


April 12, 2021

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

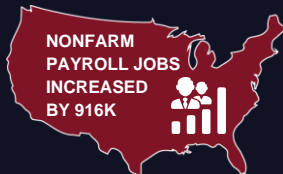
FROM: Kimberly Murnieks, Director 

SUBJECT: Monthly Financial Report

Report Overview:



The Ohio unemployment rate decreased to 5.0 percent in February, a 0.3 percentage point drop compared to the January rate. During the week ending April 3, 2021, 44,986 initial unemployment claims were filed. This was an 83.6 percent decline from the peak week in March 2020 when 274,288 initial claims were filed.



Nationally, nonfarm payroll increased by 916,000 jobs in March, the third consecutive month of increases. Nonfarm payroll employment remains below February 2020 levels by 5.5 percent, or 8.4 million jobs.



March auto sales tax collections totaled \$169.8 million and were \$32.3 million (23.5%) above the estimate. For the year, revenues in this category are now \$170.9 million (15.0%) above estimate. The auto sales tax has now exceeded estimates for ten consecutive months.



March Financial Institution Tax (FIT) collections totaled \$50.4 million and were \$18.1 million (56.1%) above the estimate. For the year, revenues in this category are now \$35.4 million (31.7%) above estimate.

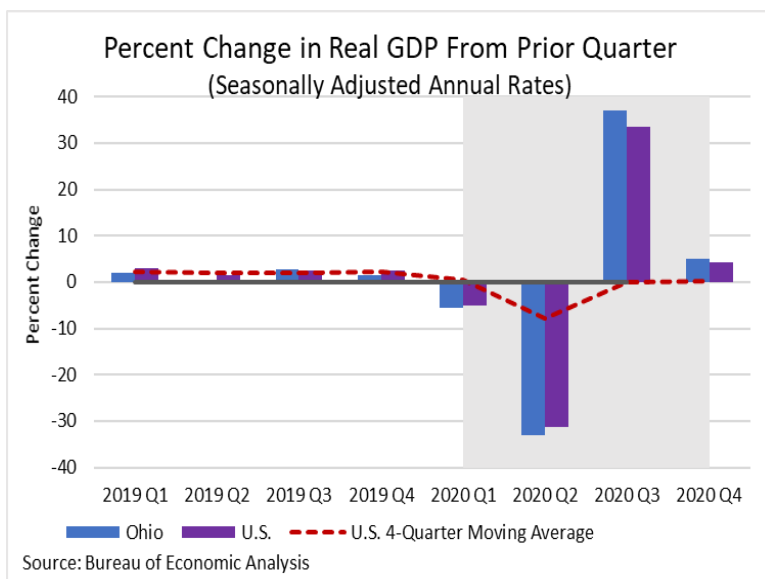
Economic Activity

According to the Bureau of Economic Analysis (BEA)'s final estimate, **Real Gross Domestic Product (GDP)** expanded in the fourth quarter of calendar year 2020 at an annualized rate of 4.3 percent, up 0.2 percentage points from the second 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.

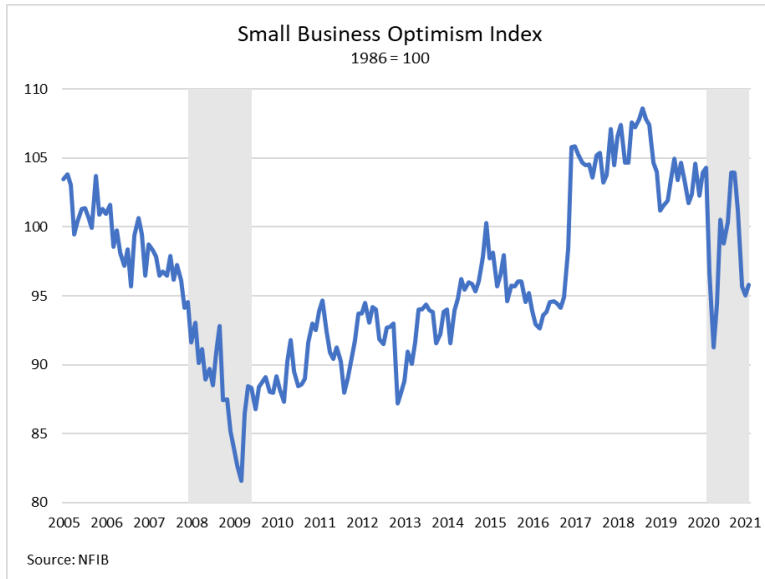
The fourth-quarter increase in real GDP resulted from growth in exports (2.0 percentage points), nonresidential fixed investment (1.7 percentage points), personal consumption expenditures (1.6 percentage points), residential fixed investment (1.4 percentage points), and private inventory investment (1.4 percentage points). These increases were partially offset by decreases in state and local government spending (-0.1 percentage points) and federal government spending (-0.1 percentage points). 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.

In Ohio, the GDP for the state rose more than the national average (5.0%) during the fourth quarter of 2020. The change in GDP in Ohio largely reflected positive contributions in finance and insurance (1.3 percentage points), health care and social assistance (0.7 percentage points), administrative and support and waste management and remediation services (0.6 percentage points), durable goods manufacturing (0.5 percentage points). These increases were partially offset by decreases in accommodation and food services, government and government enterprises and utilities, each of which reduced the state's GDP by 0.2 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 Moody's 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 April 7, 2021, the national index was at 85.9 percent. Ohio's index was essentially the same as the national level at 85.7 percent. Both indices increased substantially from their low points at the end of April; however, progress towards getting "back-to-normal" seems to have plateaued in recent months.



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 February, the LEI increased 0.2 percent to reach 110.5 following similarly small increases between September and January. In February, there were positive contributions in six of the ten index components, with the largest positive effects in the reduction of initial unemployment claims and the ISM New Orders Index. The largest negative contributor to the index was in the decline in building permits. Although the size of the month-to-month increases in the index continues to be small, the broad-based gains in February suggest economic growth should continue well into 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 small businesses each month. The national index improved 0.8 points to 95.8 in January but remained below the 47-year historic average of 98.0, and only 5.0 percent above the pandemic low point in April 2020. Five of the ten index components increased, four declined, and one remained unchanged. After large declines in the previous two months, business owners expecting better business conditions

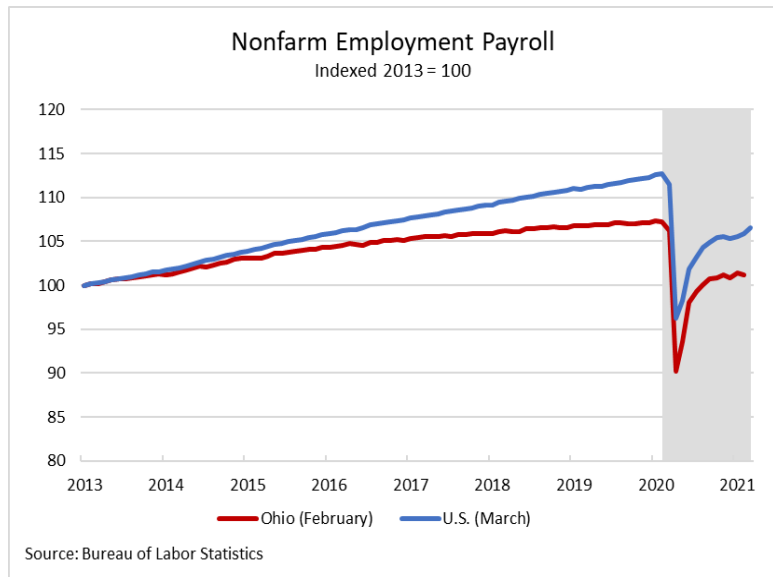
over the next six months increased four points in February, to a net -19.0 percent. Small business earnings over the past three months improved five points to a net -11.0 percent compared to the January reading. Although these are signs of improvement, the economic recovery for small businesses remains uneven and small businesses continue to look to the federal government for continued assistance on the road to economic recovery.

Spurred on by the passage of the \$1.9 trillion American Rescue Plan, there is little doubt among forecasters that there will be strong growth in the first quarter of calendar year 2021 and likely for the rest of the calendar year. If the current pace of vaccinations can be sustained, herd immunity reached, and the variants of COVID-19 under control the prospects for the U.S. economy are very positive. Many forecasters are predicting annualized first quarter 2021 GDP growth to be between 4.3 and 6.0 percent.

Source	Date	1 st Quarter 2021 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	4/07/21	6.2%
Federal Reserve Bank of New York (NowCast)	4/02/21	6.2%
IHS Markit GDP Tracker	4/07/21	5.3%
Moody's Analytics High Frequency GDP Model	3/29/21	4.8%
Wells Fargo	3/10/21	4.3%
Conference Board	3/10/21	3.0%
Wall Street Journal Survey	3/01/21	4.9%

Employment

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased 916,000 jobs in March. This was the third month of increases in total nonfarm payroll employment. Nonfarm employment remained below February 2020 levels by 5.5 percent (8.4 million jobs). However, better than expected job growth in March suggests the economy is recovering from the effects of the COVID-19 pandemic. Employment gains were widespread but especially strong in industries effected by the pandemic such as leisure and hospitality and education.



In March **leisure and hospitality** increased by 280,000 jobs, which was attributed to an easing of pandemic restrictions in certain areas of the country. About two-thirds of the increase was within food services and drinking places, which increased by 176,000 jobs. Employment also rose in the **arts, entertainment, and recreation** (64,000) and **accommodation** (40,000). Despite these gains in leisure and hospitality employment, this sector remained 18.5 percent or 3.1 million jobs lower than in February 2020.

Employment in **public and private education** continued increasing nationally as certain parts of the country have returned to in-person learning and resumed school related activities. Employment increased by 76,000 within **local government education**, along with **state government education** which rose by 50,000 jobs and an increase of 64,000 jobs in **private education**. Despite these gains, education employment remained lower than February 2020 in local government education by 594,000, private education by 310,000 and state government education by 270,000 jobs.

Construction employment increased by 110,000 jobs in March, following job losses in February which were likely related to weather. There was widespread growth throughout the construction industry with the most gains in specialty trade contracts (65,000 jobs), heavy and civil engineering construction (27,000) and construction of buildings (18,000). Construction employment remains 182,000 jobs lower than its February 2020 level.

Other categories within nonfarm employment increased, but in smaller numbers. **Professional business services** increased by 66,000 jobs but remained lower than February 2020 by 685,000. Employment in **manufacturing** rose by 53,000 in March but was down by 515,000 since February 2020. Employment within the **Transportation and warehousing** sector added 48,000 jobs in March. However, the pandemic effected this sector disparately. Since February 2020 employment in couriers and messengers is up 23.3 percent, while employment in transit and ground passenger transportation and air transportation are down 22.8 and 20.1 percent, respectively. There were smaller increases in other nonfarm employment sectors including social assistance, wholesale trade, retail trade, mining, and financial activities and other services. Employment within health care and information had little change throughout March.

The **national labor force participation rate** changed slightly, up 0.1 percentage point to 61.5 percent in March. This rate is 1.8 percentage points lower than February 2020. The **employment-population ratio** increased by 0.2 percentage points in March to 57.8 percent. However, the ratio remained 3.3 percentage points lower than February 2020.

Ohio's nonfarm payroll employment decreased 0.2 percent from January and February, essentially staying stable at 5.3 million jobs. With this small monthly decrease, nonfarm employment was 5.6 percent lower than it was in February 2020. Sectors with the greatest job losses between January and February included education and health services (-12,700) and professional and business services (-1,400). These losses were partially offset by job gains in leisure and hospitality (4,300) and trade, transportation, and utilities (900). Ohio's labor force participation rate in February was 61.6 percent. This was an increase of 0.2 percentage points from January 2021, but 2.0 percentage points lower than in February 2020.

The Bureau of Labor Statistics reported that the national **unemployment rate** decreased slightly (0.2 percentage points) to 6.0 percent between February and March. The number of **unemployed individuals** decreased by 262,000 people to 9.7 million in March. Despite both measures being substantially lower than their April 2020 highs, they remain above their February pre-pandemic levels by 2.5 percentage points and 4.0 million, respectively.

When the unemployment rate is broken down by demographic, most rates decreased in March. The unemployment rate for individuals who identify as Asian increased by 0.9 percentage points to 6.0 percent. This was the only demographic group to experience an increase. The unemployment rate for those who identify as Hispanic decreased 0.6 percentage points to 7.9 percent. The unemployment rates for those who identify as White and Black decreased less. Those who identify as Black had an unemployment rate decrease of 0.3 percentage points to 9.6 percent. The unemployment rate for those who identify as White decreased 0.2 percentage points to 5.4 percent. In March, the unemployment rate for both adult men and adult women declined slightly by 0.2 percentage points to 5.8 and 5.7 percent, respectively. In March, the unemployment rate for teenagers declined by 0.9 percentage points to 13.0 percent.

Of those people that were unemployed, the number of individuals that were on **temporary layoff** decreased by 203,000 in March to 2.0 million. This was 1.3 million higher than in February 2020 and substantially reduced from the high of 18.0 million in April 2020. The number of people with **permanent job losses** declined only a little in March to 3.4 million and remained 2.1 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 129,000 to 2.3 million.

The number of unemployed individuals who were **jobless less than 5 weeks** was essentially unchanged at 2.2 million individuals. Those who were **jobless 5 to 14 weeks** decreased by 313,000 to 1.9 million individuals. Those **jobless 15 to 26 weeks** decreased 16,000 to 1.4 million individuals. Unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, increased by 70,000 to 4.2 million.

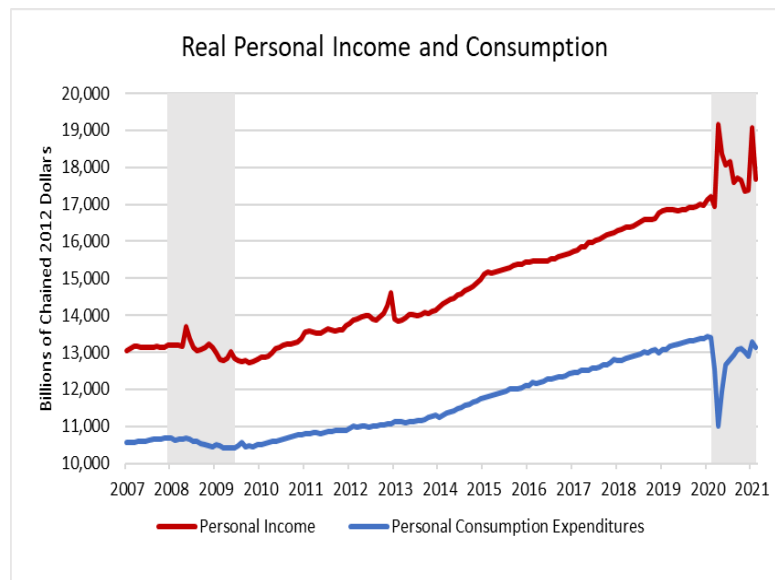
The number of **people not in the labor force who currently want a job** between February and March stayed at 6.9 million people and remained up 1.8 million from February 2020. These are individuals who want a job but are not counted as unemployed because they were not actively looking for work over 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. The index increased 2.4 points from February's revised numbers to 102.4 in March. This significant increase put the index 7.7 percent above the March 2020 level. The increase resulted from an increase in seven of the eight components, with the only component that contributed negatively being the number of job openings. The growth in the overall index suggests that job growth will be very strong in the coming months. The Head of the Conference Board Labor Market Institute, Gad Levanon suggested that progress with the vaccine and the strong government stimulus will result in "historically fast employment growth in the coming quarters. We expect the unemployment rate to reach about four percent a year from now, and further decline for the rest of 2022".

The **Ohio unemployment rate** decreased to 5.0 percent in February 2021, a 0.3 percentage point drop compared to the January rate. During the week ending April 3, 2021, 44,986 initial unemployment claims were filed. This was an 83.6 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 2020 and the week ending April 3, 2021, in which 157,671 individuals filed continued claims. However, 125,530 people filed for extended benefits during the same week; these individuals were unemployed for 26 or more weeks. As of April 8, 2021, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning 425 employees of potential future layoffs and closures in April and 283 in May.

Consumer Income and Consumption

According to the Bureau of Economic Analysis, **personal income** decreased by \$1.5 trillion (7.1%) in February. This decrease was mainly in the government social benefits to persons category, which decreased by 1.6 trillion (38.2%) in February. Within this category, other social benefits, declined by 1.6 trillion (201.8%). This decrease stemmed from the \$600 per person stimulus payments to individuals authorized by the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act that were mainly distributed during January.



Real Personal consumption expenditures, a measure of national consumer spending for goods and services, decreased 1.0 percent between February and March. This change resulted from a decrease of 3.0 percent in spending on goods. Although these decreases were widespread across all categories, they were led by other nondurable goods and partly offset by increases in gasoline and other energy goods. Spending in durable goods decreased by 4.7 percent and nondurable goods decreased 2.0 percent. Spending for services made a very small increase of 0.1 percent, led by spending for housing and utilities and recreational services. These increases were partially offset by decreases in food services and accommodations and transportation services. The table below provides additional details on personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates.

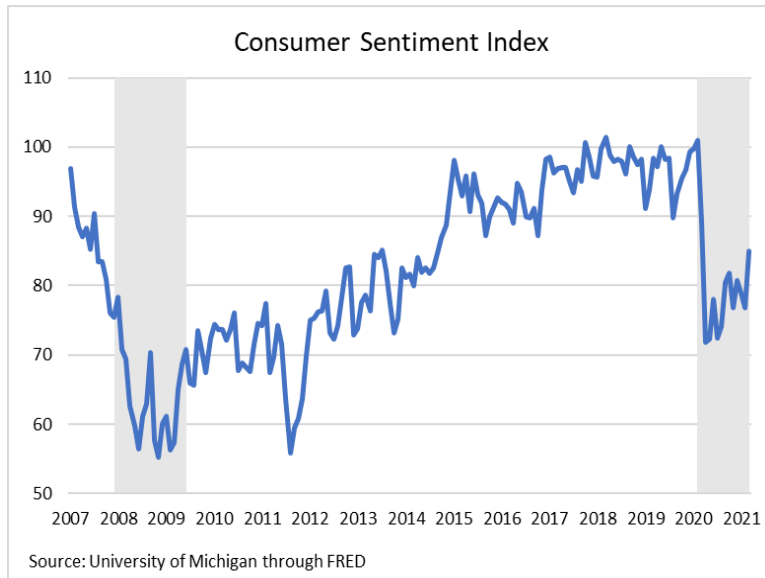
Consumer Spending by Industry, for Select Industries
(In Millions of Chained 2012 dollars)

	January 2021	February 2021	1-Month Percent Change	12-Month Percent Change
Durable Goods	\$2,208,636	\$2,106,625	-4.6%	16.1%
Furnishings and durable household equipment	\$502,956	\$477,468	-5.1%	13.3%
Motor vehicles and parts	\$625,867	\$599,424	-4.2%	14.1%
Recreational goods and vehicles	\$812,618	\$765,170	-5.8%	22.1%
Nondurable goods	\$3,261,149	\$3,180,606	-2.5%	5.3%
Clothing and footwear	\$440,792	\$419,061	-4.9%	1.7%
Food and beverages purchased for off-premises consumption	\$1,097,741	\$1,078,855	-1.7%	10.0%
Gasoline and other energy goods	\$395,628	\$397,642	0.5%	-10.2%
Other nondurable goods	\$1,283,277	\$1,244,685	-3.0%	6.6%
Services	\$8,033,914	\$8,022,273	-0.1%	-7.0%
Food services and accommodations	\$683,724	\$675,121	-1.3%	-20.1%
Housing and utilities	\$2,227,586	\$2,237,158	0.4%	1.5%
Transportation services	\$343,750	\$338,933	-1.4%	-25.5%

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

Personal saving decreased 36.6 percent (\$1.4 trillion) in February 2021 compared to January 2021, marking the first month of decreases after two consecutive months of increases. Personal savings remained above the February 2020 level by 73.5 percent (\$1.0 trillion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 13.6 percent, a decrease of 6.2 percentage points between January and February.

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 0.4 percent in February over the last 12 months the index increased 1.7 percent. The overall increase in the index was primarily attributed to the 6.4 percent increase in the gasoline index in February. The electricity and natural gas indexes increased 3.9 percent over the month.



The University of Michigan’s **Surveys of Consumers** results indicated that consumer sentiment continued to increase in late March. The Consumer Sentiment Index increased 8.1 points to 84.9. This was a 10.5 percent increase from February and a 4.7 percent decline compared to March 2020. The Current Economic Conditions Index increased 6.8 points to 93.0. This was a 7.9 percent increase from February, but a 10.3 percent decline compared to March 2020. The Consumer Expectations Index increased 9.0 points to 79.7. This was a 12.7 percent increase from February

and no change compared to March 2020. The increases in March are mainly attributed to the third round of stimulus checks and better than anticipated vaccination distribution programs. There has been an increase in consumer spending and a better outlook on the national economy, which contributed to a rise in survey results. One potential drawback that may affect these increases is that consumers anticipate a slower growth in income.

The **Conference Board’s Consumer Confidence Index**, which reflects consumer attitudes and buying intentions increased again in March. Consumer confidence substantially increased 19.3 percentage points to 109.7 up from February’s revised value of 90.4. After three months of increases, the Consumer Confidence index has reached its highest level since the start of the pandemic. The **Conference Board’s Present Situation Index**, which measures consumers’ current assessment of business and labor market conditions, increased by 20.4 percentage points, from 89.6 in February to 110.0 in March. The **Conference Board’s Expectation Index** examines consumers short-term outlook for the economy. In March, the index increased 18.7 percentage points from 90.9 in February to 109.6 in March. Economic growth is expected to continue as consumers are optimistic about current conditions and the outcome of the economy in the short term. Despite the better outlook consumers report having inflationary worries and may curtail spending if prices continue to rise.

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”. As the vaccination program continues and more people are willing to travel, airline travel made a significant increase of 55.7 percent in March 2021 compared to February 2021. Total travel throughput remained 15.3 percent higher than last year during March; however, the pandemic began during March 2020 greatly affecting travel. Travel is 47.5 percent lower in March 2021 compared to March 2019.

For the week ending March 27, 2021, STR, a company that provides analytics and data on the hospitality sector, reported a hotel occupancy rate of 57.9 percent. The average daily rate for a hotel room is \$108.3 and revenue per available room is \$62.7. In March, hotel occupancy returned to 83.0 percent of the 2019 benchmark.

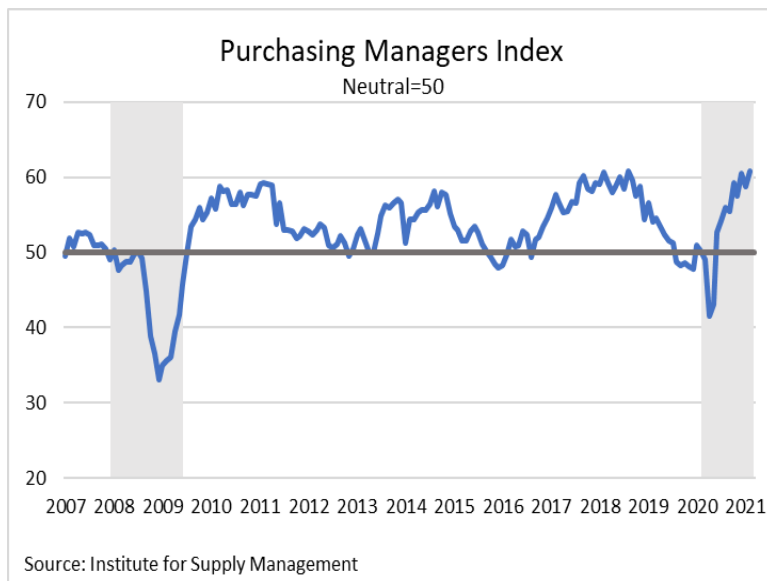
Commercial vehicle miles traveled on the Ohio turnpike in March 2021 increased 16.3 percent compared to March 2019. However, passenger vehicle miles traveled in March 2021 decreased 15.6 percent from March 2019.

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** decreased 2.2 percent between January and February. The index recovered more than half of its pandemic decline but remained 4.2 percent below February 2020.

After nine consecutive months of increases, the manufacturing production index decreased by 3.1 percent in February. The durable goods manufacturing industry index decreased 2.6 percent, along with the nondurable goods production which decreased 3.7 percent. The output of utilities increased 7.4 percent in February.

Most of the manufacturing industries that are relevant to Ohio declined nationally in February compared to January. The only categories that increased were aerospace and miscellaneous transportation equipment and primary metals, both of which increased 0.8 percent. The industry with the largest decline was motor vehicles and parts which decreased 8.3 percent, followed by production of chemicals, which declined 7.1 percent between January and February. Petroleum and coal products decreased 4.4 percent and fabricated metals products which declined 2.9 percent. Machinery manufacturing declined 2.3 percent and food beverage and tobacco productions decreased 1.7 percent between January and February. The remaining categories stayed relatively constant: electrical equipment and appliances decreased 0.8 percent and plastic and rubber products decreased 0.2 percent.



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 March, the PMI for the United States increased by 3.9 percentage points, compared to 60.8 percent in January. This indicated an overall expansion of the economy for the tenth month in a row after contraction between March and May 2020.

The new orders index increased 3.8 percentage points to 68.0 percent and the production index was up 4.9 percentage points to 68.1 percent. The backlog of orders index rose 3.5 percentage points to 67.5 percent. The employment index expanded 5.2 percentage points to 59.6. Overall, these changes provide evidence that the manufacturing economy is continuing to recover; however, respondents reported that they continue to struggle to meet increasing rates of demand because of the impacts of the COVID-19 pandemic limiting availability of parts and materials.

Of the 18 industries tracked by the Manufacturing ISM[®] *Report on Business*, 17 reported growth between February and March. Each of the ten industries most important to Ohio manufacturing reported growth in the last month, with electrical equipment, appliances and components, and machinery leading the way.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggest that industry is still struggling with finding qualified labor and the February storms continue to affect supply. A source in the fabricated metal products industry reported “[a] lack of qualified machine and fabrication shop talent makes it difficult to keep up with production demands when there is no backup (second string). Qualified new hires are an ongoing challenge. We have had to provide better compensation to keep qualified talent”. Additionally, a respondent in the plastics and rubber products reported “Tremendous stress on the supply chain since the winter storm in Texas. Chemicals are on allocations or unavailable”.

Construction

The U.S. Census Bureau estimated **total construction spending** in February to be at a seasonally adjusted annual rate of \$1.5 billion, which was 0.8 percent below the revised January estimate. The February 2021 estimate was 5.3 percent above that of February 2020.

Private sector construction spending in February was at a seasonally adjusted annual rate of \$1.2 trillion. This was 0.5 percent below the revised January estimate, but 7.1 percent above the February 2020 rate. Residential construction in February decreased 0.2 percent from January but remained 21.1 percent above February 2020. Nonresidential construction in February decreased 1.3 percent from the revised January rate and was 6.1 percent below February 2020.

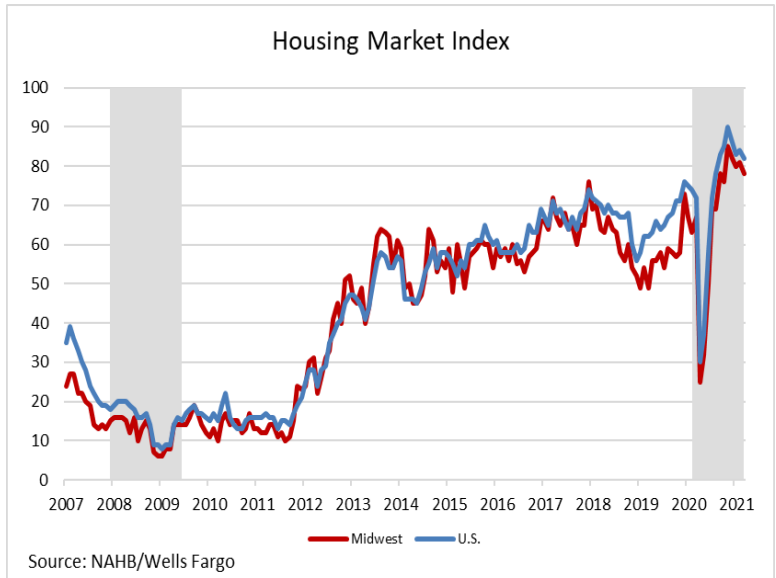
Public sector construction spending in February was at a seasonally adjusted annual rate of \$351.2 billion. This was 1.7 percent below the revised January estimate and 0.3 percent below the February 2020 rate. Spending in February on educational construction was 3.2 percent below January’s revised value and remained 2.3 percent below February 2020. Highway construction spending in February was 0.6 percent below the revised January value and was 1.0 percent below February 2020.

Nationally, the number of privately-owned housing units approved decreased 10.8 percent between January and February but were 17.0 percent above February 2020 levels. In Ohio, building permits for privately owned units increased 44.4 percent between January and February, and 33.8 percent above permits issued in February 2020. Nationally, privately-owned housing starts in February decreased 10.3 percent compared to January, and were 9.3 percent below the February 2020 level. Midwest privately-owned housing starts decreased 34.9 percent from January and is 29.9 percent below the February 2020 level. Nationally, privately-owned housing completions increased 2.9 percent in February and were 5.0 percent above the February 2020 rate. In February privately-owned housing completions in the Midwest increased 10.9 percent compared to January and were 0.5 percent above the February 2020 level.

The United States Census Bureau and the National Association of Home Builders report on newly built single-family home sales. In February, new home sales decreased 18.2 percent to 775,000. New home sales in the Midwest decreased 37.5 percent in February from January but remained 4.9 percent above the February 2020 level. The demand for new homes has remained strong but supply has been delayed due to lumber and other supply shortages. The rising cost of lumber prices has added \$24,000 to the cost of a new home increasing the affordability issue. The median sales price in February 2021 increased 5.3 percent from the median sale price in February 2020.

Existing home sales, as reported by the National Association of Realtors, decreased in February after two prior months of increases. Sales decreased 6.6 percent in February compared to January to a seasonally adjusted rate of 6.2 million housing units. This was an increase of 9.1 percent from a year ago. Available inventory in February totaled 1.0 million units, down 1.5 million units or 29.5 percent from a year ago. The strain in inventory levels continues to cause a rise in home prices. The median sale price of all existing home sales increased 15.8 percent from a year ago. February 2021 was the 108th continuous month of year-over-year increases in existing median home price sales. In the Midwest, February sales of existing homes decreased 14.4 percent from January but increased 2.3 percent from February 2020. The median existing home price in the Midwest increased 14.2 percent from a year ago. According to the Ohio Realtors, activity in the Ohio housing market stabilized in February with sales declining a negligible 0.6 percent from February 2020. The average sale price in Ohio in February was \$209,945, a 12.0 percent increase compared to February 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 respondents to rate market conditions for the sale of new homes at the present time and in the next six months. Nationally, the HMI decreased in March to 82.0 from 84.0 in February, a 2.4 percent decrease. Buyers expressed a high desire for homes however builders experienced a rise in material costs and longer delivery time periods. The cost of lumber has skyrocketed more than 200 percent since April 2020 due to a high demand. In the Midwest, HMI decreased by 1.2 percent, from 81.0 in February to 80.0 in March.



REVENUES

March tax revenues posted another solid month. Revenues showed a \$41.4 million positive variation from estimate; this constituted a 2.6 percent overage, compared to a year-to-date overage of 4.3 percent. The total tax variance from estimate in March would have been larger if not for timing of refunds: because of the delayed start of the federal income tax filing season, Ohio tax refund returns were sent in at a slower rate during January and February than originally anticipated but the early filing season shortfall was almost entirely caught up during the month of March. This accounts for personal income tax revenue not reaching the estimate in March. Non-auto sales tax came in almost exactly at the estimate. However, auto sales tax revenues once again substantially exceeded expectations. Several major business taxes – the commercial activity tax, financial institutions tax, and foreign insurance tax – all performed strongly in March.

March total GRF receipts totaled \$2.7 billion and were \$238.8 million (-8.2%) below estimate. As noted above, tax revenues were \$41.4 million (2.6%) above estimate. Non-tax receipts were \$292.1 million (-22.3%) below estimate. Transfers were \$12.0 million above 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	\$763.4	4.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$1,228.8)	-11.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$19.1	24.4%
TOTAL REVENUE VARIANCE:		(\$446.4)	-1.6%
Non-federal revenue variance		\$816.9	4.5%
Federal grants variance		(\$1,263.3)	-12.3%

For March, revenues and transfers were \$654.1 million (32.6%) above the previous year. Tax receipts increased by \$273.6 million (20.2%), non-tax receipts increased by \$368.5 million (56.6%), and transfers grew by \$12.0 million. For the year-to-date, tax receipts are \$1.6 billion (9.3%) above last year and non-tax receipts are \$1.4 billion (17.6%) over the prior year. Transfers are \$20.6 million (26.9%) above last year on a year-to-date basis.

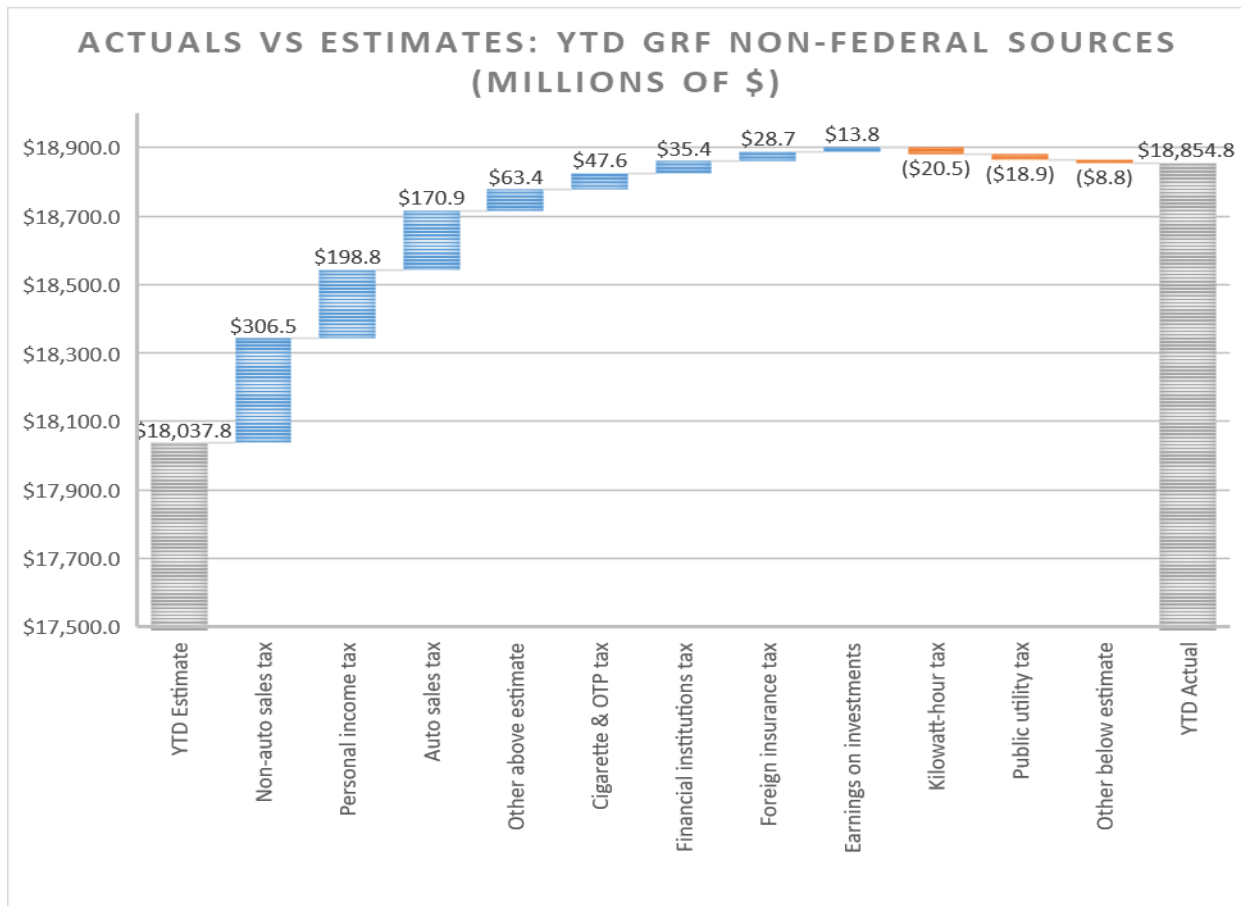
During March, the source with the largest year-over-year increase was Federal grants, at \$366.9 million (60.1%) above last year. The next-largest increases were personal income tax at \$106.2 million (25.5%), non-auto sales tax at \$70.9 (11.4%), auto sales tax at \$40.9 million (31.7%), and foreign insurance tax at \$37.8 million (194.3%). The largest decline was experienced by other income at \$10.3 million (-92.5%).

The table below shows that sources below estimate (a negative variance of \$350.5 million) in March outweighed the size of sources above estimate (a positive variance of \$111.8 million), resulting in a \$238.8 million net negative variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Auto sales tax	\$32.3	Federal grants	(\$296.5)
Financial institutions tax	\$18.1	Personal income tax	(\$38.4)
Foreign insurance tax	\$12.7	Other income	(\$10.5)
Transfers in - Other	\$12.0	Other sources below estimate	(\$5.1)
ISTVs	\$11.1		
Commercial activity tax	\$11.1		
Other sources above estimate	\$14.5		
Total above	\$111.8	Total below	(\$350.5)

(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 \$816.9 million. The chart shows that non-auto sales tax has the largest overage: it accounts for 37.5 percent of the total non-federal revenue overage.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in March totaled \$693.4 million and were \$1.3 million (-0.2%) below the estimate. For the fiscal year-to-date, revenues are \$306.5 million (4.3%) above estimate; non-auto sales tax revenue has exceeded estimates in all months so far this fiscal year except September and March.

Non-auto sales tax revenue for March was \$70.9 million (11.4%) above the prior year, while year-to-date revenue is \$387.5 million (5.5%) above fiscal year 2020. However, the growth this March occurred from a prior-year level that probably began to reflect the negative fiscal effects of the pandemic. More specifically, non-auto sales tax revenues in March 2020 dropped by \$30.3 million (-4.6%) from March 2019, which was the first evidence of the pending decline especially since fiscal year 2020 non-auto sales tax revenues had been growing by 5.6 percent through February 2020.

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). This feature of the revenue structure is important as comparisons are made between tax revenue and economic data.

The pandemic and its policy responses continue to affect non-auto sales tax. 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) in late December 2020 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 in some degree to March’s non-auto sales tax revenue outcome. The \$1.9 trillion American Rescue Plan Act enacted in March will provide further stimulus for consumption in upcoming months.

There continues to be a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods, fostering revenue intake. Personal consumption expenditure data released by the Bureau of Economic Analysis of the U.S. Department of Commerce (BEA) show that consumption of services declined in February 2021 from the prior year while goods consumption grew from the February 2020 level. 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 categories show declines ranging from -9.7 percent to -45.2 percent in February relative to pre-pandemic levels. Most retail segments that are predominantly subject to Ohio sales tax displayed growth: Furniture, Building Materials & Garden Equipment, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 9.1 percent to 24.9 percent in February.

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-February 2021 period, the MARTS data for retail categories that are predominantly subject to Ohio non-auto sales tax (comprised of companies with NAICS codes 4413, 442, 443, 444, 448, 451, 452, 453, and 454) displayed an average monthly year-over-year growth rate of 9.8 percent. In comparison, Ohio sales tax collections from analogous retail categories experienced average year-over-year growth of 10.1 percent during the July 2020-February 2021 time period (reflecting the most recent available data). Note that retail categories have a preponderant influence on total non-auto sales tax revenue: collections from the retail categories represented 60.9 percent of total non-auto sales tax revenue over the first eight months of fiscal year 2021.

Auto Sales Tax

March auto sales tax revenues were \$169.8 million, \$40.9 million (31.7%) above last March. Fiscal year-to-date revenue is now \$149.7 million (12.9%) above fiscal year 2020. Auto sales tax revenue in March was \$32.3 million (23.5%) above estimate. This makes ten successive months in which auto sales tax has exceeded estimate. For the year, auto sales tax revenue is \$170.9 million (15.0%) 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 March reached an estimated 17.7 million units. This represents the first time that unit sales surpassed the 17.0 million level since calendar year 2019. March unit sales represented a 12.4 percent increase from February, and a 64.0 percent increase from the prior year. TrueCar, Inc. estimates that used vehicle unit sales in March increased by 12.0 percent from February, and by 104.0 percent from last year. March 2020 was the first month the pandemic impacted vehicle sales, so historically large year-over-year growth in the national data is not a surprise and will continue over the next several months. Some of the strong March 2021 national unit sales performance also stems from a catch-up from February when severe winter storms struck Texas and southeastern states.

Strong average vehicle price growth is also evident in the recent national vehicle sales data. TrueCar, Inc. estimates that the average transaction value on new vehicle purchases grew by 3.3 percent in March on a year-over-year basis. More dramatic growth emanates from the used vehicle segment. Moody's Analytics reports that its wholesale price index for used vehicles increased by 28.8 percent in March from the prior year, the highest growth observed since the creation of this indicator in 1995.

Ohio-specific data shows that unit sales and price growth have both contributed to increased vehicle revenue during recent months. According to newly released quarterly data from the Bureau of Motor Vehicles for the first quarter of calendar year 2021, taxable sales of titled new and used vehicles grew by 20.6 percent in the first quarter compared to the prior year. In comparison, GRF auto sales tax revenue increased by 17.8 percent during the January-March 2021 relative to the previous year. Growth in the number of titled motor vehicle transactions accounted for majority of the overall growth in taxable motor vehicle sales – increasing by 11.6 percent – while average transaction value grew by 8.1 percent. The data also reveal growth differences between new vehicles and used vehicles. Taxable sales of new vehicles increased by 27.1 percent, while used vehicles experienced 16.5 percent taxable sales growth. Even though new vehicles experienced stronger percentage growth in taxable sales than used vehicles during the first quarter, new vehicles and used vehicles accounted for nearly equal shares of overall motor vehicle taxable sales growth. This is because used vehicles represent a somewhat higher share of total Ohio motor vehicle sales.

Personal Income Tax

March GRF personal income tax receipts totaled \$522.7 million and were \$38.4 million (-6.8%) below the estimate. For the year-to-date, revenue is \$198.8 million (2.9%) above estimate. On a year-over-year basis, March income tax collections were \$106.2 million (25.5%) above March 2020 collections.

In March, withholding collections were \$35.9 million (4.2%) above estimate. For the year, withholding payments are \$18.3 million (0.3%) above estimate. Withholding performance in March was the strongest monthly performance so far demonstrated this fiscal year. Withholding increased by \$69.6 million (8.5%) in March compared to last year. There was one extra business day this March; without that extra day, the year-over-year growth would have been closer to \$50 million. Year-to-date withholding collections in fiscal year 2021 are \$77.2 million (1.1%) above fiscal year 2020. However, the year-to-date comparison should take into account the reduction in employer withholding tax rates that went into effect during calendar year 2020. Fiscal year-to-date collections would have grown by 3.8 percent without the rate reduction.

Payments accompanying annual income tax returns and return extension vouchers exceeded the estimate by \$11.7 million (15.3%). Such payments were \$33.7 million (61.3%) over the preceding year. March's performance may be a positive sign for payments during the remainder of the filing season. However, it will be several months before the season's payment outcome can be assessed. This is because in late March, the Department of Taxation issued an extension of the filing and payment date, from April 15th to May 17th, consistent with the extended due date allowed by the Internal Revenue Service on U.S. individual income tax returns.

March is not a significant month for other payment components – estimated payments, trust tax payments, and other types of tax payments. Collectively, these payments were \$7.2 million (26.9%) above estimate in March. For the fiscal year, estimated payments have exceeded estimate by \$121.0 million (18.2%), while trust tax payments are \$20.8 million (32.6%) above estimate and miscellaneous payments are \$19.2 million (2.3%) above estimate.

Refunds exceeded estimate in March by \$90.9 million (25.0%). Refunds are now \$41.8 million (-2.7%) 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 and February did not do so, resulting in refunds for those two months being \$115.3 million below estimate. With March's performance, refunds are now \$24.4 million (-2.7%) below estimate so far this filing season.

March 2021 refunds were only \$0.8 million (-0.2%) below the prior year, and for the fiscal year-to-date are \$99.8 million (-6.3%) below last year. For the January-March filing season to-date, refunds are \$268.4 million (-23.3%) below the prior year. Refund data from the Department of Taxation for the current filing season through April 5 indicates that the number of refunds is 15.3 percent below the prior-year level, and that the average refund amount is down 6.9 percent.

MARCH PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Actual March	Estimate March	\$ Var	Actual March- 2021	Actual March-2020	\$ Var Y-over-Y
Withholding	\$889.1	\$853.2	\$35.9	\$889.2	\$819.5	\$69.6
Quarterly Est.	\$16.9	\$11.5	\$5.4	\$16.9	\$13.7	\$3.2
Annual Returns & 40 P	\$88.5	\$76.8	\$11.7	\$88.5	\$54.9	\$33.7
Trust Payments	\$2.2	\$1.7	\$0.5	\$2.2	\$1.4	\$0.8
Other	\$15.0	\$13.7	\$1.3	\$15.0	\$13.3	\$3.7
Less: Refunds	(\$454.8)	(\$363.9)	(\$90.9)	(\$454.8)	(\$454.1)	(\$0.8)
Local Distr.	(\$34.2)	(\$31.9)	(\$2.3)	(\$34.2)	(\$30.1)	(\$4.1)
Net to GRF	\$522.7	\$561.1	(\$38.4)	\$522.7	\$416.5	\$106.2

(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 March was \$18.1 million (56.1%) above estimate. March reflected revenue from the second set of tax year 2021 estimated payments that were due on the 31st of the month. The end-of-month due date poses inherent uncertainty in predicting revenue flows for March and April. However, a review of early-April tax receipts indicates that March's strong performance was not merely due to timing, i.e., a shifting of revenue into March from April's expected collections. For the fiscal year-to-date, FIT revenue is \$35.4 million (31.7%) above estimate and is \$18.8 million (14.6%) higher than last year.

Commercial Activity Tax (CAT)

March revenues were \$11.1 million (118.0%) above estimate. With this performance, the source is now above estimate for the fiscal year by \$7.8 million (0.6%). CAT revenue in March was \$8.3 million (67.5%) above last year. Revenue for the third quarter of fiscal year 2021 exceeded estimate by \$22.8 million (5.2%). Quarterly revenue outcomes have successively improved throughout fiscal year 2021. Beginning with a first-quarter negative variance of -6.3 percent –which reflected commercial activity that occurred in the preceding quarter, at the lowest point of the pandemic – the CAT showed a positive variance of 2.0 percent in the second quarter of fiscal year 2021, followed by the positive 5.2 percent variance in the third quarter.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$1.0 billion and were \$292.1 million (-22.3%) below estimate for the month of March. Negative variances of \$296.5 million (-23.3%) in the Federal Grants category and \$10.5 million (-92.6%) in the Other Income category were partially offset by positive variances of \$11.1 million in the ISTV'S category and \$3.8 million (13.9%) in the License & Fees categories.

The negative variance in Federal Grants coincides with lower than projected Medicaid disbursements for the month, as discussed in the disbursement section of this report. For the year, Federal Grants revenue is now \$1.3 billion (-12.3%) below estimate. The negative variance in the Other Income category was due to the timing of racetrack relocation payments, which were planned to be received in March but are now expected later in the fiscal year.

The positive variance in the ISTV's category was the result of statewide indirect cost allocation invoices being sent out to state agencies in March, rather than April as originally planned. There should be an offsetting negative variance in this category in next month's report.

4/2/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL MARCH	ESTIMATE MARCH	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	693,436	694,700	(1,264)	-0.2%	7,398,225	7,091,700	306,525	4.3%
Auto Sales & Use	169,823	137,500	32,323	23.5%	1,307,897	1,137,000	170,897	15.0%
Subtotal Sales & Use	863,259	832,200	31,059	3.7%	8,706,123	8,228,700	477,423	5.8%
Personal Income	522,682	561,100	(38,418)	-6.8%	7,034,900	6,836,100	198,800	2.9%
Corporate Franchise	60	0	60	N/A	5,877	0	5,877	N/A
Financial Institutions Tax	50,418	32,300	18,118	56.1%	146,855	111,500	35,355	31.7%
Commercial Activity Tax	20,492	9,400	11,092	118.0%	1,232,773	1,225,000	7,773	0.6%
Petroleum Activity Tax	1,140	3,000	(1,860)	-62.0%	3,202	7,400	(4,198)	-56.7%
Public Utility	2,975	2,600	375	14.4%	82,106	101,000	(18,894)	-18.7%
Kilowatt Hour	28,931	30,900	(1,969)	-6.4%	236,145	256,600	(20,455)	-8.0%
Natural Gas Distribution	0	0	0	N/A	35,798	40,400	(4,602)	-11.4%
Foreign Insurance	57,260	44,600	12,660	28.4%	350,911	322,200	28,711	8.9%
Domestic Insurance	135	(1,200)	1,335	111.3%	975	900	75	8.3%
Other Business & Property	0	0	0	N/A	59	0	59	N/A
Cigarette and Other Tobacco	76,003	68,100	7,903	11.6%	639,650	592,100	47,550	8.0%
Alcoholic Beverage	3,712	3,200	512	16.0%	45,097	40,200	4,897	12.2%
Liquor Gallonage	4,202	3,700	502	13.6%	42,808	37,800	5,008	13.2%
Estate	14	0	14	N/A	26	0	26	N/A
Total Tax Receipts	1,631,283	1,589,900	41,383	2.6%	18,563,305	17,799,900	763,405	4.3%
NON-TAX RECEIPTS								
Federal Grants	976,896	1,273,364	(296,468)	-23.3%	9,016,802	10,280,119	(1,263,317)	-12.3%
Earnings on Investments	0	0	0	N/A	32,559	18,750	13,809	73.6%
License & Fees	31,065	27,284	3,781	13.9%	55,473	47,609	7,864	16.5%
Other Income	837	11,383	(10,545)	-92.6%	94,228	93,650	578	0.6%
ISTV'S	11,133	0	11,133	N/A	12,225	0	12,225	N/A
Total Non-Tax Receipts	1,019,931	1,312,030	(292,099)	-22.3%	9,211,287	10,440,128	(1,228,840)	-11.8%
TOTAL REVENUES	2,651,215	2,901,930	(250,716)	-8.6%	27,774,592	28,240,028	(465,435)	-1.6%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	11,957	0	11,957	N/A	96,983	77,932	19,051	24.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	11,957	0	11,957	N/A	96,983	77,932	19,051	24.4%
TOTAL SOURCES	2,663,172	2,901,930	(238,759)	-8.2%	27,871,576	28,317,960	(446,384)	-1.6%

4/2/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	MARCH FY 2021	MARCH FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	693,436	622,516	70,921	11.4%	7,398,225	7,010,689	387,537	5.5%
Auto Sales & Use	169,823	128,963	40,860	31.7%	1,307,897	1,158,208	149,690	12.9%
Subtotal Sales & Use	863,259	751,479	111,780	14.9%	8,706,123	8,168,897	537,226	6.6%
Personal Income	522,682	416,522	106,160	25.5%	7,034,900	6,006,883	1,028,017	17.1%
Corporate Franchise	60	(457)	516	113.1%	5,877	(364)	6,242	1712.8%
Financial Institutions Tax	50,418	41,733	8,685	20.8%	146,855	128,097	18,758	14.6%
Commercial Activity Tax	20,492	12,232	8,259	67.5%	1,232,773	1,258,419	(25,646)	-2.0%
Petroleum Activity Tax	1,140	2,573	(1,432)	-55.7%	3,202	6,614	(3,411)	-51.6%
Public Utility	2,975	4,943	(1,968)	-39.8%	82,106	100,848	(18,742)	-18.6%
Kilowatt Hour	28,931	29,816	(885)	-3.0%	236,145	258,200	(22,055)	-8.5%
Natural Gas Distribution	0	0	0	N/A	35,798	29,061	6,737	23.2%
Foreign Insurance	57,260	19,456	37,803	194.3%	350,911	335,930	14,980	4.5%
Domestic Insurance	135	(2,286)	2,421	105.9%	975	1,685	(710)	-42.1%
Other Business & Property	0	0	0	N/A	59	0	59	N/A
Cigarette and Other Tobacco	76,003	73,552	2,451	3.3%	639,650	617,088	22,562	3.7%
Alcoholic Beverage	3,712	4,181	(469)	-11.2%	45,097	39,587	5,510	13.9%
Liquor Gallonage	4,202	3,907	295	7.6%	42,808	39,049	3,759	9.6%
Estate	14	10	4	38.1%	26	48	(21)	-45.0%
Total Tax Receipts	1,631,283	1,357,662	273,621	20.2%	18,563,305	16,990,042	1,573,263	9.3%
NON-TAX RECEIPTS								
Federal Grants	976,896	609,997	366,899	60.1%	9,016,802	7,614,467	1,402,335	18.4%
Earnings on Investments	0	0	0	N/A	32,559	76,731	(44,172)	-57.6%
License & Fee	31,065	30,333	732	2.4%	55,473	51,142	4,330	8.5%
Other Income	837	11,126	(10,289)	-92.5%	94,228	91,539	2,689	2.9%
ISTV'S	11,133	2	11,131	562596.7%	12,225	184	12,041	6537.5%
Total Non-Tax Receipts	1,019,931	651,458	368,473	56.6%	9,211,287	7,834,064	1,377,223	17.6%
TOTAL REVENUES	2,651,215	2,009,120	642,094	32.0%	27,774,592	24,824,106	2,950,487	11.9%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	11,957	0	11,957	N/A	96,983	76,431	20,552	26.9%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	11,957	0	11,957	N/A	96,983	76,431	20,552	26.9%
TOTAL SOURCES	2,663,172	2,009,120	654,051	32.6%	27,871,576	24,900,537	2,971,039	11.9%

DISBURSEMENTS

March GRF disbursements, across all uses, totaled \$2.9 billion and were \$444.4 million (-13.3%) below estimate. This variance was primarily attributable to below estimate disbursements in Medicaid. On a year-over-year basis, March total uses were \$348.3 million (13.7%) 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)	\$339.3	13.4%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$9.0	201.0%
TOTAL DISBURSEMENTS VARIANCE:		\$348.3	13.7%

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. March disbursements for this category totaled \$625.6 million and were \$7.7 million (1.3%) above estimate. This variance was primarily attributable to above estimated spending in the Foundation Funding, Special Education Enhancements, and EdChoice Expansion line items. Disbursements for the Foundation Funding line item 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 Special Education Enhancements and EdChoice Expansion line items were above estimate due to timing of payments, which offset prior months of underspending. This above estimate spending was partially offset by below estimate disbursements for the Early Childhood Education line item as early childhood education providers were unable to fill all slots in the current school year.

Expenditures for the school foundation program totaled \$609.5 million and were \$8.8 million (1.5%) above estimate. Year-to-date disbursements were \$6.2 billion, which was \$121.8 million (2.0%) above estimate. On a year-over-year basis, disbursements in this category were \$40.5 million (-6.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$167.8 million (-2.6%) lower than the same point in fiscal year 2020.

Higher Education

March disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$205.3 million and were \$12.4 million (6.4%) above the estimate for the month. This variance was primarily attributable to spending in the State Share of Instruction appropriation line item that was above monthly estimates by a total of \$17.8 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 held due to the economic effects of the COVID-19 pandemic. Another significant source of the variance was the result of spending in the National Guard Scholarship program that was above monthly estimates by a total of \$1.1 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 and Ohio College Opportunity Grant programs that were below the monthly estimates by a total of \$7.2 million due to lower-than-expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were \$1.8 billion and were \$17.9 million (1.0%) above estimate. On a year-over-year basis, disbursements in this category were \$8.3 million (4.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$17.9 million (1.0%) 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.

March disbursements in this category totaled \$3.9 million and were \$107,000 (2.8%) above estimate. Year-to-date disbursements were \$57.7 million and were \$2.7 million (-4.4%) below estimate. On a year-over-year basis, disbursements in this category were \$6.5 million (-62.4%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$13.6 million (-19.1%) lower than at the same point in fiscal year 2020.

Medicaid

Note: Medicaid enrollment and spending estimates included in this report are based on updated projections made in July at the start of fiscal year 2021 and after the onset of the COVID-19 pandemic. Enrollment has continued below this report's estimate throughout the fiscal year, driving significant negative spending 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 March-June period. This explains many of the significant month-to-month Medicaid spending variances reflected in this report.

The development of the Executive Budget recommendations for fiscal years 2022-2023 budget utilizes updated data for current fiscal year 2021 and the next two-year period; therefore, variances reflected in this report have been 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

March GRF disbursements for the Medicaid Program totaled \$1.5 billion and were \$447.3 million (-23.4%) below estimate and \$417.2 million (39.9%) above disbursements for the same month in the previous fiscal year.

The March GRF variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs. Additionally, the variance continued to be driven by lower than projected managed care rates that took effect in January. The variance from the previous fiscal year was primarily attributable to the timing of the use of non-GRF funding sources as well as the receipt of enhanced Federal Medical Assistance Percentage (FMAP). March of this fiscal year utilized more GRF funding resources than March of last fiscal year and received more federal reimbursement due to the enhanced FMAP, which was also expended from the GRF, further increasing the year-over-year variance.

Year-to-date GRF disbursements totaled \$12.9 billion and were \$2.0 billion (-13.3%) below estimate, and \$938.8 million (7.8%) 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; Covered Families and Children (CFC), Group 8, and Aged, Blind and Disabled/Dual (ABD) are currently below the updated estimate by 7.2%, 11.0%, and 3.3%, respectively (on a monthly average basis). Additionally, the fee-for-service program's enrollment is 13.6 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 fiscal year's monthly estimates, enrollment is increasing month-to-month and therefore spending is above last fiscal year.

March all-funds disbursements for the Medicaid Program totaled \$2.5 billion and were \$570.0 million (-18.5%) below estimate, and \$7.5 million (-0.3%) below disbursements for the same month in the previous fiscal year. The March all-funds variance was primarily attributable to below estimate enrollment and lower than projected managed care rates as mentioned above.

Year-to-date all-funds disbursements totaled \$23.2 billion and were \$2.0 billion (-8.0%) below estimate, and \$1.9 billion (9.1%) 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. 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 377,100 individuals since March 2020.

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

	Mar. Actual	Mar. Projection	Variance	Variance %
GRF	\$1,461.5	\$1,908.7	-\$447.2	-23.4%
Non-GRF	\$1,049.2	\$1,171.9	-\$122.7	-10.5%
All Funds	\$2,510.7	\$3,080.6	-\$569.9	-18.5%

Enrollment

Total March enrollment was 3.18 million, which was 438,300 (-12.1%) below the updated post-pandemic estimate and 377,100 (13.5%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.08 million and was 239,000 (-7.2%) below estimate.

March enrollment by major eligibility category was: Covered Families and Children, 1.77 million; Group VIII Expansion, 775,000; and Aged, Blind and Disabled (ABD), 493,500.

**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.

March disbursements in this category totaled \$152.5 million and were \$40.6 million (36.2%) above estimate. Year-to-date disbursements were \$1.1 billion and were \$56.3 million (-4.9%) below estimate. On a year-over-year basis, disbursements in this category were \$10.4 million (7.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$9.1 million (-0.8%) lower than at the same point in fiscal year 2020.

Department of Job and Family Services

March disbursements for the Department of Job and Family Services totaled \$110.3 million and were \$38.7 million (54.05%) above estimate. This variance was primarily attributable to the Family and Children Services line item, which was \$27.9 million above estimate due to counties receiving funding for the State Child Protective Allocation (SCPA) a month earlier than anticipated. The Early Care and Education line item was \$4.4 million above estimate due to Child Care Provider payments being lower than expected in fiscal year 2021 as a result of the COVID-19 pandemic. The Child, Family, and Community Protective Services line item was \$1.9 million above estimate due to the counties receiving local Community & Protective Services allocation payments later than anticipated. This variance was partially offset by disbursements in the Program Operations line item, which was \$1.1 million below estimate due to invoices from various vendors not being received as anticipated.

Department of Mental Health and Addiction Services

March disbursements for the Department of Mental Health and Addiction Services totaled \$25.8 million and were \$0.8 million (-2.9%) below estimate. This variance was primarily attributable to the Continuum of Care Services line item, which was \$2.7 million below estimate due to funds not drawn for the OhioSTART program. This variance was partially offset by disbursements in the Community Innovations line item, which was \$1.9 million above estimate due to delayed disbursements in prior months. This variance was also partially offset by disbursements in the Hospital Services line item, which was \$1.1 million above estimate due to an increase in hazard pay, the timing of the receipt and processing of prior period invoices, and expenses related to the COVID-19 pandemic, including PPE purchases.

Justice and Public Protection

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

March disbursements in this category totaled \$159.7 million and were \$10.2 million (-6.0%) below estimate. Year-to-date disbursements were \$1.8 billion and were \$89.0 million (-4.6%) below estimate. On a year-over-year basis, disbursements in this category were \$19.6 million (-10.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$14.1 million (-0.8%) lower than at the same point in fiscal year 2020.

Office of the Attorney General

March disbursements for the Office of the Attorney General totaled \$8.7 million and were \$1.7 million (23.6%) above estimate. This variance was primarily attributable to above estimated disbursements in the School Safety Training Grants line item.

Department of Public Safety

March disbursements for the Department of Public Safety totaled \$2.8 million and were \$1.7 million (-37.7%) below estimate. This variance was primarily attributable to the Security Grants and Recovery Ohio Law Enforcement line items, which were \$0.7 million and \$0.6 million below estimate, respectively, due to the timing of subsidy payments. The Security Grants – Personnel and School Safety line items were also below estimate by a total of \$0.5 million due primarily to the timing of payments. These below estimate variances were partially offset by above estimate spending in the Local Disaster Assistance line item, which was \$0.5 million above estimate due to the timing of subsidy payments.

Department of Rehabilitation and Correction

March disbursements for the Department of Rehabilitation and Correction totaled \$113.0 million and were \$8.6 million (-7.0%) below estimate. This variance was primarily attributable to disbursements in the Institutional Operations line item, which was \$10.5 million below estimate due to reduced costs for hazard pay which resulted from the receipt of federal stimulus funds. The Institutional Medical Services line item was \$1.8 million above estimate due to higher than estimated medical costs.

Department of Youth Services

March disbursements for the Department of Youth Services totaled \$8.0 million and were \$1.7 million (-18.0%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was \$1.7 million below estimate due to the timing of payments for dental services and reduced costs in response to the receipt of grant funding.

Public Defender Commission

March disbursements for the Public Defender Commission totaled \$11.3 million and were \$2.1 million (22.8%) above estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was \$2.2 million above estimate due to the timing of county reimbursement payments for the month. This variance partially offsets prior months' below estimate variances.

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.

March disbursements in this category totaled \$29.0 million and were \$3.6 million (-11.0%) below estimate. Year-to-date disbursements were \$321.9 million and were \$31.9 million (-9.0%) below estimate. On a year-over-year basis, disbursements in this category were \$9.5 million (-24.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$11.4 million (-3.4%) lower than at the same point in fiscal year 2020.

Department of Administrative Services

March disbursements for the Department of Administrative Services totaled \$4.2 million and were \$2.0 million (52.5%) above estimate. This variance was primarily attributable to the State Agency Support Services line item, which was \$2.0 million above estimate due to rent for certain GRF agencies and vacant space in state office buildings being paid later than projected.

Department of Transportation

March disbursements for the Department of Transportation totaled \$3.1 million and were \$2.7 million (-45.7%) below estimate. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was \$2.7 million below estimate due to the timing of subsidy payments for rural and urban transit operators.

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. March reimbursements totaled \$159.1 million and were \$32.5 million (25.7%) above estimate. Year-to-date reimbursements totaled \$1.1 billion were \$3.3 million (0.3%) above estimate. The monthly variance was caused by the timing of reimbursement requests. While additional positive variances could occur in the next month or two, total disbursements in this category are expected to end the fiscal year below initial estimates.

Debt Service

March payments for debt service totaled \$79.4 million and were \$89.7 million (-53.1%) below estimate. Year-to-date expenses in this category total \$896.2 million and were \$8.4 million (-0.9%) below estimate. The monthly variance was primarily caused by a payment for common schools general obligation debt occurring in February, rather than March as originally planned.

Transfers Out

Transfers out totaled \$13.5 million in March and were \$13.0 million (2,609%) above estimate. Year-to-date transfers out totaled \$458.4 million and were \$12.0 million (2.7%) above estimate. The monthly variance was primarily caused by a \$9.0 million transfer to the IT Development Fund to support InnovateOhio operations. This transfer was originally expected to occur earlier in the fiscal year.

4/2/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	MARCH	MARCH	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary and Secondary Education	625,588	617,864	7,724	1.3%	6,223,342	6,101,588	121,754	2.0%
Higher Education	205,309	192,875	12,434	6.4%	1,761,168	1,743,274	17,894	1.0%
Other Education	3,930	3,823	107	2.8%	57,657	60,336	(2,678)	-4.4%
Medicaid	1,461,519	1,908,828	(447,309)	-23.4%	12,932,364	14,915,637	(1,983,273)	-13.3%
Health and Human Services	152,465	111,905	40,560	36.2%	1,097,441	1,153,719	(56,278)	-4.9%
Justice and Public Protection	159,711	169,934	(10,224)	-6.0%	1,828,607	1,917,559	(88,952)	-4.6%
General Government	29,030	32,626	(3,595)	-11.0%	321,876	353,763	(31,887)	-9.0%
Property Tax Reimbursements	159,126	126,635	32,491	25.7%	1,063,471	1,060,213	3,258	0.3%
Debt Service	79,365	169,043	(89,678)	-53.1%	896,234	904,646	(8,412)	-0.9%
Total Expenditures & ISTV's	2,876,043	3,333,533	(457,489)	-13.7%	26,182,160	28,210,734	(2,028,574)	-7.2%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	13,545	500	13,045	2609.0%	458,415	446,400	12,015	2.7%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	13,545	500	13,045	2609.0%	458,415	446,400	12,015	2.7%
Total Fund Uses	2,889,588	3,334,033	(444,444)	-13.3%	26,640,575	28,657,134	(2,016,559)	-7.0%

4/2/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	MARCH	MARCH	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2021	FY 2020	VAR	VAR	FY 2021	FY 2020	VAR	VAR
Primary and Secondary Education	625,588	666,101	(40,513)	-6.1%	6,223,342	6,391,174	(167,831)	-2.6%
Higher Education	205,309	197,026	8,283	4.2%	1,761,168	1,743,287	17,881	1.0%
Other Education	3,930	10,456	(6,526)	-62.4%	57,657	71,241	(13,584)	-19.1%
Medicaid	1,461,519	1,044,341	417,178	39.9%	12,932,364	11,993,585	938,779	7.8%
Health and Human Services	152,465	142,082	10,383	7.3%	1,097,441	1,106,555	(9,114)	-0.8%
Justice and Public Protection	159,711	179,267	(19,556)	-10.9%	1,828,607	1,842,739	(14,132)	-0.8%
General Government	29,030	38,560	(9,529)	-24.7%	321,876	333,267	(11,391)	-3.4%
Property Tax Reimbursements	159,126	98,060	61,067	62.3%	1,063,471	1,003,351	60,119	6.0%
Debt Service	79,365	160,869	(81,504)	-50.7%	896,234	1,261,803	(365,569)	-29.0%
Total Expenditures & ISTV's	2,876,043	2,536,761	339,283	13.4%	26,182,160	25,747,002	435,159	1.7%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	13,545	4,500	9,045	201.0%	458,415	668,120	(209,705)	-31.4%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	13,545	4,500	9,045	201.0%	458,415	668,120	(209,705)	-31.4%
Total Fund Uses	2,889,588	2,541,261	348,328	13.7%	26,640,575	26,415,121	225,454	0.9%

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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