it harder to assess the overall impact of the COVID-19 pandemic on the economy until the end of the year. However, with the completion of 2020, it is estimated that the economy contracted 3.5 percent in 2020, the first decline since the Great Recession and the largest decline since just after World War II.

The fourth-quarter increase in real GDP resulted from growth in exports (2.0 percentage points), nonresidential fixed investment (1.8 percentage points), personal consumption expenditures (1.6 percentage points), residential fixed investment (1.4 percentage points), and private inventory investment (1.1 percentage points). These increases were partially offset by decreases in state and local government spending (-0.1 percentage point) and federal government spending (-0.1 percentage point). 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 3.6 percentage points.

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 March 3, 2021, the national index was at 82.9 percent, while Ohio's index was 0.5 percentage points above at 83.4 percent. Both indices increased substantially from their low points at the end of April; however, in recent months, growth seems to have reached a plateau.

The Federal Reserve's **Beige Book** evaluates current economic conditions across its 12 districts. According to the March 3, 2021 report, the economy in the Fourth District, which includes Ohio, regained momentum in January and February. The increase in economic activity stemmed from a reduction of COVID-19 cases and federal stimulus measures. However, activity remains below pre-pandemic levels in most industries. Many firms, especially those in manufacturing, retail, and construction, reported challenges hiring for open positions, and one in four firms reported that COVID-related staff outages were hindering their ability to meet customer demand. Non-labor costs, particularly for steel and lumber, rose substantially in the last period. Firms in a range of sectors reported transportation costs were higher because of higher fuel costs and the capacity of shippers. These factors resulted in the increase of selling prices as firms attempt to keep up with their costs. Looking ahead, respondents expected a moderate improvement in customer demand over the next months, with stronger gains in the second half of the calendar year as vaccines are more widely distributed.

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 January, the LEI increased 0.5 percent to reach 110.3 following similarly small increases between September and December. In January, there were positive contributions in seven of the ten index components, with the largest positive effects in building permits and average weekly manufacturing hours. The largest negative contributor to the index was the increasing number of unemployment claims. Although the size of the month-to-month increases in the index continues to be small, the broad-based gains in January suggest continued economic growth over the first half of calendar year 2021.



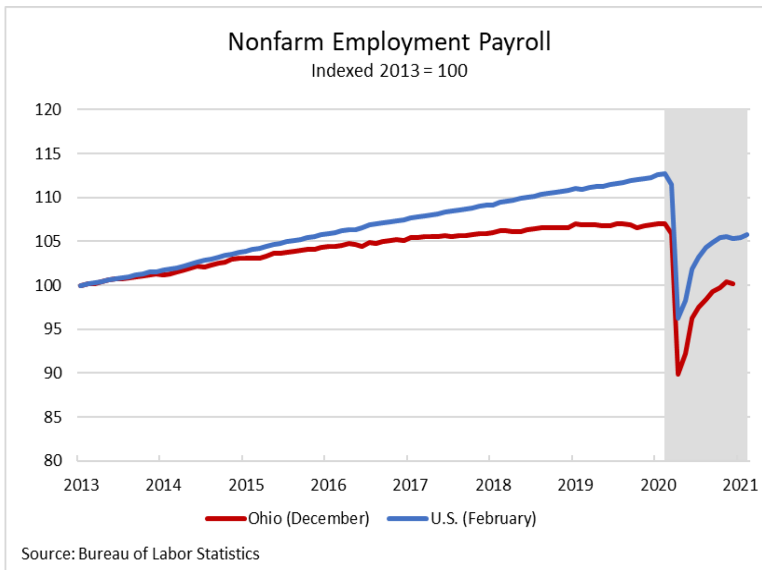
Produced by the National Federation of Independent Business (NFIB), the **Small Business Optimism Index** surveys a sample of small-business owners to determine the health of small businesses each month. The national index declined 0.9 points to 95.0 in January, bringing the index below the 47-year historic average of 98.0, and only 4.1 percent above the pandemic low point in April 2020. Four of the ten index components declined, two improved, and four were unchanged. Owners expecting better business conditions over the next six months declined seven points since December, to a net -23.0 percent. This is a decline of 55 points over the past four months. Small businesses are awaiting Congressional debates on the next fiscal stimulus package and as such their expectations are uncertain. The COVID-19 pandemic continues to impact how many small businesses operate and owners are worried about sales.

Source	Date	1st Quarter Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	3/01/21	10.0%
Federal Reserve Bank of New York (NowCast)	2/26/21	8.7%
IHS Markit GDP Tracker	3/01/21	4.5%
Moody's Analytics High Frequency GDP Model	2/26/21	9.0%
Wells Fargo	2/19/21	4.9%
Conference Board	2/10/21	2.0%
Wall Street Journal Survey	2/01/21	2.8%

The consensus among forecasters is for strong growth in the first quarter of calendar year 2021. While the labor market continues to be an area of weakness, progress with the vaccination effort and ongoing fiscal support from the federal government has stimulated spending, keeping most industries afloat. By late February, most economists were expecting growth of at least 4.5 percent during the first quarter of 2021, with even greater increases during the rest of the calendar year.

Employment

The U.S. Bureau of Labor Statistics reported that total **nonfarm payroll employment** increased 379,000 jobs in February. This follows a slight increase in nonfarm employment in January. The impacts of the COVID-19 pandemic and containment measures are continuing to affect the labor market. Nonfarm employment was below its February 2020 level by 6.2 percent, or 9.5 million jobs. Within nonfarm employment, there were gains in leisure and hospitality, temporary help services, health care and social assistance, retail trade, and manufacturing.



In February **leisure and hospitality** increased by 355,000 jobs, which is attributed to an easing of pandemic restrictions in certain parts of the country. About four-fifths of the increase was within **food services and drinking places,** which increased by 286,000 jobs. Employment also rose in the **accommodation** (36,000) and **amusements, gambling, and recreation** (33,000) subsectors. Despite these gains, employment within leisure and hospitality remained 20.4 percent or 3.5 million jobs lower than in February 2020.

Employment in **temporary help services** within the **professional and business services** category increased by 53,000 jobs in February but remained down by 175,000 from a year ago. **Health care and social assistance** employment increased by 46,000 jobs in February but remained 909,000 jobs below February 2020 levels. **Retail trade** gained 41,000 jobs in February. This growth spread across most of the industry, with the largest increase in general merchandise stores. Between May and February retail trade added 2.0 million jobs. Employment in **manufacturing** increased by 21,000 in February but employment remained 561,000 lower than last year.

Gains in nonfarm employment were partially offset by declines in **local government education** by 37,000 jobs and **state government education** by 32,000 jobs in February. In addition, **construction** employment decreased by 61,000 jobs in February and remained 308,000 below its February 2020 level.

The **national labor force participation rate** remained at 61.4 percent in February. This rate is 1.9 percentage points lower than February 2020. The **employment-population ratio** changed little in February, with a decrease of 0.1 percentage points to 57.6 percent. However, this ratio remained 3.5 percentage points lower than February 2020.

The Bureau of Labor Statistic undergoes benchmarking process to reduce error in the state and local employment data each year. This process delayed the release of the January 2021 employment data until March 15, 2021. As such, the latest employment data for Ohio are from December 2020. **Ohio nonfarm payroll employment** stayed stable at 5.2 million jobs between November and December 2020. Employment in all sectors remained below December 2019 levels due to the economic effects of the pandemic.

The Bureau of Labor Statistics reported that the national **unemployment rate** essentially stayed the same between January and February, lowering by 0.1 percentage points to 6.2 percent in February. The number of **unemployed individuals** decreased slightly to 10.0 million in February. Despite both measures being substantially lower than their April highs, they remain above their February pre-pandemic levels (3.5 percent and 5.7 million, respectively).

When the unemployment rate is broken down by demographic, most rates decreased in February. The unemployment rate for individuals who identify as Asian decreased 1.5 percentage points to 5.1 percent, the unemployment rate for those who identify as White and Hispanic each decreased by 0.1 percentage points to 5.6 and 8.5 percent, respectively. The unemployment rate increased for individuals who identify as Black by 0.7 percentage points to 9.9 percent. In February, the unemployment rate for adult men remained at 6.0 percent, while the unemployment rate for adult women declined slightly by 0.1 percentage points to 5.9 percent. In February, the unemployment rate for teenagers declined by 0.9 percentage points to 13.9 percent.

Of those people that were unemployed, the number of individuals that were on **temporary layoff** decreased by 517,000 in February to 2.2 million. This was 1.5 million people less than in February 2020 and was substantially reduced from the high of 18.0 million in April 2020. The number of people with **permanent job losses** declined slightly by 411,000 to 3.5 million in February 2021 and remained 2.2 million higher than February 2020. The number of unemployed **reentrants**, those who have previously worked but were not in the labor force prior to beginning their job search, increased 161,000 to 2.1 million.

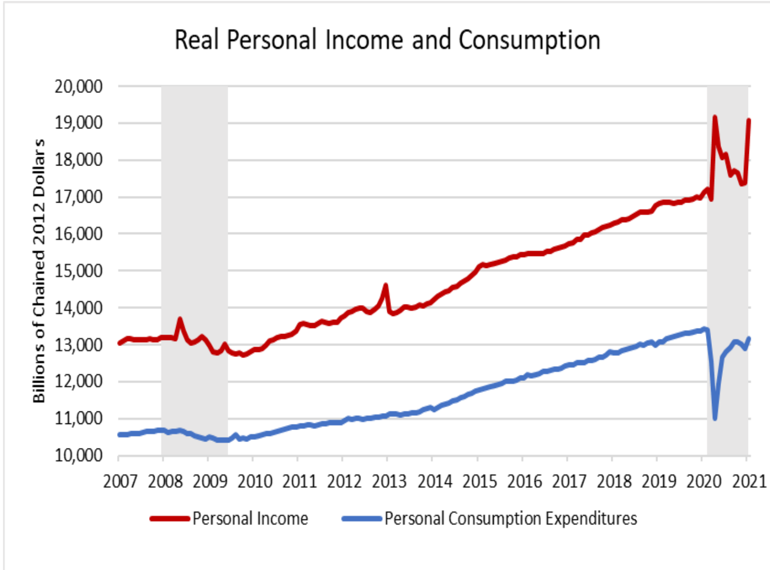
The number of unemployed individuals who were **jobless less than 5 weeks** decreased by 93,000 to 2.2 million individuals. Those who were **jobless 5 to 14 weeks** decreased by 274,000 to 2.3 million individuals. Those **jobless 15 to 25 weeks** decreased by 61,000 to 1.4 million individuals. Unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, increased by 125,000 to 4.1 million.

The number of people not in the labor force who currently want a job changed little between January and February at 6.9 million people but remained up 1.9 million from February 2020. These are individuals who want a job but 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 **Conference Board's Employment Trends Index** aggregates eight different labor market indicators. For the ninth month in a row, the Employment Trends Index increased in January. Compared to December the index increased 0.7 points to 99.3 in January. Despite the increase in the index, it remains down 10.0 percent from last year. The increase in this index was attributed to a rise in employment in the temporary help industry. Job growth in the upcoming months remained uncertain due to the unknown course of the COVID-19 pandemic. However, the employment outlook for late spring is more optimistic as more people are anticipated to receive vaccination.

The **Ohio unemployment rate** decreased to 5.5 percent in December, a 0.2 percentage point drop compared to the November rate. The unemployment rate for January 2021 is not yet available for Ohio due to the benchmarking process. During the month of February 2021, 509,717 initial unemployment claims were filed. This was a 186.3 percent increase over the total number of initial filings in January 2021. To date, the Ohio Department of Job and Family Services has identified at least 127,000 of the claims filed in February as under suspicion of fraud and such claims are under review. As reviews continue, more of the initial claims filed in February are anticipated to be identified as fraudulent. Continued claims in Ohio decreased substantially between the peak of 777,214 in April 2020 and the week ending February 27, 2021, in which 190,774 individuals filed continued claims. However, 136,608 additional people filed for an extension of benefits through a federal program during the same week; these individuals were unemployed for 27 or more weeks. As of March 4, 2021, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning 207 employees of potential future layoffs and closures in March and 422 in April.

Consumer Income and Consumption



According to the Bureau of Economic Analysis, **personal income** increased by $2.0 trillion (10.0%) in January. This increase was mainly a result of an increase in the other government social benefits category, which increased by $2.0 trillion (52.6%) in January. This increase stemmed from the $600 per person stimulus payments to individuals authorized by the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. The Unemployment Insurance category increased by $262.8 billion (85.4%) reflecting increases in both the Pandemic Unemployment Assistance program and the $300 supplemental weekly payments to unemployed recipients. Both programs were reinstated by the CRRSA. These gains were partially offset by personal dividend income, which decreased by $88.7 billion and farm proprietor income, which decreased by $15.2 billion.

Real personal consumption expenditures, a measure of national consumer spending for goods and services increased 2.4 percent ($340.9 billion). This change resulted from an increase of 5.8 percent ($277.2 billion) in spending on goods. Although these increases were prevalent across all categories, they were led by recreational goods, vehicles and food and beverages. Spending in durable goods increased 8.4 percent ($144.3 billion) and nondurable goods increased 4.3 percent ($132.8 billion). Spending for services increased 0.7 percent ($63.7 billion), led by spending for food services and accommodations as well as spending for health care. These increases were partially offset by decreases in housing and utilities expenditures.

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

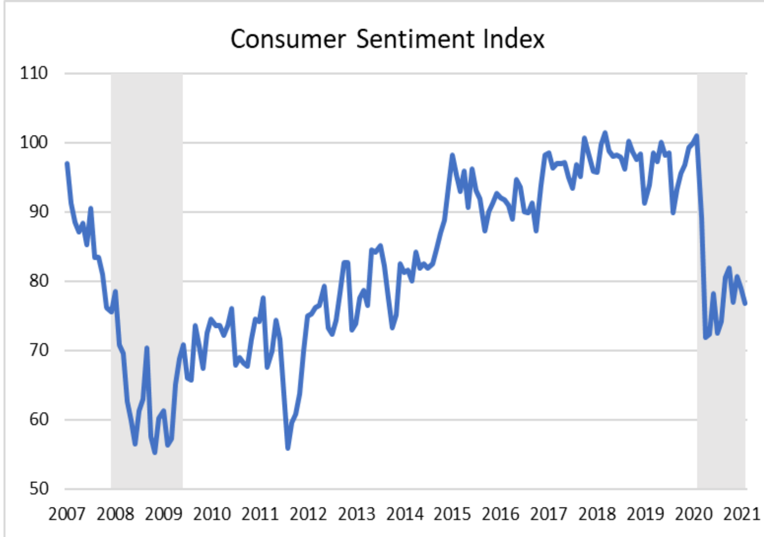
	December 2020	January 2021	1-Month Percent Change	12-Month Percent Change
Durable Goods	$ 1,984,478	$2,148,421	8.3%	17.1%
Furnishings and durable household equipment	$443,682	$490,674	10.6%	15.8%
Recreational goods and vehicles	$717,581	$793,547	10.6%	26.3%
Other durable goods	$283,554	$303,339	7.0%	13.7%
Nondurable goods	$3,103,223	$3,206,031	3.3%	6.1%
Clothing and footwear	400070	433119	8.3%	4.4%
Food and beverages purchased for off-premises consumption	$1,039,216	$1,079,315	3.9%	9.6%
Services	$7,977,548	$8,016,200	0.5%	-7.0%
Food services and accommodations	$641,262	$677,851	5.7%	-20.4%
Recreation services	$338,320	$350,880	3.7%	-31.2%
Transportation services	$338,233	$346,619	2.5%	-23.6%

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

Personal saving increased 69.7 percent ($1.6 trillion) in January 2021 compared to December 2020, marking the second month of increases after several consecutive months of declines. Personal savings remained above the February 2020 level by 183.0 percent ($2.5 trillion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 20.5 percent, an increase of 7.1 percentage points between December and January.

The Bureau of Labor Statistics computes the consumer price index to measure the average change overtime in prices paid by consumers for goods and services. The **Consumer Price Index for All Urban Consumers** increased 0.3 percent in January and over the last 12 months the index increased 1.4 percent. The overall increase in the index was primarily attributed to the 7.4 percent increase in the gasoline index in January. The index for food away from home increased 0.3 percent in January, more than offsetting the decrease in the price of food for home consumption.

The latest University of Michigan's **Surveys of Consumers** results indicated that despite small gains at the end of the month, consumer sentiment decreased in February. The Consumer Sentiment Index decreased 2.2 points to 76.8. This was a 2.8 percent decline from January and a 24.0 percent decline compared to February 2020. The Current Economic Conditions Index decreased 0.5 points to 86.2. This was a 0.6 percent decrease from January and a 24.9 percent decline compared to February 2020. The Consumer Expectations Index decreased 3.3 points to 70.7. This was a 4.5 percent decline from January and a 23.2 percent decline compared to February 2020. February's decline is mainly attributed to households earning less than $75,000, with a decline primarily concentrated in consumer's sentiments about future economic prospects. The rise in spending is driven by a decline in precautionary savings. Those with a college degree have remained more cautious about economic prospects while those with less than a college degree reported the least favorable prospects in the economy.



Source: University of Michigan through FRED

The Conference Board's **Consumer Confidence Index**, which reflects consumer attitudes and buying intentions increased once again in February after growing in January. In February, consumer confidence increased 2.4 percentage points to 91.3 up from January's revised value of 88.9. The Conference Board's **Present Situation Index**, which measures consumers' current assessment of business and labor market conditions, increased by 6.5 percentage points, from 85.5 in January to 92.0 in February. The Conference Board's **Expectation Index** examines consumers short-term outlook for the economy. In January it decreased by 0.4 percentage points to 90.8. Despite the consumer expectations index decline consumers remain cautiously optimistic on the outlook of the economy in the upcoming months.

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 remained 59.6 percent lower than last year. Airline travel made a slight increase of 3.6 percent in February 2021 compared to January 2021.

For the week ending February 27, 2021, STR, a company that provides analytics and data on the hospitality sector, reported an occupancy rate of 47.5 percent, a 25.8 percent decline compared to the same week in 2020. The average daily rate earned for an occupied room declined 25.2 percent compared to the same week in 2020. Revenue per available room also declined 44.5 percent in a year-over-year comparison.

Commercial vehicle miles traveled on the Ohio turnpike in February 2021 increased 7.4 percent compared to February 2020. However, passenger vehicle miles traveled in February 2021 decreased 20.8 percent from February of last year.

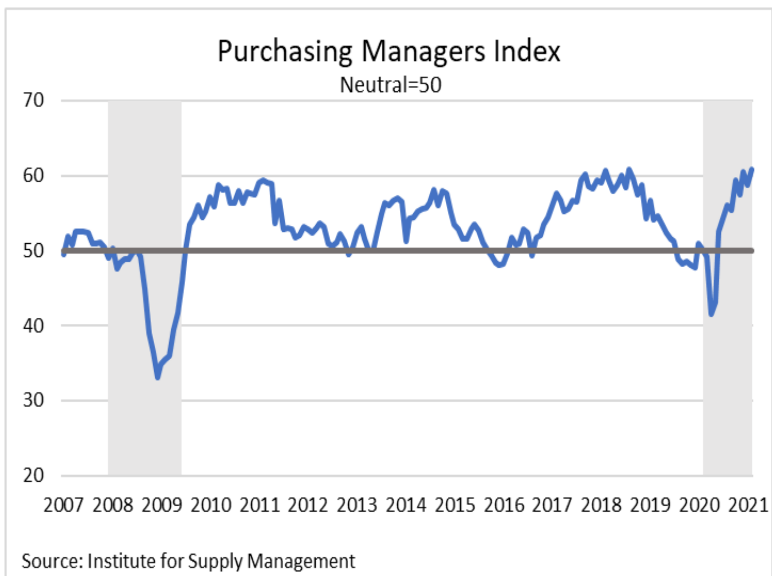
Industrial Activity

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 0.9 percent or 1.0 percentage point between December and January. The index recovered more than half of its pandemic decline but remained 1.8 percent below January 2020.

For the ninth consecutive month, manufacturing production increased. Production rose in January 2021 by 1.0 percent but remained 1.0 percent below January 2020 levels. The durable goods manufacturing industry index increased 0.9 percent in January, while the index for nondurable goods production increased 1.2 percent. The output of utilities decreased 1.2 percent in January as demand for natural gas declined 5.7 percent.

Most of the manufacturing industries that are relevant to Ohio made gains nationally in January 2021 when compared to December 2020. The largest gain was in the primary metals industry, which increased 3.9 percent in January. Additional gains were made in electrical equipment and appliances, which increased 2.3 percent, aerospace and other transportation equipment rose 2.2 percent, petroleum and coal products increased 2.1 percent and fabricated metal products increased 1.8 percent. The production of food beverage and tobacco products increased 1.4 percent and chemical production increased 1.3 percent between December 2020 and January 2021. Smaller gains were made in the production of plastics and rubber products, which increased 1.1 percent and the machinery industry increased 0.5 percent. These gains were partially offset by a decline in motor vehicles and parts which decreased 0.7 percent in January 2021.

Produced by the Institute for Supply Management (ISM), the **Purchasing Managers Index** (PMI) measures expansions and contractions of the manufacturing economy. A PMI score reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent it is generally contracting. In February, the PMI for the United States increased to 60.8 percent, compared to the revised value of 58.7 percent in January. This indicated an overall expansion of the economy for the ninth month in a row after contraction between March and May.



The new orders index increased 3.7 percentage points to 64.8 percent and the production index was up 2.5 percentage points to 63.2 percent. The backlog of orders index rose 4.3 percentage points to 64.0 percent. The employment index expanded 1.8 percentage points to 54.4. Overall, these changes provide evidence that the manufacturing economy is continuing to recover; however, challenges remain which may strain potential growth.

Of the 18 industries tracked by the Manufacturing ISM® *Report on Business*, 16 reported growth between January and February. Of the top ten industries most important to Ohio manufacturing only the petroleum and coal products industry reported contraction.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggest that demand is up, but labor and supplies are a potential problem. A source in the chemical products industry reported "[s]upply chains are depleted; inventories up and down the supply chain are empty". Additionally, a respondent in the machinery industry reported that prices are going up and "the supply chain is going to be stretched very [thin] to keep up".

Construction

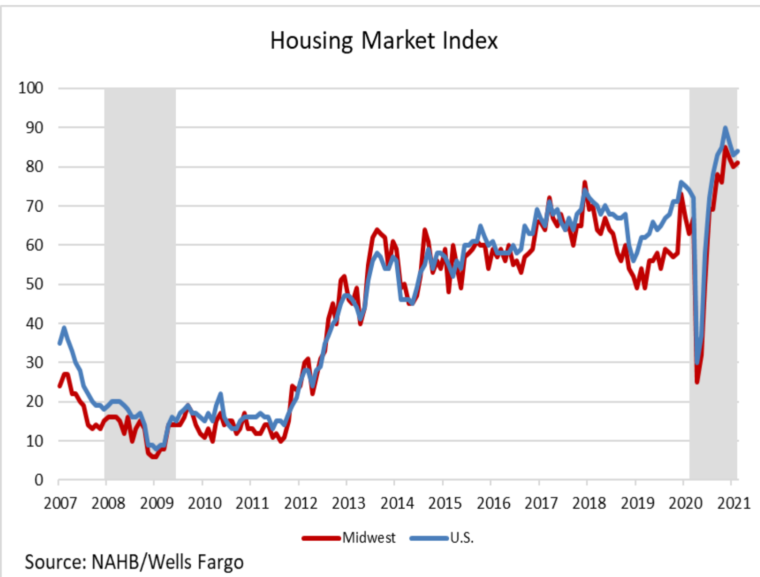
The U.S. Census Bureau estimated **total construction spending** in January to be at a seasonally adjusted annual rate of $1.5 billion, which was a 1.7 percent increase from the revised December estimate. The January 2021 estimate was 5.8 percent above that of January 2020. Residential construction increased 2.5 percent and nonresidential construction increased 0.4 percent between December and January.

Public sector construction spending in January was at a seasonally adjusted annual rate of $361.5 billion, a 1.7 percent increase compared to the revised December estimate. Spending in January on highway construction was 5.8 percent higher in January than December and remained 6.2 percent above January 2020 levels. Manufacturing construction spending was 4.7 percent higher in January than December but remained 14.7 percent below January 2020 levels. In January 2021, education construction was 0.1 percent above December 2020 levels, and 2.0 percent below January 2020.

Nationally, the number of privately-owned housing units approved increased 10.4 percent between December and January and were 22.5 percent above January 2020 levels. In Ohio, building permits for privately owned units decreased 37.0 percent between December 2020 and January 2021, and were 40.1 percent below permits issued in January 2020. Nationally, privatly-owned housing starts in January decreased 6.0 percent compared to December 2020, and were 2.3 percent below the January 2020 level. Midwest privately-owned housing starts decreased 12.3 percent from December and increased 28.5 percent from January 2020. Nationally, privately-owned housing completions decreased 2.3 percent in January and were 2.4 percent above the January 2020 rate. January privately-owned housing completions in the Midwest decreased 7.9 percent compared to December and were 4.9 percent below the January 2020 level.

The United States Census Bureau and the National Association of Home Builders report on newly built single-family home sales. In January, new home sales increased 4.3 percent to 923,000. New home sales in the Midwest increased 12.6 percent in January from December 2020 and were 10.3 percent above the January 2020 level. The demand for new homes has continued to improve with historically low mortgage rates. However, due to the rise in cost of building materials such as lumber there is an increasing affordability issue. The median sale price in January 2021 increased 5.3 percent from the median sale price in January 2020.

Existing home sales, as reported by the National Association of Realtors, reached its second highest level since 2006 in January 2021. Sales increased 0.6 percent in January compared to December to a seasonally adjusted rate of 6.7 million housing units. This was an increase of 23.7 percent from a year ago. Available inventory in January totaled 1.0 million units, down 1.4 million units from a year ago. Low supply continues to cause a rise in home prices. Median sale price of all existing home sales continued to increase, up 14.1 percent from a year ago. January 2021 was the 107th continuous month of year-over-year increases in existing home sales. January sales in the Midwest of existing homes increased 1.9 percent compared to December, and 22.7 percent from January 2020. The median existing home price in the Midwest increased 14.7 percent from a year ago. According to the Ohio Realtors, activity in the Ohio housing market increased 8.8 percent in January 2021 compared to January 2020. The average sale price in Ohio in January was $211,050, a 14.8 percent increase compared to January of last year.



The Housing Market Index (HMI) from the National Association of Home Builders (NAHB) 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 February to 84.0 from 83.0 in January, a 1.2 percent increase. This was the first month of an increase in the index following decreases the prior two months. Buyers continue to express high demand despite supply chain difficulties and record high prices for lumber. However, these factors have resulted in some builders halting projects even when housing inventory is at record lows. It is anticipated residential growth rates will continue to increase but there will likely be a cooling due to supply chain difficulties, costs, and regulatory risks. In the Midwest, HMI increased by 1.3 percent, from 80.0 in January to 81.0 in February.

REVENUES

February tax revenues exceeded expectations. The month produced a $182.9 million positive variation from estimated tax revenues; this represents a 10.6 percent overage, exceeding the 4.5 percent positive variation for the year-to-date. However, a considerable portion of the month's positive variation was due to lower than anticipated personal income tax refunds, reflecting temporary timing effects that are expected to be reversed as the tax filing season continues to unfold. Non-auto sales tax came in slightly above estimate, while auto sales tax revenues performed above expectations. In February, both the financial institutions tax and the commercial activity tax made up for lower than anticipated performance that occurred in January.

February total GRF receipts totaled $2.3 billion and were $127.3 million (-5.3%) below estimate. Tax revenues were $182.9 million (10.6%) above estimate. Non-tax receipts were $310.2 million (-44.4%) below estimate. For the year-to-date, tax revenues are above estimate, non-tax receipts are below estimate, and transfers are over 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	$722.0	4.5%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($936.7)	-10.3%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$7.1	9.1%
TOTAL REVENUE VARIANCE:		**($207.6)**	**-0.8%**
Non-federal revenue variance		**$759.2**	**4.6%**
Federal grants variance		**($966.8)**	**-10.7%**

For February, revenues and transfers were $60.1 million (-2.6%) below the previous year. Tax receipts increased by $244.1 million (14.7%) while non-tax receipts declined by $303.4 million (-43.9%). For the year-to-date, tax receipts are $1.3 billion (8.3%) above last year and non-tax receipts are $1.0 billion (14.0%) over the prior year. Transfers are $8.6 million (11.2%) above last year on a year-to-date basis.

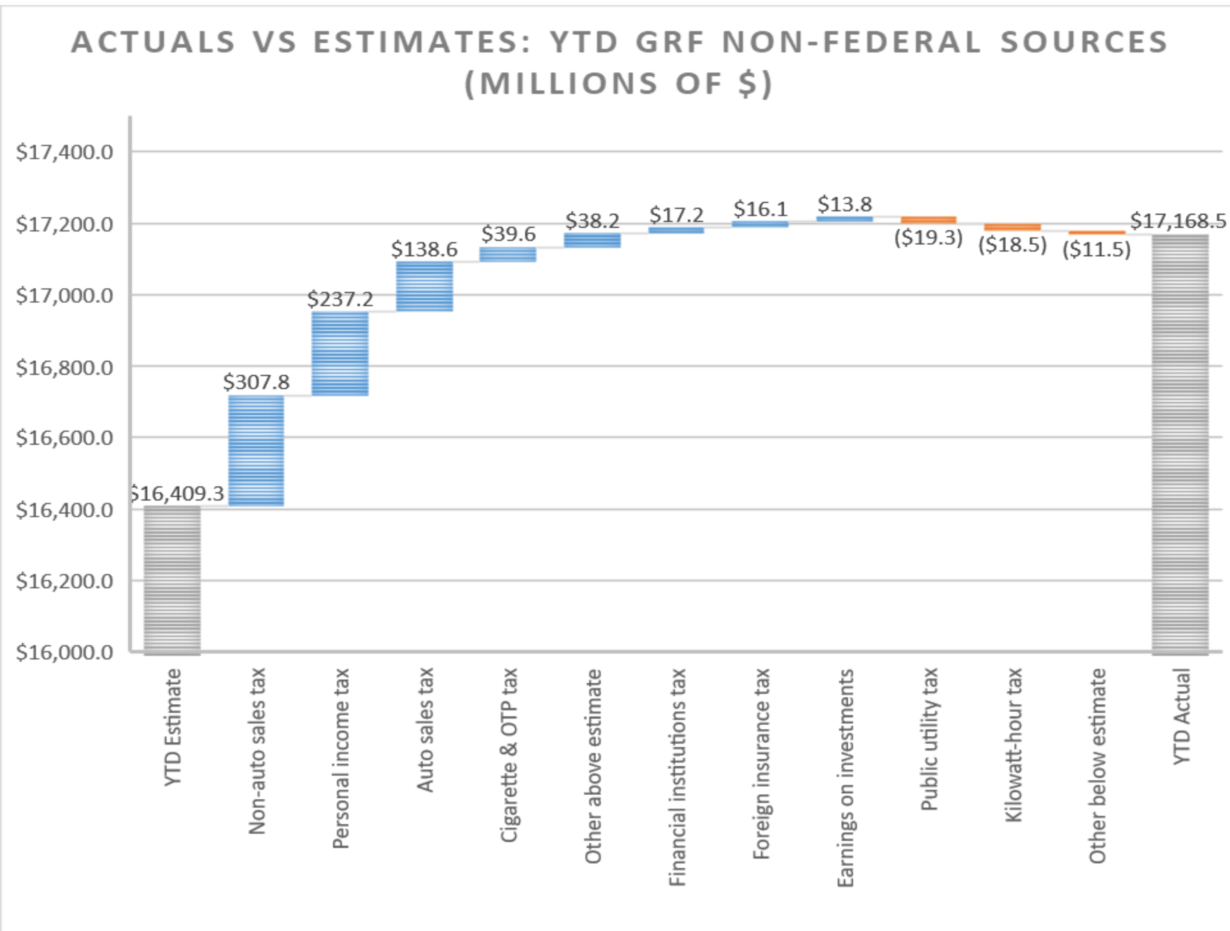
During February, the source with the largest year-over-year increase was personal income tax, at $203.9 million (114.1%) above last year. The next-largest increases were financial institutions tax at $25.5 million (50.3%), commercial activity tax at $22.5 million (6.4%) and auto sales tax at $18.2 million (17.7%). The largest decline was experienced by Federal grants at $304.4 million (-44.4%). The next-largest year-over-year decline was attributable to foreign insurance tax at $27.6 million (-19.1%).

The table below shows that sources below estimate (a negative variance of $318.8 million) in February outweighed the size of sources above estimate (a positive variance of $191.5 million), resulting in a $127.3 million net negative variance from estimate.

GRF Revenue Sources Relative to Monthly Estimates – February 2021
($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Personal income tax	$90.4	Federal grants	($309.5)
Non-auto sales tax	$25.2	Kilowatt hour tax	($3.2)
Financial institutions tax	$25.0	Foreign insurance tax	($2.8)
Commercial activity tax	$25.0	Other sources below estimate	($3.3)
Auto sales tax	$22.9		
Other sources above estimate	$3.1		
Total above	**$191.5**	**Total below**	**($318.8)**

(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 $759.2 million. The chart shows that non-auto sales tax has the largest overage; this source accounts for 41.0 percent of the total non-federal revenue overage.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in February totaled $686.7 million and were $25.2 million (3.8%) above the estimate. For the fiscal year-to-date, revenues are $307.8 million (4.8%) above estimate; actual revenue has exceeded estimate in all months except one. February non-auto sales tax revenue was $5.8 million (0.9%) above the prior year, while year-to-date revenue is $316.6 million (5.0%) above fiscal year 2020.

February revenue would have been larger if not for a substantial increase in refunds made during the month. These refunds, which are non-recurring in nature, were $25.5 million larger than in the prior year. If refunds had remained at their prior-year's level, GRF non-auto sales tax revenue would have grown by $31.3 million (4.6%) in February 2021.

Monthly non-auto sales tax revenue primarily reflects a hybrid of taxable sales that occurred in the current month and in the preceding month. This is a function of Ohio's payment structure whereby larger vendors are required to make payments based on 75.0 percent of the anticipated tax on sales occurring during the current month, and the remaining tax owed on the prior-month's sales. On average, about 45.0 percent of a month's sales tax payments are attributable to activity occurring in the current month; thus, about 55.0 percent of revenue is based on sales occurring during previous periods (predominantly the immediately preceding month).

The dynamic forces at play during the pandemic continue to affect non-auto sales tax in ways that OBM continues to monitor and assess. Additional federal "stimulus" payments, extension of unemployment benefits, renewal of the Paycheck Protection Program and other measures enacted by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) impacted the economy beginning in January. By providing over $900 billion in estimated additional federal spending, the CRRSA enhanced consumer spending in early calendar year 2021 and likely contributed to February's non-auto sales tax revenue outcome.

There continues to be a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods, fostering increased revenue intake. As expressed in the Consumer Spending by Industry, for Select Industries chart on page 8 of this report, goods expenditures grew in January 2021 compared to the prior year; in contrast, expenditures on services declined. Furthermore, the current "Monthly Event Study of Spending" table issued by BEA – a high-frequency data series which uses credit card spending data from Fiserv (a major card intermediary company) – continues to indicate significant declines in industries generally not subject to sales tax: Recreation, Accommodations, Food Services, and Gas Stations. Retail segments predominantly subject to Ohio sales tax show vigorous growth: Furniture, Building Materials & Garden Equipment, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores.

U.S. retail data emanate each month from the U.S. Census, through its Monthly Advance Retail Trade Survey (MARTS) program. During the July 2020-January 2021 period, the MARTS data for retail categories that are predominantly subject to Ohio non-auto sales tax (comprised of retail categories with NAICS codes 4413, 442, 443, 444, 448, 451, 452, 453, and 454) displayed an average monthly year-over-year growth rate of 10.1 percent. In comparison, Ohio sales tax collections from analogous retail categories experienced average year-over-year growth of 9.5 percent during the July-November 2020 time period (reflecting the most recent available data). Note that retail categories have a preponderant influence on total non-auto sales tax revenue: monthly collections from the retail categories represented 60.0 percent of total non-auto sales tax revenue over the first five months of fiscal year 2021.

Auto Sales Tax

February auto sales tax revenues were $121.1 million. This February's numbers come in at $18.2 million (17.7%) above last February; fiscal year-to-date revenue is now $108.8 million (10.6%) above fiscal year 2020. Auto sales tax revenue in February was $22.9 million (23.3%) above estimate. This makes nine successive months in which auto sales tax has exceeded estimate. For the year, auto sales tax revenue is $138.6 million (13.9%) above 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 light vehicle unit sales in February reached an estimated 15.7 million units. This represents a 6.0 percent decrease from January, and a 7.0 percent decrease from the prior year. TrueCar, Inc. estimates that used vehicle unit sales decreased by 12.0 percent in February from the prior year but increased by 12.0 percent from January. Some of the decline in new vehicle sales (and presumably in used vehicles) stems from the severe winter storms that struck Texas and southeastern states.

In recent months, the primary force behind auto sales tax growth has been price growth. TrueCar, Inc. estimates that the average transaction value of new vehicle purchases grew by nearly 7.0 percent in February on a year-over-year basis. Moody's Analytics reports that its wholesale price index for used vehicles increased by 17.0 percent in February from the prior year. A price-led increase in auto revenue would be consistent with the outcome observed from Bureau of Motor Vehicles data from the fourth quarter of calendar year 2020. In that quarter, total taxable sales on titled combined new and used vehicle transactions grew by 7.4 percent from the previous year, while the average transaction value on those transactions increased by 10.1 percent. As long as used vehicle prices remain elevated, auto sales tax revenue growth could continue at its current strong levels.

Personal Income Tax

February GRF personal income tax receipts totaled $382.5 million and were $90.4 million (30.9%) above the estimate. For the year-to-date, revenue is $237.2 million (3.8%) above estimate. On a year-over-year basis, February income tax collections were $203.9 million (114.1%) above February 2020 collections. As explained below, the outsized performance for this source in February was primarily attributable to considerably lower refunds, relative to both estimate and last year's level.

In February, withholding collections were $3.4 million (-0.4%) below estimate. For the year, withholding payments are $17.5 million (-0.3%) below estimate. Withholding increased by $19.8 million (2.7%) in February compared to last year. Year-to-date withholding collections in fiscal year 2021 are $7.6 million (0.1%) above fiscal year 2020. The comparison should take into account the reduction in employer withholding tax rates that went into effect in calendar year 2020. Fiscal year-to-date collections would have grown by 2.6 percent without the rate reduction.

Quarterly estimated payments are not a particularly significant source of collections in February since it immediately follows a due date month (the final quarterly payment for the just-ended calendar year was due in January). However, estimated payments in February were $25.1 million above estimate, a positive variance nearly as large as that experienced in January. This component is now $115.6 million (17.7%) above estimate for the fiscal year-to-date.

Total collections across all other tax payment components – annual return payments, trust tax payments, and other types of tax payments – were $14.2 million (98.4%) above estimate. For the year-to-date, these other tax payment components are $19.6 million (2.3%) above estimate.

Refunds did not reach estimate in February, at $53.1 million (-11.9%) below the mark. Refunds are now $132.8 million (-11.3%) below estimate for the year-to-date. Because the IRS did not open its filing season until February 12 (considerably later than normal), many Ohio taxpayers normally expected to file Ohio income tax returns in January did not do so, resulting in much lower than anticipated refunds in that month. Similarly, the late start to the filing season appears to have caused February refunds to miss the estimate, although refund volumes picked up considerably during the last several weeks of the month. For combined January and February, refunds are $115.3 million below estimate. March should show a marked catch-up in refunds and likely exceed the month's estimate because of the delayed federal filing season.

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

	Actual February	Estimate February	$ Var	Actual February-2021	Actual February-2020	$ Var Y-0ver-Y
Withholding	$759.8	$763.2	($3.4)	$759.8	$740.0	$19.8
Quarterly Est.	$28.3	$3.2	$25.1	$28.3	$7.2	$21.1
Annual Returns & 40 P	$18.4	$5.4	$13.0	$18.4	$9.7	$8.7
Trust Payments	$4.2	$0.7	$3.5	$4.2	$0.9	$3.3
Other	$5.9	$8.3	($2.4)	$5.9	$10.5	($4.6)
Less: Refunds	($393.1)	($446.2)	$53.1	($393.1)	($549.1)	$156.0
Local Distr.	($41.0)	($42.5)	$1.5	($41.0)	($40.6)	($0.4)
Net to GRF	$382.5	$292.1	$90.4	$382.5	$178.6	$203.9

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

Financial Institutions Tax (FIT)

FIT revenue in February was $25.0 million (48.7%) above estimate. Predicting the allocation of revenue between January and February was beset with uncertainty because the due date for the first estimated payment of tax year 2021 was on the first day of February. The $18.3 million negative variation from estimate that occurred in January was more than offset by February's outcome: combined January and February revenue ended up being $6.7 million over the estimate. For the fiscal year to-date, FIT revenue is $17.2 million (21.8%) above estimate and is $10.1 million (11.7%) higher than last year. The next estimated payment is due on March 31.

Commercial Activity Tax (CAT)

February revenues were $25.0 million (7.1%) above estimate. For the year-to-date, the source is $3.3 million (-0.3%) below estimate. In addition, CAT revenue in February was $22.5 million (6.4%) above last year. Although January underperformed relative to estimate, February's positive variance more than offset the January result. Revenue through the first two months of the current quarter was $11.7 million over the estimate, which exceeds the March estimate of $9.4 million.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $388.4 million and were $310.2 million (-44.4%) below estimate for the month of February. Nearly all of this negative variance was in the Federal Grants category, which was $309.5 million (-44.8%) below estimate. This variance coincides with lower than projected Medicaid disbursements for the month, discussed in the disbursement section of this report.

3/4/2021

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	ACTUAL FEBRUARY	ESTIMATE FEBRUARY	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	686,701	661,500	25,201	3.8%	6,704,789	6,397,000	307,789	4.8%
Auto Sales & Use	121,078	98,200	22,878	23.3%	1,138,075	999,500	138,575	13.9%
Subtotal Sales & Use	807,778	759,700	48,078	6.3%	7,842,864	7,396,500	446,364	6.0%
Personal Income	382,487	292,100	90,387	30.9%	6,512,218	6,275,000	237,218	3.8%
Corporate Franchise	16	0	16	N/A	5,817	0	5,817	N/A
Financial Institutions Tax	76,290	51,300	24,990	48.7%	96,437	79,200	17,237	21.8%
Commercial Activity Tax	376,861	351,900	24,961	7.1%	1,212,282	1,215,600	(3,318)	-0.3%
Petroleum Activity Tax	0	0	0	N/A	2,062	4,400	(2,338)	-53.1%
Public Utility	28,111	30,000	(1,889)	-6.3%	79,130	98,400	(19,270)	-19.6%
Kilowatt Hour	28,076	31,300	(3,224)	-10.3%	207,213	225,700	(18,487)	-8.2%
Natural Gas Distribution	16,411	15,100	1,311	8.7%	35,798	40,400	(4,602)	-11.4%
Foreign Insurance	116,876	119,700	(2,824)	-2.4%	293,651	277,600	16,051	5.8%
Domestic Insurance	0	0	0	N/A	840	2,100	(1,260)	-60.0%
Other Business & Property	0	0	0	N/A	59	0	59	N/A
Cigarette and Other Tobacco	61,461	62,100	(639)	-1.0%	563,647	524,000	39,647	7.6%
Alcoholic Beverage	5,659	4,400	1,259	28.6%	41,385	37,000	4,385	11.9%
Liquor Gallonage	4,205	3,700	505	13.6%	38,607	34,100	4,507	13.2%
Estate	0	0	0	N/A	12	0	12	N/A
Total Tax Receipts	1,904,231	1,721,300	182,931	10.6%	16,932,022	16,210,000	722,022	4.5%
NON-TAX RECEIPTS								
Federal Grants	381,563	691,055	(309,492)	-44.8%	8,039,906	9,006,755	(966,849)	-10.7%
Earnings on Investments	0	0	0	N/A	32,559	18,750	13,809	73.6%
License & Fees	6,408	7,102	(693)	-9.8%	24,408	20,325	4,083	20.1%
Other Income	433	496	(62)	-12.6%	93,391	82,268	11,123	13.5%
ISTV'S	2	0	2	N/A	1,092	0	1,092	N/A
Total Non-Tax Receipts	388,407	698,652	(310,246)	-44.4%	8,191,356	9,128,097	(936,741)	-10.3%
TOTAL REVENUES	**2,292,638**	**2,419,952**	**(127,315)**	**-5.3%**	**25,123,378**	**25,338,097**	**(214,719)**	**-0.8%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	85,026	77,932	7,094	9.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	85,026	77,932	7,094	9.1%
TOTAL SOURCES	**2,292,638**	**2,419,952**	**(127,315)**	**-5.3%**	**25,208,404**	**25,416,029**	**(207,625)**	**-0.8%**

3/4/2021

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

REVENUE SOURCE	MONTH FEBRUARY FY 2021	MONTH FEBRUARY 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	686,701	680,892	5,809	0.9%	6,704,789	6,388,173	316,616	5.0%
Auto Sales & Use	121,078	102,891	18,187	17.7%	1,138,075	1,029,245	108,830	10.6%
Subtotal Sales & Use	807,778	783,783	23,996	3.1%	7,842,864	7,417,418	425,446	5.7%
Personal Income	382,487	178,636	203,851	114.1%	6,512,218	5,590,361	921,857	16.5%
Corporate Franchise	16	8	8	109.2%	5,817	92	5,725	6214.6%
Financial Institutions Tax	76,290	50,746	25,544	50.3%	96,437	86,364	10,073	11.7%
Commercial Activity Tax	376,861	354,342	22,520	6.4%	1,212,282	1,246,186	(33,905)	-2.7%
Petroleum Activity Tax	0	0	0	N/A	2,062	4,041	(1,979)	-49.0%
Public Utility	28,111	30,072	(1,961)	-6.5%	79,130	95,904	(16,774)	-17.5%
Kilowatt Hour	28,076	35,044	(6,968)	-19.9%	207,213	228,384	(21,170)	-9.3%
Natural Gas Distribution	16,411	8,609	7,802	90.6%	35,798	29,061	6,737	23.2%
Foreign Insurance	116,876	144,428	(27,553)	-19.1%	293,651	316,474	(22,823)	-7.2%
Domestic Insurance	0	1	(0)	-42.1%	840	3,971	(3,131)	-78.8%
Other Business & Property	0	0	0	N/A	59	0	59	N/A
Cigarette and Other Tobacco	61,461	66,706	(5,245)	-7.9%	563,647	543,536	20,111	3.7%
Alcoholic Beverage	5,659	3,916	1,743	44.5%	41,385	35,406	5,979	16.9%
Liquor Gallonage	4,205	3,827	378	9.9%	38,607	35,143	3,464	9.9%
Estate	0	0	(0)	N/A	12	38	(25)	-67.1%
Total Tax Receipts	1,904,231	1,660,116	244,115	14.7%	16,932,022	15,632,380	1,299,642	8.3%
NON-TAX RECEIPTS								
Federal Grants	381,563	686,003	(304,440)	-44.4%	8,039,906	7,004,470	1,035,435	14.8%
Earnings on Investments	0	0	(0)	N/A	32,559	76,731	(44,172)	-57.6%
License & Fee	6,408	5,311	1,097	20.7%	24,408	20,809	3,599	17.3%
Other Income	433	484	(51)	-10.6%	93,391	80,413	12,978	16.1%
ISTV'S	2	6	(4)	-62.4%	1,092	182	910	499.4%
Total Non-Tax Receipts	388,407	691,805	(303,398)	-43.9%	8,191,356	7,182,606	1,008,750	14.0%
TOTAL REVENUES	**2,292,638**	**2,351,920**	**(59,283)**	**-2.5%**	**25,123,378**	**22,814,986**	**2,308,392**	**10.1%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	833	(833)	N/A	85,026	76,431	8,595	11.2%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	833	(833)	N/A	85,026	76,431	8,595	11.2%
TOTAL SOURCES	**2,292,638**	**2,352,754**	**(60,116)**	**-2.6%**	**25,208,404**	**22,891,417**	**2,316,987**	**10.1%**

DISBURSEMENTS

February GRF disbursements, across all uses, totaled $2.1 billion and were $363.3 million (-14.6%) below estimate. This variance was primarily attributable to below estimate disbursements in Medicaid. On a year-over-year basis, February total uses were $289.2 million (-12.0%) lower than those of the same month in the previous fiscal year, with a decrease 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)	($289.2)	-12.0%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$0.0	N/A
TOTAL DISBURSEMENTS VARIANCE:		**($289.2)**	**-12.0%**

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. February disbursements for this category totaled $820.3 million and were $94.8 million (13.1%) above estimate. This variance was primarily attributable to above estimated spending in the Foundation Funding, Auxiliary Services, EdChoice Expansion, and Student Assessment line items. Disbursements for the Foundation Funding and Auxiliary Services line items were above estimate due to the Governor's Executive Order on January 22nd to release $160 million of the Department of Education’s General Revenue Fund appropriation that was previously withheld due to the economic effects of the COVID-19 pandemic. Disbursements for the EdChoice Expansion and Student Assessment line items were above estimate due to timing of payments, which offset prior months of underspending.

Expenditures for the school foundation program totaled $692.0 million and were $84.8 million (14.0%) above estimate. Year-to-date disbursements were $5.6 billion, which was $114.0 million (2.1%) above estimate. On a year-over-year basis, disbursements in this category were $81.7 million (11.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $127.3 million (-2.2%) lower than the same point in fiscal year 2020.

Higher Education

February disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $237.2 million and were $21.0 million (9.7%) above estimate for the month. This variance was primarily attributable to disbursements in the State Share of Instruction and other subsidy appropriation line items that were above monthly estimates by a total of $18.3 million due to the Governor's Executive order on January 22nd to release $100 million of the Department of Higher Education's appropriation that was previously withheld due to the economic effects of the COVID-19 pandemic. Another significant source of the variance was the result of spending in the Ohio College Opportunity Grant and War Orphans and Severely Disabled Veterans' Children Scholarship Programs line items, which were above estimate by a total of $6.5 million because of higher-than-expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in the Choose Ohio First Scholarship program, which was below estimate by a total of $3.9 million due to lower-than-expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were $1.6 billion, which was $5.5 million (0.4%) above the estimate. On a year-over-year basis, disbursements in this category were $22.1 million (10.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $9.6 million (0.6%) 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.

February disbursements in this category totaled $4.6 million and were $0.7 million (-13.6%) below estimate. Year-to-date disbursements were $53.7 million and were $2.8 million (-4.9%) below estimate. On a year-over-year basis, disbursements in this category were $1.2 million (-20.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $7.1 million (-11.6%) lower than at the same point in fiscal year 2020.

Medicaid

Note: Medicaid enrollment and spending estimates included in this report are based on projections made in July at the start of fiscal year 2021. Enrollment has continued below this report's estimate throughout the fiscal year driving significant negative variances. Additionally, these projections assume the receipt of additional federal reimbursement associated with the federal pandemic response only for the July-December period, whereas the additional federal reimbursement has now been authorized for the January-June period. In keeping with prior practice, no adjustment will be made to this report's enrollment or spending estimates.

The development of the State's two-year operating budget utilizes updated data and therefore variances reflected in this report are accounted for in the Governor's budget recommendations.

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

February GRF disbursements for the Medicaid Program totaled $614.5 million and were $537.0 million (-46.6%) below estimate and $468.7 million (-43.3%) below disbursements for the same month in the previous fiscal year.

The February GRF variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs. Additionally, the variance was driven by lower than projected managed care rates, which took effect in January - this will continue to have effects on spending moving forward. The variance from the previous fiscal year was primarily attributable to the timing of the use of non-GRF funding sources. This February utilized significantly more non-GRF funding resources than February of last fiscal year. Note that the significant use of non-GRF funding in addition to the receipt of enhanced federal reimbursement can further skew GRF variances.

Year-to-date GRF disbursements totaled $11.5 billion and were $1.5 billion (-11.8%) below estimate, and $521.6 million (4.8%) 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 GRF year-to-date as managed care enrollment in all major eligibility categories remains below the updated post-pandemic enrollment estimate; CFC, Group 8, and ABD/Dual are currently below the updated estimate by 6.2%, 10.6%, and 3.1%, respectively (on a monthly average basis). Additionally, the fee-for-service program's enrollment is 13.5 percent below estimate. Lower than estimated managed care rates that took effect in January are also driving down per-member-per-month costs, resulting in less spending. Despite the deviation from the current updated monthly estimates, enrollment is increasing month-to-month and therefore spending is well above last fiscal year.

February all-funds disbursements for the Medicaid Program totaled $2.4 billion and were $456.8 million (-16.2%) below estimate, and $98.5 million (4.4%) above disbursements for the same month in the previous fiscal year. The February all-funds variance was primarily attributable to below estimate enrollment and lower than projected manage care rates as mentioned above. The year-over-year variance is primarily attributable to the general increases in enrollment.

Year-to-date all-funds disbursements totaled $20.7 billion and were $1.5 billion (-6.5%) below estimate, and $1.9 billion (10.4%) above disbursements for the same point in the previous fiscal year. Again, the year-to-date all funds variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs as well as the lower managed care rates. Additionally, the variance was partially attributable to below estimate spending in administration related expenses, notably in information technology where some payments have been delayed. Budgetary restrictions put in place across the State are limiting some administration related spending and therefore the year-to-date administration underage could be higher than normal.

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 369,100 individuals since February 2020.

The chart below shows the current month's disbursement variance by funding source.
(in millions, totals may not add due to rounding)

	Feb. Actual	Feb. Projection	Variance	Variance %
GRF	$614.5	$1,151.4	-$536.8	-46.6%
Non-GRF	$1,745.9	$1,665.8	$80.2	4.8%
All Funds	$2,360.4	$2,817.1	-$456.7	-16.2%

Enrollment
Total February enrollment was 3.15 million, which was 497,500 (-13.6%) below the updated post-pandemic estimate and 369,100 (13.3%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.07 million and was 213,500 (-6.5%) below estimate.

February enrollment by major eligibility category was: Covered Families and Children, 1.76 million; Group VIII Expansion, 764,100; and Aged, Blind and Disabled (ABD), 494,200.

**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.

February disbursements in this category totaled $104.5 million and were $6.9 million (-6.2%) below estimate. Year-to-date disbursements were $945.0 million and were $96.8 million (-9.3%) below estimate. On a year-over-year basis, disbursements in this category were $0.8 million (-0.8%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $19.5 million (-2.0%) lower than at the same point in fiscal year 2020.

Department of Developmental Disabilities
February disbursements for the Department of Developmental Disabilities totaled $2.8 million and were $2.1 million above estimate. This variance was primarily attributable to above estimate spending in the Early Intervention line item due to timing and normally occurring program fluctuations.

Department of Job and Family Services
February disbursements for the Department of Job and Family Services totaled $59.5 million and were $12.3 million (-17.2%) below estimate. This variance was primarily attributable to the Early Care and Education line item, which was $7.6 million below estimate because the weekly childcare provider payments have been lower than expected due to the COVID-19 pandemic, which has impacted daycare enrollment and attendance. The Program Operations line item was $2.9 million below estimate because invoices from various vendors were not received as anticipated. The Child, Family, and Community Protective Services line item was $1.1 million below estimate because counties did not draw down as much of their Local Community and Protective Services allocation as originally estimated.

Department of Health
February disbursements for the Department of Health totaled $7.0 million and were $0.7 million (-8.6%) below estimate. The largest variance was in the Medically Handicapped Children line item, which was $1.2 million above an estimate of zero spending due to delayed subsidy payments in prior months. This variance was partially offset by cumulative small variances in the Federally Qualified Health Centers line item which was $0.6 million below estimate and the Infant Vitality line which was $0.8 million below estimate.

Department of Mental Health and Addiction Services
February disbursements for the Department of Mental Health and Addiction Services totaled $26.4 million and were $3.0 million (13.0%) above estimate. This variance was primarily attributable to the Hospital Services line item which was $1.9 million above estimate due to overestimated spending in hazard pay, unanticipated IT purchases, settlements, and payments to the Ohio Pharmacy Services going out later than planned.

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.

February disbursements in this category totaled $153.8 million and were $16.6 million (-9.7%) below estimate. Year-to-date disbursements were $1.7 billion and were $78.7 million (-4.5%) below estimate. On a year-over-year basis, disbursements in this category were $9.4 million (-5.8%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $5.4 million (0.3%) higher than at the same point in fiscal year 2020.

Adjutant General
February disbursements for the Adjutant General totaled $2.0 million and were $1.1 million (115.1%) above estimate. This variance was primarily attributable to higher than estimated disbursements in the Central Administration and Army National Guard line items due to increased expenses related to the COVID-19 pandemic.

Department of Rehabilitation and Correction

February disbursements for the Department of Rehabilitation and Correction totaled $115.2 million and were $6.6 million (-5.4%) below estimate. This variance was primarily attributable to disbursements in the Institution Medical Services and Institutional Operations line items, which were $3.3 million and $3.1 million below estimate, respectively, due to expense reductions in these areas because of uncertainty about future federal fund awards.

Public Defender Commission

February disbursements for the Public Defender Commission totaled $0.8 million and were $8.5 million (-91.9%) below estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item which was $8.4 million below estimate due to the timing of county reimbursement payments for the month. This variance should be offset in the coming months.

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, Department of Transportation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others.

February disbursements in this category totaled $28.2 million and were $0.7 million (2.6%) above estimate. Year-to-date disbursements were $292.9 million and were $28.3 million (-8.8%) below estimate. On a year-over-year basis, disbursements in this category were $3.3 million (-10.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $1.9 million (-0.6%) lower than at the same point in fiscal year 2020.

Department of Administrative Services

February disbursements for the Department of Administrative Services totaled $1.0 million and were $1.2 million (-52.5%) below estimate. This variance was primarily attributable to the State Agency Support Services line item, which was $1.0 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 Transportation

February disbursements for the Department of Transportation totaled $4.7 million and were $3.4 million (258.3%) above estimate. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was $2.7 million above estimate due to the timing of subsidy payments for rural and urban transit operators, which partially offset below estimate spending in prior months.

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. February reimbursements totaled -$1,000 though none were estimated. Year-to-date reimbursements totaled $904.3 million and were $29.2 million (-3.1%) below estimate. The negative disbursement in February was the result of a voided warrant, while the year-to-date negative variance is caused by reimbursement requests being lower than originally estimated.

Debt Service

February payments for debt service totaled $166.7 million and were $81.4 million (95.3%) above estimate. Year-to-date expenses in this category total $816.9 million and were $81.3 million (11.0%) above estimate. The monthly and year-to-date variances were primarily caused by a payment for common schools general obligation debt occurring in February, rather than March as planned. An offsetting variance should occur in March. Additionally, $1.3 million in new infrastructure general obligation debt service was paid due to an issuance of bonds in December 2020 that was not included in the March estimate.

Transfers Out

There were no transfers out in the month of February, and none were estimated. Year-to-date transfers out totaled $444.9 million and were $1.0 million (-0.2%) below estimate.

3/4/2021

Table 3

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

Functional Reporting Categories Description	MONTH ACTUAL FEBRUARY	MONTH ESTIMATED FEBRUARY	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	820,260	725,447	94,813	13.1%	5,597,754	5,483,724	114,030	2.1%
Higher Education	237,189	216,188	21,001	9.7%	1,555,859	1,550,399	5,460	0.4%
Other Education	4,552	5,269	(717)	-13.6%	53,727	56,513	(2,785)	-4.9%
Medicaid	614,529	1,151,500	(536,972)	-46.6%	11,470,845	13,006,809	(1,535,964)	-11.8%
Health and Human Services	104,478	111,386	(6,908)	-6.2%	944,983	1,041,814	(96,831)	-9.3%
Justice and Public Protection	153,829	170,439	(16,610)	-9.7%	1,668,897	1,747,625	(78,728)	-4.5%
General Government	28,203	27,500	702	2.6%	292,857	321,138	(28,280)	-8.8%
Property Tax Reimbursements	(1)	0	(1)	N/A	904,344	933,578	(29,234)	-3.1%
Debt Service	166,729	85,365	81,364	95.3%	816,869	735,603	81,266	11.0%
Total Expenditures & ISTV's	**2,129,769**	**2,493,095**	**(363,326)**	**-14.6%**	**23,306,135**	**24,877,202**	**(1,571,066)**	**-6.3%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	444,870	445,900	(1,030)	-0.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**0**	**0**	**N/A**	**444,870**	**445,900**	**(1,030)**	**-0.2%**
Total Fund Uses	**2,129,769**	**2,493,095**	**(363,326)**	**-14.6%**	**23,751,005**	**25,323,102**	**(1,572,096)**	**-6.2%**

3/4/2021

Table 4

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

Functional Reporting Categories Description	MONTH FEBRUARY FY 2021	MONTH FEBRUARY 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	820,260	738,529	81,731	11.1%	5,597,754	5,725,073	(127,318)	-2.2%
Higher Education	237,189	215,124	22,065	10.3%	1,555,859	1,546,261	9,598	0.6%
Other Education	4,552	5,740	(1,188)	-20.7%	53,727	60,785	(7,058)	-11.6%
Medicaid	614,529	1,083,269	(468,740)	-43.3%	11,470,845	10,949,244	521,601	4.8%
Health and Human Services	104,478	105,287	(809)	-0.8%	944,983	964,473	(19,490)	-2.0%
Justice and Public Protection	153,829	163,247	(9,418)	-5.8%	1,668,897	1,663,473	5,424	0.3%
General Government	28,203	31,497	(3,295)	-10.5%	292,857	294,707	(1,850)	-0.6%
Property Tax Reimbursements	(1)	2	(3)	-123.7%	904,344	905,292	(947)	-0.1%
Debt Service	166,729	76,287	90,442	118.6%	816,869	1,100,934	(284,065)	-25.8%
Total Expenditures & ISTV's	**2,129,769**	**2,418,983**	**(289,214)**	**-12.0%**	**23,306,135**	**23,210,241**	**95,894**	**0.4%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	444,870	663,620	(218,750)	-33.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**0**	**0**	**N/A**	**444,870**	**663,620**	**(218,750)**	**-33.0%**
Total Fund Uses	**2,129,769**	**2,418,983**	**(289,214)**	**-12.0%**	**23,751,005**	**23,873,861**	**(122,855)**	**-0.5%**

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for fiscal year 2021. Based on the estimated revenue sources for fiscal year 2021 and the estimated fiscal year 2021 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for fiscal year 2021 is estimated to be $296.0 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in fiscal year 2021, nor should it be considered as equivalent to the fiscal year 2021 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF unencumbered ending fund balance will be impacted by any GRF expenditures or transfers that may be authorized by the General Assembly or by the Controlling Board during the course of the fiscal year.

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2021
($ in thousands)
Updated 2/1/21*

July 1, 2020 Beginning Cash Balance**	**1,270,176.7**
Plus FY 2021 Estimated Revenues	24,482,026.0
Plus FY 2021 Estimated Federal Revenues	11,449,300.0
Plus FY 2021 Estimated Transfers to GRF	278,185.0
Total Sources Available for Expenditures & Transfers	**37,479,687.7**
Less FY 2021 Estimated Disbursements***	34,349,421.3
Less FY 2021 Estimated Total Encumbrances as of June 30, 2021	433,671.4
Less FY 2021 Estimated Transfers Out	2,400,571.8
Total Estimated Uses	**37,183,664.6**
FY 2021 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**296,023.1**

*This fund balance projection reflects revenue and disbursement estimates at the time of the introduction of the fiscal year 2022 and 2023 Executive Budget.

**Includes reservations of $485.3 million for prior year encumbrances and obligations. After accounting for this adjustment, the unencumbered beginning fund balance for fiscal year 2021 is $784.8 million.

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

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