

July 12, 2021

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

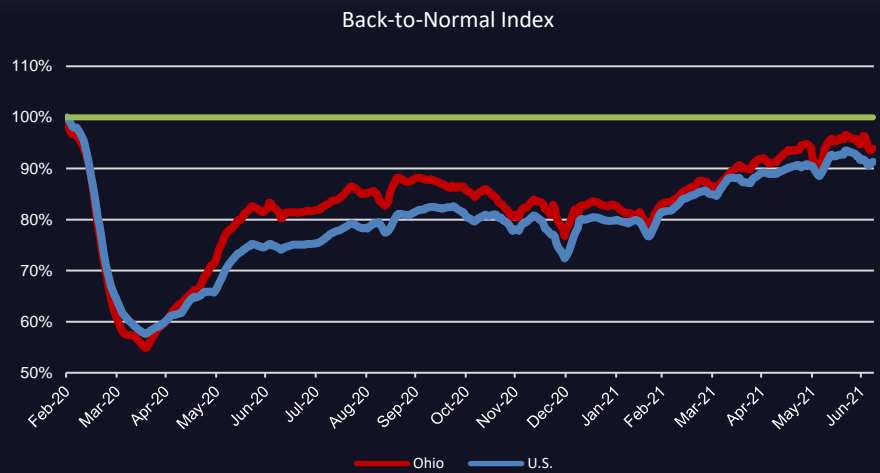
FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report



Report Overview:

Moody's Analytics and CNN created the Back-to-Normal Index to track the economic recovery. Index values range from zero, representing no economic activity, to 100 percent, indicating full economic recovery to pre-pandemic levels. As of July 7, 2021, the national index was at 91.3 percent. Ohio's index was 2.6 percentage points ahead of the national index at 93.9. After four months of growth, the Ohio index increased from an average of 92.9 in May 2021 to an average of 94.6 in June 2021.



June GRF personal income tax receipts totaled \$1.1 billion and were \$227.7 million (26.7%) above the estimate. Total Fiscal Year 2021 receipts from this source performed \$455.5 million (4.5%) above estimate.



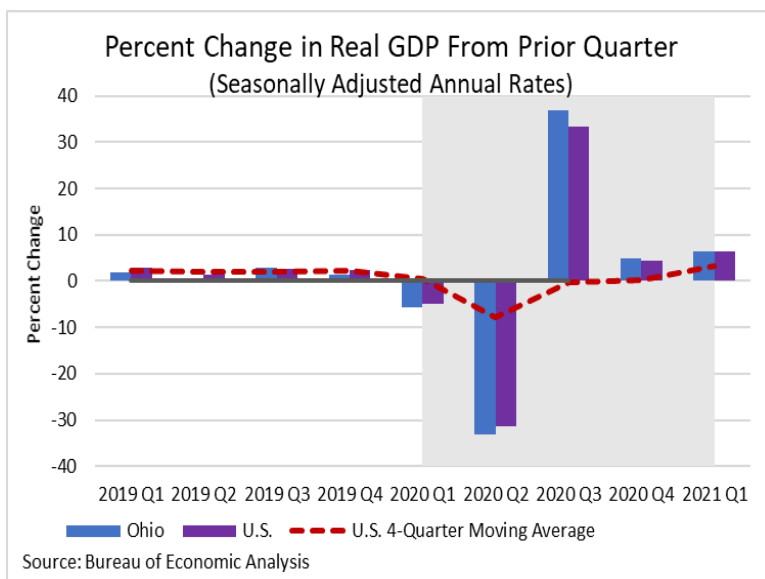
GRF non-auto sales and use tax collections in June totaled \$932.5 million and were \$98.4 million (11.8%) above the estimate. Across all months of the fiscal year, revenue in this category performed \$745.3 million (7.8%) above estimate; actual revenue has exceeded the estimates in 10 of these months.



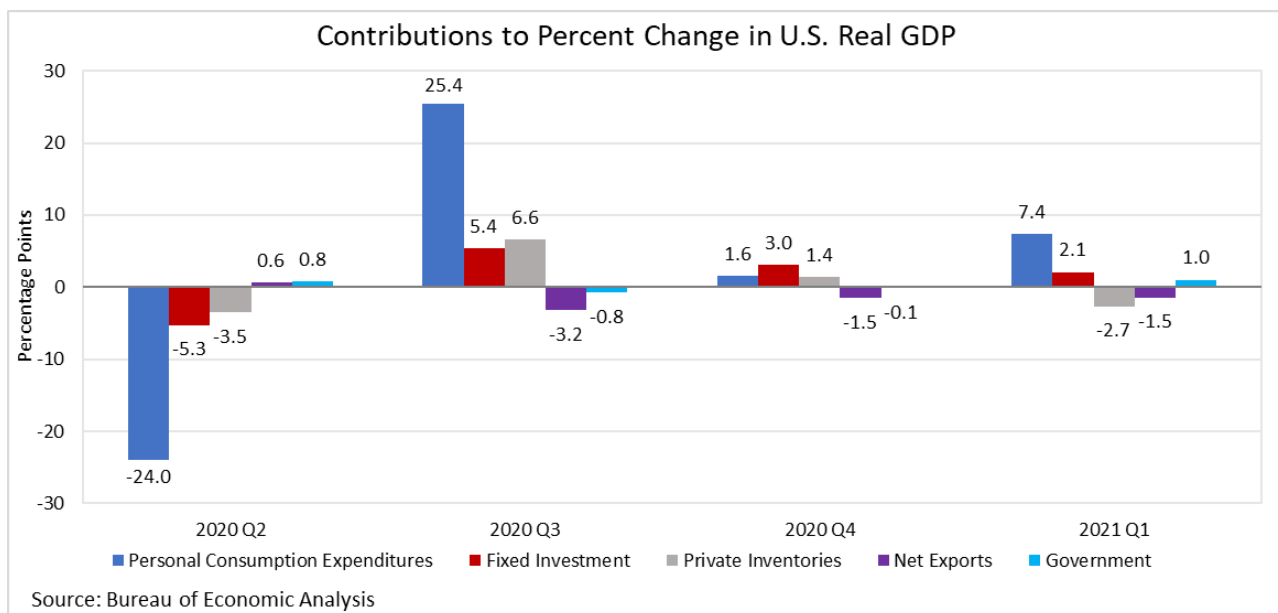
June auto sales tax collections totaled \$174.6 million and were \$36.7 million (26.6%) above the estimate. For the fiscal year in total, auto sales tax revenue was \$264.6 million (16.6%) above estimate. The auto sales tax has now surpassed estimates for 13 consecutive months.

Economic Activity

According to the Bureau of Economic Analysis (BEA)'s final estimate, **Real Gross Domestic Product (GDP)** expanded in the first quarter of calendar year 2021 at an annualized rate of 6.4 percent, showing no change from the second estimate provided last month. By the end of the first quarter GDP was just 0.9 percent below its pre-pandemic peak, reached in the fourth quarter of 2019. The first quarter expansion reflects continued efforts to mitigate the effects of the pandemic, including continuing a robust vaccination program, government assistance which boosted disposable income and increased consumer spending, and businesses reopening at greater capacities.



The first quarter increase in real GDP resulted from growth in personal consumption expenditures (7.4 percentage points), nonresidential fixed investment (1.5 percentage points), federal government spending (0.9 percentage points), residential fixed investment (0.6 percentage points), and state and local government spending (0.1 percentage points). These increases were partially offset by decreases in private inventory investment (-2.7 percentage points) and net exports (-1.5 percentage points).



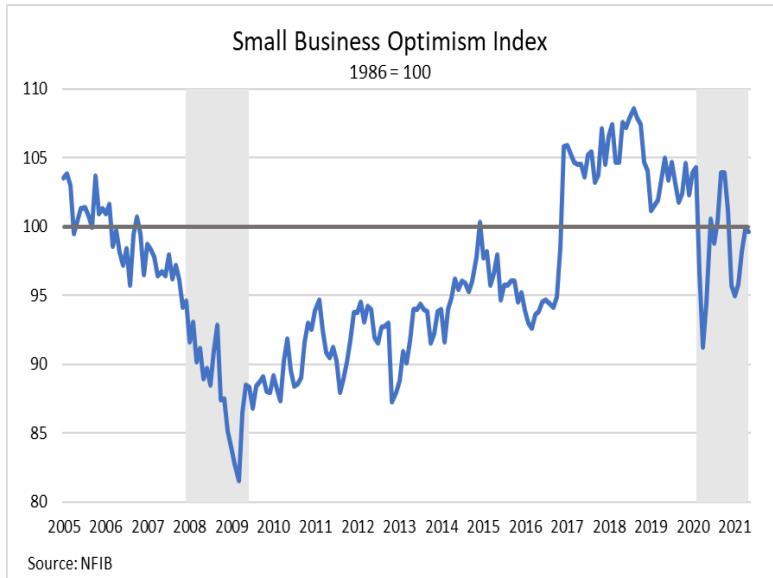
Ohio's GDP rose in line with the national average (6.4%) during the first quarter of 2021. The change in GDP in Ohio largely reflected positive contributions in durable goods manufacturing (1.2 percentage points), finance and insurance (0.7 percentage points), retail trade (0.6 percentage points), administrative and support and waste management and remediation services (0.6 percentage points), and professional, scientific, and technical services (0.5 percentage points). These increases were partially offset by decreases in health care and social assistance, and other services (except government and government enterprises), each of which reduced the state's GDP by 0.2 percentage points.

The Ohio economy continued to show signs of expansion. The **State-Level Coincident Index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index decreased 0.5 percent between April and May but increased 0.4 percent over the last three months. For comparison, the U.S. coincident index increased 0.6 percent between April and May, and 1.4 percent over the last three months. From April to May, indexes improved in 41 states, declined in five states, and stayed roughly the same in four. The May diffusion index for the U.S. was 72.0 and the three-month diffusion index was 90.0.

Moody's Analytics and CNN created the **Back-to-Normal Index** to track the economic recovery. The national index includes 37 indicators of economic activity, combining 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 July 7, 2021, the national index was at 91.3 percent. Ohio's index was 2.6 percentage points ahead of the national index at 93.9. After four months of growth, the Ohio index increased from an average of 92.9 in May 2021 to an average of 94.6 in June 2021.

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 May, the LEI increased 1.3 percent to reach 114.5. Following a large improvement in May and prior months, this index was above its prior peak in January 2020 of 112.0. Nine of the ten index components saw gains in May. Growth was widespread across the indicators with the largest contributor being the reduction of initial unemployment claims and the only negative contributor to the index was housing permits. The growth in the index suggests the economy will continue to accelerate in the near term.

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. After four months of increases, there was a slight pause in the recovery as the national index decreased 0.2 points to 99.6 in May. However, May’s index value remained above the 47-year historic average of 98.0.



Out of the 10 components that comprise this index, half of them improved, three declined and two remained unchanged. Earnings trends declined 4.0 points over the past three months, to a net negative 11.0 percent. Owners’ sales expectations improved 2.0 points, to a net 3.0 percent. The uncertainty index decreased one point to 79.0, as owners are growing concerned with business conditions and earning trends. Labor shortages limiting growth potential for many small businesses, combined with concerns about inflation, have left small business owners uncertain about future business conditions.

The consensus among forecasters is for strong growth in the second quarter of calendar year 2021. As the labor market continues to recover, infusions of aid from the federal government have left the average household with more disposable income than before the pandemic. Individuals are now spending more on services and are expected to continue to do so. By late June and early July, most economists were expecting second quarter growth above 8.0 percent, with increases continuing during the remainder of the calendar year.

Source	Date	2 nd Quarter 2021 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	7/02/21	7.8%
Federal Reserve Bank of New York (NowCast)	7/02/21	3.2%
IHS Markit GDP Tracker	7/02/21	8.0%
Moody’s Analytics High Frequency GDP Model	6/28/21	9.1%
Wells Fargo	6/09/21	10.9%
Conference Board	6/09/21	9.0%

Employment

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased by 850,000 jobs in June. Employment is up 15.6 million jobs from April 2020 but remains below February 2020’s pre-pandemic levels by 4.4 percent (6.8 million jobs). Notable gains were made in leisure and hospitality, public and private education, professional and business services, retail trade, and other services.

In June, **leisure and hospitality** jobs increased by 343,000, which was attributed to an easing of pandemic restrictions in certain areas of the country. Over half of the job gain was in food services and drinking places, which increased by 194,000 jobs. Employment also rose in accommodation (75,000), as well as in arts, entertainment, and recreation (74,000). Despite these gains, employment in this sector remained 12.9 percent or 2.2 million jobs lower than in February 2020.

Employment in public and private education rose due to a planned return of in-person learning and resumed school-related activities. However, employment trends in these industries are challenging to discern due to the lack of typical seasonal employment increases in prior months and fewer layoffs at the end of the school year. **Local government education** increased by 155,000 jobs, **state government education** by 75,000, and **private education** by 39,000. Since February 2020 employment remains down by 414,000 in local government education, by 168,000 in state government education, and by 255,000 in private education.

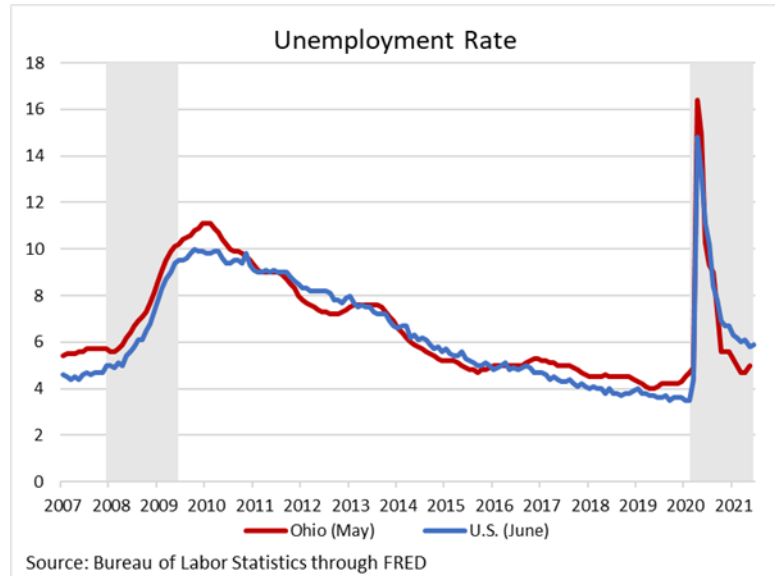
Professional and business services employment increased by 72,000 jobs. Employment rose in temporary help services (33,000), advertising and related services (8,000), scientific research and development services (7,000), and legal services (6,000). However, employment in this sector remains down from February 2020 by 633,000 jobs.

Manufacturing employment rose by 15,000 in June but employment remains below February 2020 by 481,000 jobs. Within the industry there were job gains in furniture and related products (9,000), fabricated metal products (6,000) and primary metals (3,000), which was partially offset by a loss in motor vehicles and parts (-12,000). **Transportation and warehousing** increased slightly in June by 11,000 jobs but remained down by 94,000 jobs since February 2020. Employment in **wholesale trade** increased by 21,000 but remained 192,000 lower than February 2020. **Construction** employment decreased slightly by 7,000 jobs in June and remained 238,000 jobs lower than in February 2020.

The **national labor force participation rate** was unchanged at 61.6 percent in June. Since June 2020 the rate remained within a narrow range of 61.4 percent to 61.7 percent. The participation rate was 1.7 percentage points lower than in February 2020. The **employment-population ratio** was unchanged as well in June at 58.0 percent. However, the ratio remained 3.1 percentage points lower than February 2020.

Ohio's nonfarm payroll employment decreased 0.3 percent (-14,800) between April and May, essentially staying stable for five months at 5.3 million jobs. However, nonfarm payroll employment remained 5.7 percent lower than it was in February 2020. Sectors with notable declines between April and May included trade, transportation, and utilities (-7,800), financial activities (-3,400), manufacturing (-2,600) and construction (-1,200). These losses were partially offset by job gains in leisure and hospitality (2,300), information (200) and other services (200). Ohio's seasonally adjusted preliminary labor force participation rate in May was 59.9 percent, a decrease of 2.4 percentage points from April 2021. The rate remained 3.8 percentage points lower than February 2020's pre-pandemic level. The sharp decline between April and May was unanticipated and may be an artifact of the preliminary nature of the data.

The Bureau of Labor Statistics reported that the national **unemployment rate** increased 0.1 percentage points to 5.9 percent between May and June. The number of **unemployed individuals** increased by 168,000 to 9.5 million in June. Despite both measures being substantially lower than their April 2020 highs, they remain above February 2020 pre-pandemic levels by 2.4 percentage points and 3.8 million, respectively.



The unemployment rate for all demographic groups increased slightly between May and June. The unemployment rate for those who identify as White, Black, and Hispanic or Latino all increased by 0.1 percentage points to 5.2 percent, 9.2 percent, and 7.4 percent, respectively. The unemployment rate for individuals who identify as Asian increased 0.3 percentage points to 5.8 percent. The unemployment rate for adult women increased by 0.1 percentage points to 5.5 percent, while the rate for adult men was unchanged and remained at 5.9 percent. In June, the unemployment rate for teenagers increased by 0.3 percentage points to 9.9 percent.

The number of **job leavers**, which is defined as unemployed persons who quit or voluntarily left their previous job and began looking for new employment, increased by 164,000 to 942,000 in June. The number of unemployed people who were on **temporary layoff** was essentially unchanged at 1.8 million. This was 1.1 million higher than in February 2020 but substantially reduced from the high of 18.0 million in April 2020. The number of people with **permanent job losses** was also essentially unchanged at 3.2 million but remained 1.9 million higher than in 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 by 149,000 to 2.3 million.

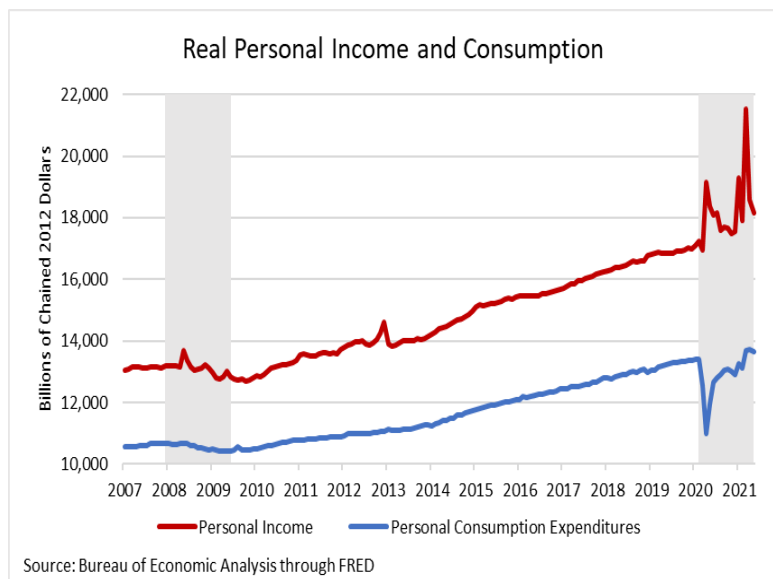
The number of unemployed individuals who were **jobless less than 5 weeks** decreased by 42,000 to 2.0 million. Individuals who were **jobless 5 to 14 weeks** increased by 40,000 to 2.2 million. Those **jobless 15 to 26 weeks** increased 67,000 to 1.3 million. In June, unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, increased 233,000 to 4.0 million, following a decline of 431,000 in May. This measure is 2.9 million higher than in February 2020. The number of **people not in the labor force who currently want a job** decreased by 172,000 to 6.4 million people but is up by 1.4 million since 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 four 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 2.1 points from May’s revised numbers to 109.8 in June. The June index value is currently 28.2 percent higher compared to June 2020. The increase resulted from an increase in seven of the eight components, with the largest increase in the Ratio of Involuntarily Part-time to All Part-time Workers. The growth of this index suggests that job growth will continue throughout the summer. However, the labor market is likely to remain constricted in the coming months due to the difficulty of recruiting and retaining employees. Subsequently, wage growth will remain high. The Head of the Conference Board Labor Market Institute, Gad Levanon, suggested that as the number of jobs continue to grow at a very high rate, unemployment rates will likely fall below four percent within the coming year, resulting in a tight labor market that will likely persist.

The **Ohio unemployment rate** increased to 5.0 percent in May 2021. During the week ending July 3, 2021 a total of 10,900 initial unemployment claims were filed. This was a 96.0 percent decline from the peak week in March 2020 when 274,215 initial claims were filed. Continued claims in Ohio decreased substantially between the peak of 776,302 in April 2020 and the week ending July 3, 2021 in which 75,321 individuals filed continued claims. However, an additional 98,482 people filed for extended benefits during the same week; these individuals were unemployed for 26 or more weeks. As of July 6, 2021, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning 335 employees of potential future layoffs and closures in July and 58 in August.

Consumer Income and Consumption

According to the Bureau of Economic Analysis, **personal income** decreased \$414.3 billion (-2.0%) in May. This was mainly due to a decrease in government social benefits which decreased by \$562.1 billion (-11.8%). Within government social benefits, the “other” category decreased by \$539.5 billion (-38.4%). This decrease occurred because economic impact payments to individuals from the American Rescue Plan were largely paid in March and early April.



Real personal consumption expenditures, a measure of national consumer spending for goods and services, decreased 0.4 percent between April and May. While spending on goods decreased 2.0 percent, spending on services increased 0.4 percent. The increase in spending on services was widespread and led by spending for recreation services, food services and accommodations, and housing and utilities. Overall spending on durable goods decreased 4.3 percent, with motor vehicles and parts leading the decline by 8.5 percent. This decrease was partially offset by a 1.8 percent increase in spending on other durable goods, such as jewelry, therapeutic equipment, and educational books. Spending on nondurable goods decreased 0.5 percent, with widespread declines across the subcategories. These declines were partially offset by an increase of 2.3 percent in gasoline and other energy goods. The table below provides additional details on personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates.

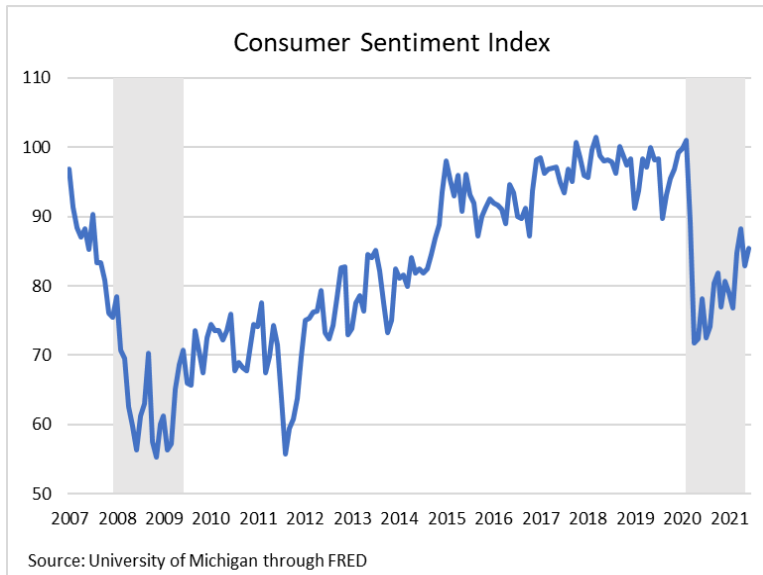
**Consumer Spending by Industry, for Select Industries
(In Millions of Chained 2012 dollars)**

	April 2021	May 2021	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Durable Goods	\$2,395,744	\$2,293,534	-4.3%	25.2%	29.1%
Motor vehicles and parts	\$737,486	\$675,111	-8.5%	24.0%	25.8%
Furnishings and durable household equipment	\$516,942	\$499,534	-3.4%	19.9%	21.8%
Other durable goods	\$334,526	\$340,485	1.8%	68.1%	31.0%
Nondurable goods	\$3,354,730	\$3,337,971	-0.5%	12.1%	11.4%
Clothing and footwear	\$479,309	\$474,638	-1.0%	48.0%	14.3%
Food and beverages purchased for off-premises consumption	\$1,104,192	\$1,095,217	-0.8%	4.2%	12.0%
Gasoline and other energy goods	\$412,828	\$422,159	2.3%	21.1%	-4.8%
Other nondurable goods	\$1,319,527	\$1,309,895	-0.7%	9.3%	14.6%
Services	\$8,229,346	\$8,262,943	0.4%	13.3%	-2.7%
Food services and accommodations	\$786,523	\$794,775	1.0%	56.0%	-5.6%
Recreation services	\$409,321	\$422,430	3.2%	90.6%	-16.0%
Transportation services	\$358,055	\$358,759	0.2%	34.4%	-18.2%

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

Personal saving decreased 16.2 percent (\$441.8 billion) in May 2021 compared to April. This decrease follows a decrease in April of 55.2 percent (\$3.4 trillion). Personal saving remained above the February 2020 level by 65.0 percent (\$902.5 billion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 12.4 percent, a decrease of 14.5 percentage points between April and May.

The Bureau of Labor Statistics computes the consumer price index to measure the average change in prices paid by consumers for goods and services over time. The **Consumer Price Index for All Urban Consumers** (CPI) increased 0.6 percent in May, which followed a 0.8 percent increase in April. The ‘all items’ index has increased 5.0 percent over the last 12 months, which is the largest 12-month increase since the period ending in August 2008 (5.4 percent). Following its largest monthly increase on record, the index for used cars and trucks increased 7.3 percent for the month of May. Additionally, the index for ‘all items less food and energy’ rose 0.7 percent in May, posting another strong month after rising 0.9 percent in April, and spurring the largest 12-month increase (3.8 percent) since June 1992.



Preliminary results from the University of Michigan’s **Surveys of Consumers** indicated that consumer sentiment increased in June following a decline in May. The Consumer Sentiment Index increased 2.6 points to 85.5 in June 2021. This was a 3.1 percent increase from May and a 9.5 percent increase compared to June 2020. The Current Economic Conditions Index decreased 0.8 points to 88.6. This was a 0.9 percent decline from May but a 1.7 percent increase from June 2020. The Consumer Expectations Index increased 4.7 points to 83.5. This was a 6.0 percent

increase from May and an increase of 15.5 percent compared to June 2020. Sentiment among consumers increased from May but was lower than most economists’ expectations with declines in the second half of June. In addition, all of June’s improvement was due to households with incomes above \$100,000 as their future economic outlook improved. Many consumers believe price surges will mainly be temporary. This corresponded with a small decline in inflation expectations in the year ahead to 4.2 percent in June down 0.4 percentage points from May. Consumers continued to watch the economy, particularly: inflation, interest rates and unemployment.

The **Conference Board’s Consumer Confidence Index**, which reflects consumer attitudes and buying intentions increased in June with an increase of 7.3 percentage points. Consumer confidence in June was at 127.3, up from May’s revised value of 120.0. The **Conference Board’s Present Situation Index**, which measures consumers’ current assessment of business and labor market conditions, increased by 9.0 percentage points, from 148.7 in May to 157.7 in June. The **Conference Board’s Expectation Index** examines consumer short-term outlook for the economy. The index increased 6.1 percentage points, from 100.9 in May to 107.0 in June. Consumer confidence improved in June and is currently at its highest level since the beginning of the pandemic in March 2020. Economic growth has strengthened in the second quarter of 2021 as consumers assessment of economic conditions has continued to improve.

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 more individuals get vaccinated and are willing to travel, airline travel increased 13.7 percent in June 2021 compared to May. Total travel throughput in June 2021 was 284.4 percent higher than in June 2020; however, travel was 26.0 percent lower in June 2021 compared to June 2019.

For the week ending June 26, 2021, **STR**, a company that provides analytics and data on the hospitality sector, reported the hotel occupancy rate was 69.9 percent, which was 7.3 percent below the comparable week in 2019. The average daily rate for a hotel room was \$133.40 which was down 0.5 percent from the 2019 comparable week. Revenue per available room was \$93.20 and was 7.8 percent lower than the equivalent week in 2019.

Commercial vehicle miles traveled on the Ohio turnpike in June 2021 increased 15.3 percent compared to June 2020 and 11.5 compared to June 2019. **Passenger vehicle miles traveled** in June 2021 increased 39.0 percent compared to June 2020 and remained 4.7 percent lower than June 2019. **Total revenue** on the Ohio turnpike was 26.2 percent higher in June 2021 compared to June 2020 and increased 9.0 percent compared to June 2019.

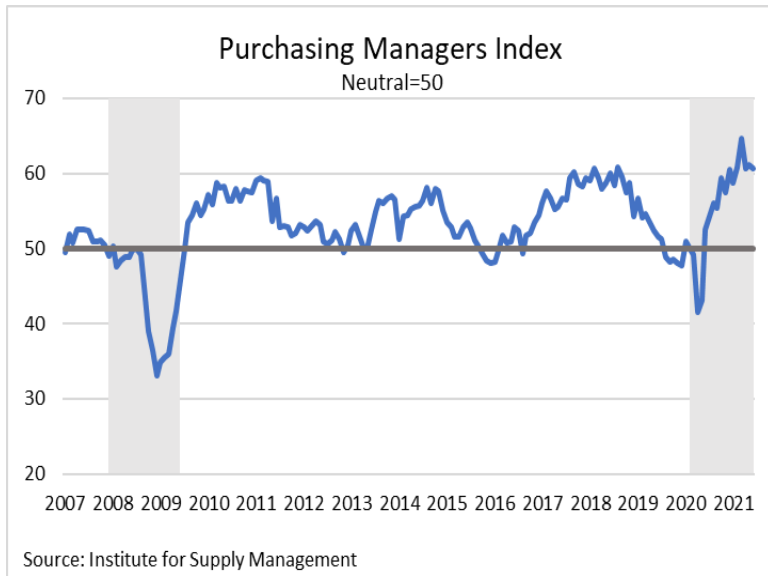
Industrial Activity

The Industrial Production Index, produced by the Board of Governors of the Federal Reserve System, is an indicator that measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. **Total industrial production** increased 0.8 percent between April and May. The index was 16.3 percent higher than May of 2019 but remained 1.4 percent below February 2020.

The **manufacturing production index** increased by 0.9 percent in May. Durable goods production increased 1.0 percent and nondurable manufacturing increased 0.8 percent. The rise in the durable goods index was due to a large increase in motor vehicles and parts. However, production was still hampered by a shortage of semiconductors that has resulted in supply chain shortages. Most of the components of the nondurable manufacturing posted gains.

Most of the manufacturing industries that are relevant to Ohio’s economy had little change or declined between April and May. The industry that changed the most was motor vehicles and parts, which increased 6.7 percent following a revised 5.7 percent decrease in April. Despite the increase, vehicle assemblies remained below the average level in the second half of 2020. The following industries increased as well in May: chemicals (2.2%), machinery manufacturing (0.8%), petroleum and coal products (0.6%) and fabricated metals products (0.6%). May production levels decreased in the following industries: aerospace and miscellaneous transportation equipment (-1.0%), primary metals (-0.8%), and electrical equipment and appliances (-0.6%). Two industries relevant to Ohio that remained steady were food beverage and tobacco production, and plastics and rubber products.

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 June, the PMI for the United States decline 0.6 percentage points to 60.6 percent, compared to May. This indicated an overall expansion of the economy for the thirteenth month in a row after contraction in April 2020.



Between May and June, the New Orders Index decreased 1.0 percentage point to 66.0 percent and the Production Index increased 2.3 percentage points to 60.8 percent. The Backlog of Orders Index declined 6.1 percentage points to 64.5 percent. The Employment Index contracted 1.0 percentage point to 49.9 percent. Overall, these changes provide evidence that the manufacturing economy continued to expand; however, respondents still reported struggling to meet increasing rates of demand because of the supply chain limitations, long lead times, difficulties in filling available positions, rising prices for commodities and labor, and challenges transporting products.

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

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effects of labor and supply shortages in June. A source in the Fabricated Metal Products industry reported, “demand continues to be strong, and customer-ordering patterns are shifting to include long-term demand. Customers are now placing orders for fourth quarter 2021 and first quarter 2022 due to global supply chain issues.” Additionally, a respondent in the Electrical Equipment, Appliances & Components reported, “higher prices, inflation and lack of available labor are impacting all organizations in our supply chain.”

Construction

The U.S. Census Bureau estimated **total construction spending** in May to be at a seasonally adjusted annual rate of \$1.5 trillion, which was 0.3 percent below the revised April estimate. The May 2021 estimate was 7.5 percent above that of May 2020 and 12.9 percent above May 2019.

Private sector construction spending in May 2021 was at a seasonally adjusted annual rate of \$1.2 trillion. This was 0.3 percent below the revised April estimate and 13.2 percent above the rate in May 2020. Residential construction in May increased 0.2 percent from April and remained 28.2 percent above May 2020. On the other hand, nonresidential construction in May decreased 0.7 percent from the revised April rate and was 7.1 percent below May 2020.

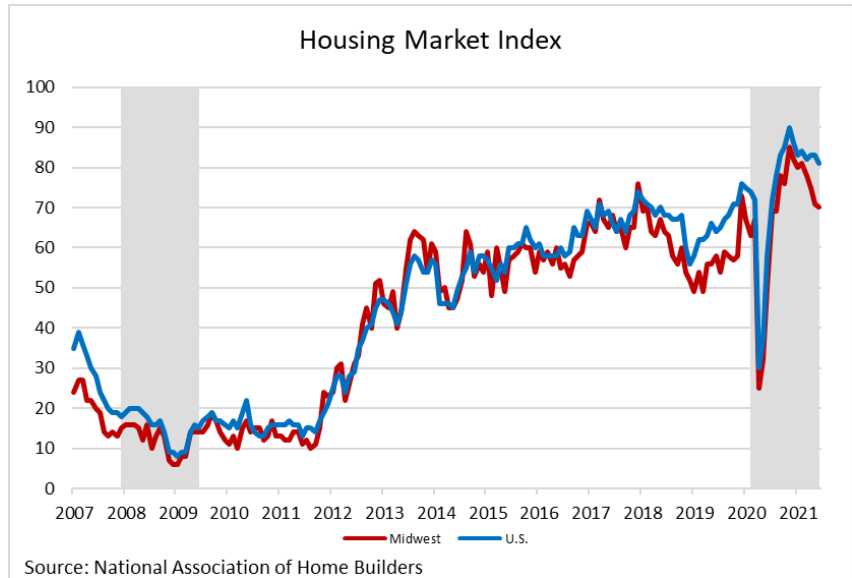
Public sector construction spending in May was at a seasonally adjusted annual rate of \$342.0 billion. This was 0.2 percent below the revised April estimate and 8.7 percent below the May 2020 rate. Spending in May on education construction was 1.9 percent below April's revised value and remained 14.2 percent below May 2020. Transportation construction spending in May was 1.9 percent below the revised April value and was 10.4 percent below May 2020.

Nationally, the number of privately-owned housing units approved decreased 3.0 percent between April and May and were 34.9 percent above May 2020 levels. In Ohio, building permits for privately owned units increased slightly by 0.4 percent between April and May, and were 36.9 percent above the number of permits issued in May 2020. Nationally, privately-owned housing starts in May increased 3.6 percent compared to April and 50.4 percent above the May 2020 rate. Midwest privately-owned housing starts increased 29.9 percent between April and May, and were 66.0 percent above the May 2020 levels. Nationally, privately-owned housing completions decreased 4.1 percent in May but were 16.1 percent above May 2020 rate. In May, privately-owned housing completions in the Midwest increased 9.1 percent compared to April and were 3.8 percent above the May 2020 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In May, new home sales decreased 5.9 percent to 769,000, but remained 9.2 percent above the May 2020 estimate. New home sales in the Midwest did not change between April and May but remained 28.4 percent above the May 2020 level. The national median sales price in May 2021 was \$374,400. This was 2.5 percent increase compared to April 2020 and an 18.1 percent increase compared to May 2020.

Existing home sales, as reported by the National Association of Realtors, decreased in May for the fourth consecutive month. Sales decreased 0.9 percent in May, compared to April to a seasonally adjusted rate of 5.8 million housing units. This was an increase of 44.6 percent from a year ago. Available inventory in May rose to 1.2 million units which was an increase of 7.0 percent from April but remained 20.6 percent lower than a year ago. A lack of inventory continues to hamper home sales, which has resulted in a decline in affordable housing. In May, 89.0 percent of homes on the market sold in less than a month. The median sale price of all existing home sales increased 23.6 percent from a year ago. May 2021 was the 111th continuous month of year-over-year increases in existing median home sales price. Sales in the Midwest increased 1.6 percent in May. For the second consecutive month the Midwest was the only region to experience higher sales from the prior month. Home sales are approaching pre-pandemic levels as sales have fallen in the majority of 2021. According to the **Ohio Realtors**, activity in the Ohio housing market increased in May by 19.8 percent from May 2020. The average sale price in Ohio was \$243,641 in May, an 18.1 percent increase compared to May 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 index decreased in June to 81.0 from 83.0 in May, a 2.4 percent decline. Builder confidence has dipped to its lowest level since August 2020. The decline in confidence is due



to the rise in material prices and supply chain shortages. Rising costs are pushing buyers out of the market as the increased price of building pushes homes beyond buyers' budgets. Despite the decline, a reading above 80 indicates a strong demand in the housing market. In the Midwest, HMI decreased 1.4 percent, from 71.0 in May to 70.0 in June.

REVENUES

June GRF tax revenue was \$367.6 million (15.9%) above estimate. Most of the positive monthly variance was attributable to the personal income tax which exceeded the estimate by \$227.7 million, although auto and non-auto sales taxes also performed substantially above estimates. June’s outcome was indicative of a fiscal year that exhibited robust growth and strong performance relative to estimates, particularly during its final months. For the year, tax revenue grew by \$3.8 billion (17.0%) and exceeded the estimate by \$1.5 billion (6.2%). In comparison, during the fourth quarter, tax revenues increased by \$2.3 billion (40.3%) and exceeded estimates by \$774.6 million (10.9%).

Total June GRF receipts reached \$4.1 billion and were \$161.3 million (4.1%) above estimates. As noted above, tax revenues were \$367.6 million (15.9%) above estimates. Non-tax receipts were \$256.7 million (22.4%) above the estimate. Transfers were \$463.0 million below estimates. In fiscal year 2021, tax revenues ended \$1.5 billion (6.2%) above estimate, non-tax receipts were \$36.4 million (0.3%) above estimate, and transfers were \$443.7 million (-81.9%) below estimate as shown in the table below.

Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$1,538.0	6.2%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$36.4	0.3%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	(\$443.7)	-81.9%
TOTAL REVENUE VARIANCE:		\$1,130.6	2.9%
Non-federal revenue variance		\$1,160.9	4.5%
Federal grants variance		(\$30.3)	-0.2%

For June, receipts and transfers were \$570.4 billion (16.2%) above the previous year. Tax receipts increased by \$451.7 million (20.3%), non-tax receipts increased by \$122.0 million (9.5%), and transfers declined by \$3.4 million (-84.5%). For the year, tax receipts were \$3.8 billion (17.0%) above last year and non-tax receipts were \$2.2 billion (20.2%) over the prior year. Transfers ended the year \$16.8 million (20.7%) above the previous year.

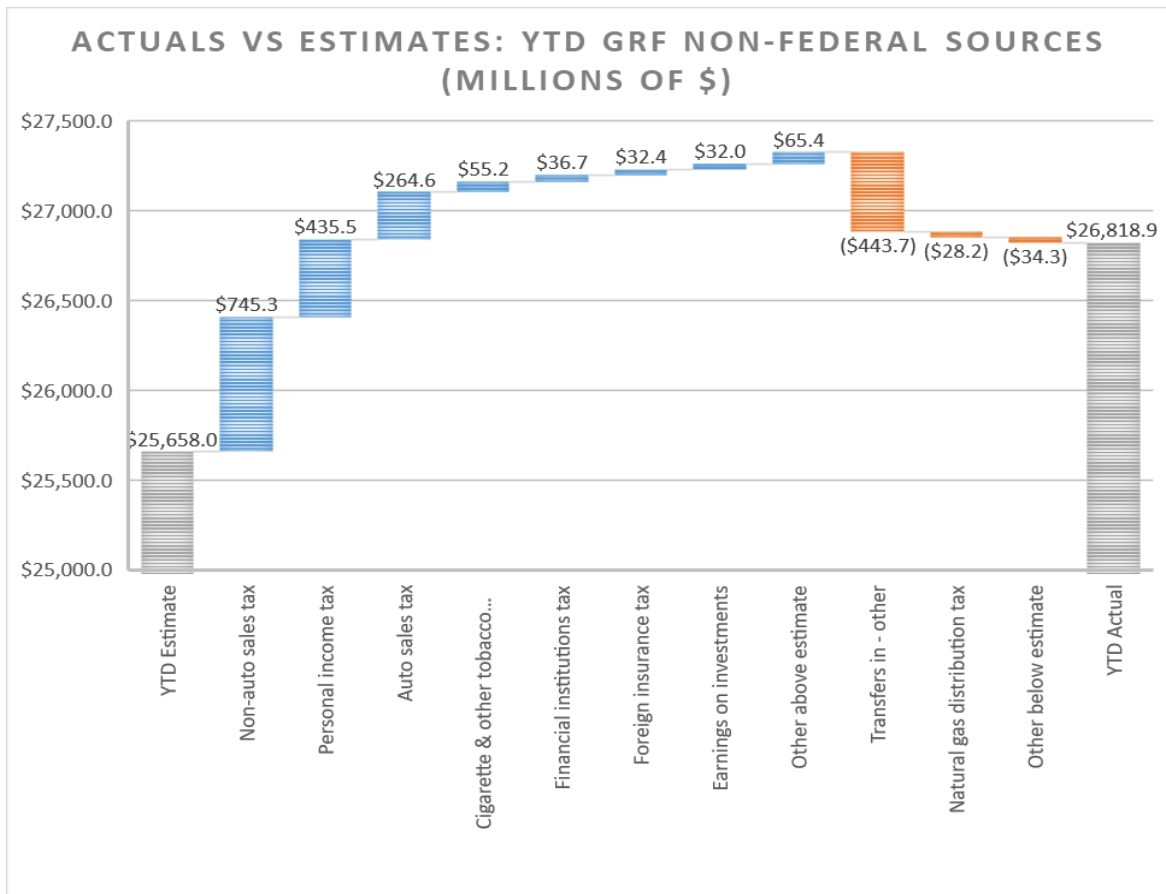
During June, the source with the largest year-over-year increase was personal income tax, at \$343.2 million (46.5%) above last year. The next-largest increases were Federal grants at \$147.1 million (11.8%) and non-auto sales tax at \$121.7 million (15.0%). The largest decline was experienced by ISTVs at \$17.0 million (-99.5%).

The table below shows that sources above estimate (a positive variance of \$635.6 million) in June outweighed the size of sources below estimate (a negative variance of \$474.3 million), resulting in a \$161.3 million net positive variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Federal grants	\$247.7	Transfers in - other	(\$463.0)
Personal income tax	\$227.7	Kilowatt-hour tax	(\$6.3)
Non-auto sales tax	\$98.4	Other sources below estimate	(\$5.0)
Auto sales tax	\$36.7		
Earnings on investments	\$8.3		
Commercial activity tax	\$5.7		
Domestic insurance tax	\$5.5		
Other sources above estimate	\$5.6		
Total above	\$635.6	Total below	(\$474.3)

(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, with the net difference amounting to \$1.2 billion. The non-auto sales tax accounts for 64.0 percent of the net overage shown in the chart.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in June totaled \$932.5 million and were \$98.4 million (11.8%) above the estimate. For the fiscal year, revenues were \$745.3 million (7.8%) above estimate. Non-auto tax collections exceeded the estimate by \$438.8 million for the fourth quarter of fiscal year 2021, accounting for 58.8% of the year's total positive variance.

Non-auto sales tax revenue for June was \$121.7 million (15.0%) above the prior year. Total fiscal year 2021 revenue was \$1.2 billion (12.5%) above fiscal year 2020. As noted in prior editions of this report, growth during the last several months was inflated by the pandemic-suppressed conditions of the prior year; in particular, the months of March, April, and May were impacted. In contrast, June's year-over-year revenue performance was not inflated by a low base year since June 2020 revenue exceeded estimate, as retailers had mostly reopened their stores and consumers responded with strong spending. June's robust outcome is demonstrated by the fact that it had the highest year-over-year growth rate for the year with the exceptions of July, April, and May.

Even as some of the immediate effects of the \$1.9 trillion American Rescue Plan Act (ARPA) recede, evidence continues to show a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods, fostering sales tax revenue intake. The current “Monthly Event Study of Spending” table issued by Bureau of Economic Analysis (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 median growth rates ranging from 0.4 percent to -24.1 percent in May relative to pre-pandemic levels. Most retail segments that are predominantly subject to Ohio sales tax displayed growth: Furniture, Building Materials & Garden Equipment, Electronics and Appliance, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 8.9 percent to 35.0 percent in May.

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 through April 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 14.5 percent. In comparison, Ohio sales tax collections from analogous retail categories experienced average monthly year-over-year growth of 14.2 percent during the July 2020-April 2021 time period (reflecting the most recent available data).

The MARTS data for the month of May 2021 show an extraordinary increase in retail sales: for the retail categories listed above (excluding NAICS 4413 which is not available), year-over-year growth was 22.5 percent. Although not as exuberant as the April growth rate, May’s growth figures likely reflect both the suppressed base year and the economic effects of ARPA.

Auto Sales Tax

June auto sales tax revenues were \$174.6 million, \$1.2 million (-0.7%) below last June. However, fiscal year 2021 ended \$353.9 million (23.5%) above fiscal year 2020. The robust performance of this source is better demonstrated by its variance from estimate: auto sales tax revenue in June exceeded estimate by \$36.7 million (26.6%), and for the year the source ended \$264.6 million (16.6%) above estimate. June marked the thirteenth successive month in which auto sales tax surpassed the estimate.

The June 2021 outcome appears to reflect continued consumer demand and elevated used vehicle prices. U.S. data provide useful context and insight. Based on a seasonally adjusted annual rate (the number of sales that occurred during the month after adjustment for seasonal fluctuations and expressed as an annualized total), U.S. new light vehicle unit sales in June reached an estimated 15.4 million units. Unit sales of new vehicles during the month represented a 9.6 percent decrease from May, but an 18.0 percent increase from the pandemic-influenced previous June. Analysts report that the computer chip shortage continues to suppress new vehicle supply, and therefore the amount of vehicle sales. TrueCar, Inc. estimates that used vehicle unit sales in June 2021 remained even with May but increased by 9.0 percent from last year.

Strong average vehicle price growth remains evident in the national vehicle sales data, especially for used vehicles. Moody's Analytics reports that its wholesale price index for used vehicles increased by 40.6 percent in June from the prior year, robust growth even when compared to the historic year-over-year growth experienced in April and May. New vehicle transaction prices continued to grow in June: TrueCar, Inc. estimates that the average transaction value on new vehicle purchases grew by 2.0 percent from May and by 5.0 percent relative to last June.

Ohio-specific data shows that unit sales and price growth have both contributed to increased vehicle revenue during recent months. According to quarterly data from the Bureau of Motor Vehicles for the second quarter of calendar year 2021, taxable sales of titled new and used vehicles increased by 49.1 percent in the second quarter compared to the prior year. Growth in the number of titled motor vehicle transactions accounted for most of the overall growth in taxable motor vehicle sales – increasing by 34.9 percent – while average transaction value increased by 10.5 percent. The data also reveal growth differences between new vehicles and used vehicles. Taxable sales of new vehicles increased by 40.6 percent, while used vehicles experienced 55.3 percent taxable sales growth. Used vehicles accounted for 65.1 percent of the overall motor vehicle taxable sales growth during the quarter.

Personal Income Tax

June GRF personal income tax receipts totaled \$1.1 billion and were \$227.7 million (26.7%) above the estimate. For the year, revenue ended at \$435.5 million (4.5%) above estimates. On a year-over-year basis, June income tax collections were \$343.2 million (46.5%) above June 2020 collections.

The substantial positive variance for June primarily reflects performance of two payment sources, one of them being withholding tax collections. Withholding collections were \$112.9 million (15.9%) above estimate for the month; in comparison, collections were a considerably more modest \$169.0 million (1.8%) above estimate for the year (and just 0.6% over estimates through May). Withholding increased by \$141.9 million (20.8%) in June compared to last year, reflecting a strong recovery from last June's suppressed conditions. Although the June 2021 performance may also have been driven somewhat higher by payment timing, the outcome nonetheless implies a strengthening Ohio labor market. Withholding collections for the year were \$501.6 million (5.5%) above fiscal year 2020. The year-to-date comparison should also consider the reduction in employer withholding tax rates that went into effect during calendar year 2020: fiscal year-to-date collections would have grown by 6.6 percent without the rate reduction.

Annual return payments were the other source of the significant income tax variance: such payments were \$134.1 million above estimate in June. This component ended the fiscal year at \$169.6 million (9.7%) above estimate. During the January-June filing period, annual return collections exceeded estimate by \$179.1 million (17.8%). The payment and filing due date for tax year 2020 returns was extended to May 17, a change not built into the April and May estimates for fiscal year 2021. Although May collections did fully make up for the April shortfall and resulted in positive year-to-date performance, June's outcome put a robust stamp on the fiscal year and provided further evidence of a strong tax year 2020.

Quarterly estimated payments were \$3.2 million (-1.6%) below estimate in June. However, this follows six straight months in which collections exceeded estimates by a solid amount, and it also follows exceedingly strong May collections. Accordingly, this component ended the fiscal year at \$167.6 million (16.8%) above estimate. Payments made during the final quarter of fiscal year 2021 were \$46.6 million (13.9%) above estimate and this may be a positive – although still tentative – sign for fiscal year 2022 revenues. Because the due date of last year’s second quarter estimated tax payment was extended to July 15 (a postponement that was not granted this year), this June’s estimated payments were much higher than last year, showing a \$107.7 million (125.4%) increase.

Trust tax payments displayed a positive variance from the estimate in June, exceeding the mark by \$2.7 million (31.0%). Trust tax collections were \$35.8 million (31.5%) above the estimate for the fiscal year. All other tax payments exceeded the June estimate by \$1.3 million (17.7%) but ended the year \$5.9 million (-6.4%) below estimate.

Refunds were above estimate by \$8.7 million (21.3%) in June. For the fiscal year, refunds were \$81.7 million (3.9%) above estimate, while for the January through June filing season refunds performed \$99.1 million (6.6%) above estimate. Refunds in June were \$32.6 million (-39.7%) lower than last year although comparisons with last year are not very informative due to the July 15 extended filing date allowed for tax year 2019 tax returns.

JUNE PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Actual June	Estimate June	\$ Var	Actual June-2021	Actual June- 2020	\$ Var Y-over-Y
Withholding	\$824.6	\$711.7	\$112.9	\$824.6	\$682.7	\$141.9
Quarterly Est.	\$193.5	\$196.7	(\$3.2)	\$193.5	\$85.9	\$107.7
Annual Returns & 40 P	\$144.7	\$10.6	\$134.1	\$144.7	\$75.5	\$69.2
Trust Payments	\$11.3	\$8.6	\$2.7	\$11.3	\$3.3	\$8.0
Other	\$8.6	\$7.3	\$1.3	\$8.6	\$5.8	\$2.8
Less: Refunds	(\$49.6)	(\$40.9)	(\$8.7)	(\$49.6)	(\$82.3)	(\$32.6)
Local Distr.	(\$51.4)	(\$40.1)	(\$11.3)	(\$51.4)	(\$32.3)	(\$19.1)
Net to GRF	\$1,081.6	\$853.9	\$227.7	\$1,081.6	\$738.5	\$343.2

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

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$1.4 billion and were \$256.7 million (22.4%) above estimate for the month of June. For the fiscal year, non-tax receipts totaled \$13.0 billion and were \$36.4 million (0.3%) above estimate. Each revenue source in the non-tax receipts category was over the estimate for the month, with Federal Grants accounting for \$247.7 million of the variance, followed by Earnings on Investments with a positive variance of \$8.3 million. For fiscal year 2021, large positive variances in the Earnings on Investments category (\$32.0 million or 128.0%) and the License & Fees category (\$29.6 million or 50.3%) were partially offset by a negative variance in Federal Grants (\$30.3 million or -0.2%).

7/6/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL JUNE	ESTIMATE JUNE	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	932,461	834,100	98,361	11.8%	10,334,014	9,588,700	745,314	7.8%
Auto Sales & Use	174,555	137,900	36,655	26.6%	1,856,618	1,592,000	264,618	16.6%
Subtotal Sales & Use	1,107,016	972,000	135,016	13.9%	12,190,632	11,180,700	1,009,932	9.0%
Personal Income	1,081,617	853,900	227,717	26.7%	10,201,335	9,765,800	435,535	4.5%
Corporate Franchise	26	0	26	N/A	5,955	0	5,955	N/A
Financial Institutions Tax	24,418	23,200	1,218	5.3%	226,375	189,700	36,675	19.3%
Commercial Activity Tax	11,371	5,700	5,671	99.5%	1,666,759	1,653,000	13,759	0.8%
Petroleum Activity Tax	689	2,600	(1,911)	-73.5%	3,891	10,000	(6,109)	-61.1%
Public Utility	2,797	3,800	(1,003)	-26.4%	124,664	140,000	(15,336)	-11.0%
Kilowatt Hour	12,693	19,000	(6,307)	-33.2%	298,216	326,400	(28,184)	-8.6%
Natural Gas Distribution	0	0	0	N/A	70,055	79,400	(9,345)	-11.8%
Foreign Insurance	(6,621)	(7,700)	1,079	14.0%	324,421	292,000	32,421	11.1%
Domestic Insurance	299,319	293,800	5,519	1.9%	309,716	313,200	(3,484)	-1.1%
Other Business & Property	223	0	223	N/A	413	0	413	N/A
Cigarette and Other Tobacco	137,279	135,200	2,079	1.5%	926,884	871,700	55,184	6.3%
Alcoholic Beverage	3,931	6,000	(2,069)	-34.5%	59,874	56,000	3,874	6.9%
Liquor Gallonage	5,049	4,700	349	7.4%	57,637	51,000	6,637	13.0%
Estate	1	0	1	N/A	62	0	62	N/A
Total Tax Receipts	2,679,810	2,312,200	367,610	15.9%	26,466,889	24,928,900	1,537,989	6.2%
NON-TAX RECEIPTS								
Federal Grants	1,389,636	1,141,916	247,720	21.7%	12,727,184	12,757,496	(30,312)	-0.2%
Earnings on Investments	11,394	3,125	8,269	264.6%	56,990	25,000	31,990	128.0%
License & Fees	940	639	302	47.2%	88,423	58,814	29,609	50.3%
Other Income	690	416	274	65.8%	96,465	94,787	1,678	1.8%
ISTV'S	93	0	93	N/A	12,389	9,000	3,389	37.7%
Total Non-Tax Receipts	1,402,753	1,146,096	256,657	22.4%	12,981,452	12,945,097	36,355	0.3%
TOTAL REVENUES	4,082,563	3,458,296	624,267	18.1%	39,448,341	37,873,997	1,574,344	4.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	617	463,600	(462,983)	-99.9%	97,791	541,532	(443,741)	-81.9%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	617	463,600	(462,983)	-99.9%	97,791	541,532	(443,741)	-81.9%
TOTAL SOURCES	4,083,181	3,921,896	161,285	4.1%	39,546,132	38,415,529	1,130,603	2.9%

7/6/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	JUNE	JUNE	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2021	FY 2020	VAR	VAR	FY 2021	FY 2020	VAR	VAR
TAX RECEIPTS								
Non-Auto Sales & Use	932,461	810,721	121,740	15.0%	10,334,014	9,183,047	1,150,967	12.5%
Auto Sales & Use	174,555	175,741	(1,185)	-0.7%	1,856,618	1,502,737	353,881	23.5%
Subtotal Sales & Use	1,107,016	986,461	120,555	12.2%	12,190,632	10,685,784	1,504,848	14.1%
Personal Income	1,081,617	738,463	343,154	46.5%	10,201,335	7,881,337	2,319,998	29.4%
Corporate Franchise	26	14	12	88.8%	5,955	(435)	6,390	1469.8%
Financial Institutions Tax	24,418	27,407	(2,989)	-10.9%	226,375	214,903	11,472	5.3%
Commercial Activity Tax	11,371	18,535	(7,163)	-38.6%	1,666,759	1,671,680	(4,921)	-0.3%
Petroleum Activity Tax	689	2,124	(1,435)	-67.6%	3,891	8,737	(4,846)	-55.5%
Public Utility	2,797	2,858	(61)	-2.1%	124,664	141,034	(16,370)	-11.6%
Kilowatt Hour	12,693	19,395	(6,702)	-34.6%	298,216	331,795	(33,579)	-10.1%
Natural Gas Distribution	0	0	0	N/A	70,055	59,735	10,320	17.3%
Foreign Insurance	(6,621)	(8,021)	1,400	17.5%	324,421	305,073	19,348	6.3%
Domestic Insurance	299,319	282,401	16,919	6.0%	309,716	303,038	6,678	2.2%
Other Business & Property	223	389	(166)	-42.6%	413	399	14	3.5%
Cigarette and Other Tobacco	137,279	146,662	(9,383)	-6.4%	926,884	913,017	13,867	1.5%
Alcoholic Beverage	3,931	6,455	(2,524)	-39.1%	59,874	53,642	6,232	11.6%
Liquor Gallonage	5,049	4,996	53	1.1%	57,637	53,386	4,250	8.0%
Estate	1	2	(1)	-43.9%	62	71	(8)	-11.5%
Total Tax Receipts	2,679,810	2,228,141	451,669	20.3%	26,466,889	22,623,196	3,843,693	17.0%
NON-TAX RECEIPTS								
Federal Grants	1,389,636	1,242,500	147,136	11.8%	12,727,184	10,482,045	2,245,139	21.4%
Earnings on Investments	11,394	20,203	(8,809)	-43.6%	56,990	131,370	(74,380)	-56.6%
License & Fee	940	539	401	74.3%	88,423	66,638	21,785	32.7%
Other Income	690	407	283	69.6%	96,465	92,650	3,815	4.1%
ISTV'S	93	17,064	(16,971)	-99.5%	12,389	28,744	(16,355)	-56.9%
Total Non-Tax Receipts	1,402,753	1,280,713	122,040	9.5%	12,981,452	10,801,448	2,180,004	20.2%
TOTAL REVENUES	4,082,563	3,508,854	573,709	16.4%	39,448,341	33,424,644	6,023,697	18.0%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	617	3,975	(3,358)	-84.5%	97,791	81,020	16,771	20.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	617	3,975	(3,358)	-84.5%	97,791	81,020	16,771	20.7%
TOTAL SOURCES	4,083,181	3,512,829	570,352	16.2%	39,546,132	33,505,664	6,040,468	18.0%

DISBURSEMENTS

June GRF disbursements, across all uses, totaled \$2.7 billion and were \$137.3 million (5.3%) above estimates. This variance was primarily attributable to above estimate disbursements for debt service payments. On a year-over-year basis, June total uses were \$881.1 million (47.6%) 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)	\$876.7	47.4%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$4.4	331.30%
TOTAL DISBURSEMENTS VARIANCE:		\$881.1	47.6%

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

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. June disbursements for this category totaled \$304.1 million and were \$0.5 million (-0.2%) below estimate. This variance was primarily attributable to the Student Assessment and Early Childhood Education line items. Disbursements in the Student Assessment line item were below estimate due to timing of payments. The difference in the Early Childhood Education line item was due to early childhood education providers that were unable to fill all slots in the current school year. These below estimate variances were partially offset by above estimate disbursements in the Industry Recognized Credentials for High School Students line item.

Expenditures for the school foundation program totaled \$267.0 million and were \$0.8 million (0.3%) above the estimate. Year-to-date disbursements were \$7.9 billion, which was \$123.8 million (1.6%) above estimates. On a year-over-year basis, disbursements in this category were \$87.5 million (-22.3%) lower than for the same month in the previous fiscal year, while year-to-date expenditures were \$36.2 million (0.5%) higher than the same point in fiscal year 2020.

Higher Education

June disbursements in the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$193.0 million and were \$17.6 million (10.1%) above the estimate. This variance was primarily attributable to spending in the State Share of Instruction line item, which was \$17.8 million above estimate 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 coronavirus pandemic. This variance was partially offset by spending in the National Guard Scholarship program, which was below estimate by \$1.2 million due to lower-than-expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were \$2.4 billion and were \$71.6 million (3.1%) above estimate. On a year-over-year basis, disbursements in this category were \$49.2 million (34.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$86.2 million (3.8%) 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.

June disbursements in this category totaled \$1.2 million and were \$2.6 million (-68.3%) below estimates. Year-to-date disbursements were \$71.1 million and were \$5.4 million (-7.1%) below the estimate. On a year-over-year basis, disbursements in this category were \$0.9 million (-43.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$11.0 million (-13.4%) 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 assumed 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

June GRF disbursements for the Medicaid Program totaled \$1.8 billion and were \$103.7 million (6.0%) above estimate and \$777.0 million (74.5%) above disbursements for the same month in the previous fiscal year.

The June GRF variance was primarily attributable to the management of available resources for year-end. The timing and the use of non-GRF funding can have significant effects on GRF spending – the Department has worked to utilize both resources appropriately throughout the pandemic. Continued below estimate enrollment coupled with the receipt of enhanced Federal Medical Assistance Percentage (FMAP) has created some funding flexibility. The Department manages the program within the budget by balancing the use of both GRF and non-GRF funding resources.

Year-to-date GRF disbursements totaled \$18.1 billion and were \$757.0 million (-4.0%) below estimate, and \$2.6 billion (17.0%) above disbursements for the same point in the previous fiscal year. The end-of-year total variance and the year-over-year total variance were both primarily attributable to enrollment. The program underspent GRF in fiscal year 2021 as managed care enrollment in all major eligibility categories were below estimate throughout the fiscal year; Covered Families and Children (CFC), Group VIII Expansion, and Aged, Blind and Disabled/Dual (ABD) were below the updated estimate by 8.1%, 10.3%, and 3.4%, respectively (on a monthly average basis). The fee-for-service program's enrollment was 14.5% below estimates. Additionally, lower than estimated managed care rates in the January-June period drove down per-member-per-month costs, resulting in less spending for those months. Despite the below estimate disbursements realized throughout the fiscal year in this report, enrollment increased every month in fiscal year 2021, with a total increase of approximately 283,500. This increase in caseload, though less than originally estimated, created additional costs resulting in the year-over-year variance.

June all-funds disbursements for the Medicaid Program totaled \$3.2 billion and were \$420.4 million (14.9%) above estimate, and \$850.2 million (35.5%) above disbursements for the same month in the previous fiscal year. The June all-funds variance was primarily attributable to additional directed payments to hospitals via the managed care program; these payments and their appropriation were authorized in SB 310 and totaled approximately \$700.0 million in additional non-GRF spending. This amount offset the variances caused by continued below estimate enrollment and lower than projected managed care rates as mentioned above. The year-over-year variance was primarily attributable to both the hospital payments and higher enrollment totals when compared to the previous fiscal year.

Year-to-date all-funds disbursements totaled \$31.7 billion and were \$2.0 billion (-5.6%) below estimate, and \$3.5 billion (12.4%) above disbursements for the same point in the previous fiscal year. Like the GRF, the all-funds end-of-year variance and the total all-funds year-over-year variance were both primarily attributable to enrollment. Enrollment was below estimate through the fiscal year but was steadily increasing month-to-month, resulting in a trend of below estimate monthly variances with large year-over-year overages. In addition to the enrollment effects, the end-of-year all-funds variance was partially attributable to below estimate administration expenditures for the fiscal year – notably, there were many delays in IT related projects, some of which were caused by pandemic related effects.

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

	June Actual	June Projection	Variance	Variance %
GRF	\$1,820.2	\$1,716.5	\$103.7	6.0%
Non-GRF	\$1,423.5	\$1,106.8	\$316.7	28.6%
All Funds	\$3,243.7	\$2,823.3	\$420.4	14.9%

Enrollment

Total June Medicaid enrollment was 3.2 million, which was 226,000 (-6.6%) below the post-pandemic estimate and 283,500 (9.6%) above enrollment for the same period last fiscal year. Average monthly enrollment for fiscal year 2021 was 3.1 million and was 254,200 (-7.6%) below the post-pandemic estimate.

June enrollment by major eligibility category was: Covered Families and Children, 1.79 million; Group VIII Expansion, 794,800 and Aged, Blind and Disabled (ABD), 496,500.

**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.

June disbursements in this category totaled \$61.0 million and were \$1.2 million (2.0%) above estimate. Year-to-date disbursements were \$1.4 billion and were \$49.9 million (-3.5%) below estimate. On a year-over-year basis, disbursements in this category were \$18.9 million (44.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$37.3 million (2.8%) higher than at the same point in fiscal year 2020.

Department of Developmental Disabilities

June disbursements for the Department of Developmental Disabilities totaled \$0.8 million and were \$0.9 million (-54.0%) below estimate. This variance was primarily attributable to disbursements in the Early Intervention line item, which was \$1.1 million below estimate due primarily to timing of payments and normally occurring program fluctuations.

Department of Health

June disbursements for the Department of Health totaled \$7.3 million and were \$1.5 million (-17.0%) below estimate. This variance was primarily attributable to disbursements in the Infant Vitality line item, which was \$1.0 million below estimate due to the timing of the final payroll, which occurred in July rather than June as anticipated.

Department of Job and Family Services

June disbursements for the Department of Job and Family Services totaled \$30.0 million and were \$8.9 million (-22.8%) below estimate. This variance was primarily attributable to disbursements in the Temporary Assistance for Needy Families (TANF) State line item, which was \$7.3 million below estimate due to a change in the disbursement schedule for county TANF Administrative draws. The TANF Administrative draw was completed in May rather than June as originally estimated. Disbursements in the Child Care State/Maintenance of Effort line item was \$3.1 million below estimate due to utilizing the fund for higher Child Care Development Funds (CCDF) Matching funds in May instead of June. This variance was partially offset by disbursements in the Program Operations line item, which was \$1.1 million above estimate due to using additional funds for payroll to cover appropriation shortages in the Offices of Workforce Development and Unemployment Insurance Operations.

Department of Mental Health and Addiction Services

June disbursements for the Department of Mental Health and Addiction Services totaled \$20.7 million and were \$14.6 million (238.0%) above the estimate. This variance was primarily attributable to disbursements in the Hospital Services line item, which was \$2.9 million above estimate, the Continuum of Care Services line item, which was \$5.8 million above estimate, the Community Innovations line item, which was \$2.6 million above estimate, and the Specialized Docket Support line item, which was \$2.2 million above estimate. The variances in these lines were due to prior months' disbursements being made in June.

Department of Veterans Services

June disbursements for the Department of Veterans Services totaled \$0.7 million and were \$2.5 million (-79.2%) below estimate. This variance was primarily attributable to disbursements in the Veterans' Homes line item, which was \$2.3 million below estimate due to the timing of the final payroll, which occurred in July rather than June as anticipated.

Justice and Public Protection

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

June disbursements in this category totaled \$119.7 million and were \$53.8 million (-31.0%) below estimate. Year-to-date disbursements were \$2.4 billion and were \$148.4 million (-5.9%) below estimate. On a year-over-year basis, disbursements in this category were \$7.0 million (6.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$1.1 million (0.0%) higher than at the same point in fiscal year 2020.

Office of the Attorney General

June disbursements for the Office of the Attorney General totaled \$3.0 million and were \$4.8 million (-60.2%) below estimate. This variance was primarily attributable to the timing of the final payroll, which occurred in July rather than in June as anticipated.

Department of Rehabilitation and Correction

June disbursements for the Department of Rehabilitation and Correction totaled \$74.7 million and were \$46.9 million (-38.6%) below estimates. This variance was primarily attributable to disbursements in the Institutional Operations line item, which was \$34.4 million below estimate due to the timing of the final payroll, which occurred in July rather than in June as anticipated. This variance was also attributable to disbursements in the Institution Medical Services line item, which was \$8.0 million below estimate, the Parole and Community Operations line item, which was \$2.0 million below estimate, and the Institution Education Services line item, which was \$1.8 million below estimate also due to the timing of the final payroll of the fiscal year.

Department of Youth Services

June disbursements for the Department of Youth Services totaled \$13.1 million and were \$3.9 million (-23.2%) below estimate. This variance was attributable to disbursements in the RECLAIM Ohio line item, which was \$3.2 million below estimate due to the timing of the final payroll, which occurred in July rather than in June as anticipated.

Public Defender Commission

June disbursements for the Public Defender Commission totaled \$11.4 million and were \$4.8 million (73.2%) above estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was \$5.1 million above estimate due to the timing of county reimbursement payments for the month. This variance 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.

June disbursements in this category totaled \$19.4 million and were \$14.1 million (-42.1%) below estimates. Year-to-date disbursements were \$421.8 million and were \$60.7 million (-12.6%) below the estimate. On a year-over-year basis, disbursements in this category were \$3.8 million (24.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$18.6 million (-4.2%) lower than at the same point in fiscal year 2020.

Department of Natural Resources

June disbursements for the Department of Natural Resources totaled \$2.5 million and were \$1.7 million (-41.2%) below estimate. This variance was primarily attributable to the Parks and Recreation line item, which was \$1.7 million below estimate due to using other funds in lieu of GRF and seasonal hiring going slower than planned.

Department of Transportation

June disbursements for the Department of Transportation totaled \$2.0 million and were \$4.0 million (-57.7%) below estimates. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was \$3.7 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 because of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. June reimbursements totaled \$12.6 million and were \$18.7 million (-59.7%) below estimate. Fiscal year 2021 reimbursements totaled \$1.8 billion were \$52.3 million (-2.8%) below estimate.

Debt Service

June payments for debt service totaled \$197.0 million and were \$107.9 million (121.1%) above estimate. Fiscal year 2021 expenses for this category are \$1.2 billion and were \$88.5 million (7.8%) above estimate. The monthly variance is primarily attributable to the early defeasance of Higher Education debt service, which will generate \$172.1 million in total GRF savings between fiscal years 2022 through 2039 and eliminate \$51.2 million of interest due.

Transfers Out

June transfers out totaled \$5.8 million and were \$3.4 million (-37.1%) below estimate. Fiscal year 2021 transfers out totaled \$465.0 million and were \$9.4 million (2.1%) above estimate. The primary cause for the year-to-date variance was a larger, and earlier than expected transfer to the OAKS Support Organization Fund in the Department of Administrative Services. The monthly variance is primarily attributable to a planned transfer to the OAKS Support Organization Fund occurring earlier in the year than anticipated.

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL JUNE	ESTIMATED JUNE	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	304,142	304,676	(534)	-0.2%	7,883,063	7,759,265	123,798	1.6%
Higher Education	192,966	175,327	17,639	10.1%	2,368,511	2,296,884	71,627	3.1%
Other Education	1,212	3,821	(2,609)	-68.3%	71,097	76,535	(5,438)	-7.1%
Medicaid	1,820,192	1,716,468	103,725	6.0%	18,094,379	18,851,353	(756,974)	-4.0%
Health and Human Services	61,032	59,846	1,186	2.0%	1,381,340	1,431,271	(49,931)	-3.5%
Justice and Public Protection	119,695	173,520	(53,824)	-31.0%	2,387,018	2,535,446	(148,428)	-5.9%
General Government	19,431	33,558	(14,127)	-42.1%	421,789	482,529	(60,740)	-12.6%
Property Tax Reimbursements	12,591	31,280	(18,689)	-59.7%	1,805,991	1,858,251	(52,260)	-2.8%
Debt Service	196,968	89,072	107,895	121.1%	1,216,805	1,128,312	88,493	7.8%
Total Expenditures & ISTV's	2,728,228	2,587,568	140,661	5.4%	35,629,993	36,419,845	(789,852)	-2.2%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	5,766	9,172	(3,406)	-37.1%	464,960	455,572	9,388	2.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	5,766	9,172	(3,406)	-37.1%	464,960	455,572	9,388	2.1%
Total Fund Uses	2,733,994	2,596,739	137,255	5.3%	36,094,953	36,875,417	(780,464)	-2.1%

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JUNE FY 2021	JUNE FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
Primary and Secondary Education	304,142	391,678	(87,536)	-22.3%	7,883,063	7,846,873	36,190	0.5%
Higher Education	192,966	143,760	49,206	34.2%	2,368,511	2,282,270	86,241	3.8%
Other Education	1,212	2,153	(941)	-43.7%	71,097	82,091	(10,994)	-13.4%
Medicaid	1,820,192	1,043,185	777,007	74.5%	18,094,379	15,471,844	2,622,535	17.0%
Health and Human Services	61,032	42,143	18,889	44.8%	1,381,340	1,343,999	37,341	2.8%
Justice and Public Protection	119,695	112,742	6,953	6.2%	2,387,018	2,385,951	1,068	0.0%
General Government	19,431	15,655	3,776	24.1%	421,789	440,437	(18,649)	-4.2%
Property Tax Reimbursements	12,591	26,254	(13,663)	-52.0%	1,805,991	1,800,605	5,387	0.3%
Debt Service	196,968	73,955	123,013	166.3%	1,216,805	1,449,932	(233,127)	-16.1%
Total Expenditures & ISTV's	2,728,228	1,851,525	876,704	47.4%	35,629,993	33,104,001	2,525,992	7.6%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	5,766	1,337	4,429	331.3%	464,960	669,497	(204,537)	-30.6%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	5,766	1,337	4,429	331.3%	464,960	669,497	(204,537)	-30.6%
Total Fund Uses	2,733,994	1,852,862	881,133	47.6%	36,094,953	33,773,499	2,321,454	6.9%

**Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2021
(\$ in thousands)**

July 1, 2020 Beginning Cash Balance*	1,270,176.7
Plus FY 2021 Actual Revenues	26,721,320.4
Plus FY 2021 Actual Federal Revenues	12,727,184.2
Plus FY 2021 Actual Transfers to GRF	97,790.8
Total Sources Available for Expenditures & Transfers	40,816,472.1
Less FY 2021 Actual Disbursements**	35,629,993.0
Less FY 2021 Actual Total Encumbrances as of June 30, 2021***	689,254.8
Less FY 2021 Actual Transfers Out	464,960.3
Total Actual Uses	36,784,208.1
FY 2021 UNENCUMBERED ENDING FUND BALANCE ****	4,032,264.0

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

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

***Encumbrances for fiscal year 2021 include \$77.7 million for the final pay period of the fiscal year. This payment was disbursed in fiscal year 2022 using fiscal year 2021 appropriations and is therefore considered a fiscal year 2021 obligation.

****Amended Substitute House Bill 110, the biennial budget for Fiscal Years 2022-2023, included several transfers from the General Revenue Fund. Estimated Fiscal Year 2022 transfers from the General Revenue Fund total \$2.98 billion. A detailed list of estimated Fiscal Year 2022 transfers out of the General Revenue Fund can be found in the table below.

Estimated Fiscal Year 2022 Transfers Out
(\$ in millions)

Disbursement Category	Dollar Amount
Health and Human Services Fund (5SA4)	1,200.0
Student Wellness and Success Fund (5VS0)	500.0
Brownfield Remediation Fund (5YE0)	350.0
Ohio Residential Broadband Expansion Grant Program (5GT0)	230.0
Building Demolition and Site Revitalization Fund (5YF0)	150.0
H2Ohio (6H20)	132.0
Investing in Ohio Fund (5XM0)	100.0
School Bus Purchase Fund (5VU0)	50.0
Ohio Incumbent Workforce Job Training Fund (5HR0)	45.0
Wildlife Fund (7015)	29.2
Disaster Services Fund (5E20)	25.0
Emergency Purposes Fund (5KM0)	25.0
Targeted Addiction Program Fund (5TZ0)	24.0
Tobacco Use Prevention Fund (5BX0)	16.3
Tourism Ohio Fund (5MJ0)	15.0
State Park Fund (5120)	14.0
Maritime Assistance Fund (5QT0)	11.0
Meat Processing Investment Program Fund (5XX0)	10.0
Transcranial Magnetic Stimulation Fund (5VV0)	9.5
OhioMeansJobs Workforce Development Revolving Loan Fund (5NH0)	7.0
Information Technology Fund (5LJ0)	6.0
Major IT Purchases Fund (4N60)	5.2
Statewide Treatment and Prevention Fund (4750)	5.0
Sports Event Grant Fund (5UY0)	5.0
Second Chance Grant Pilot Program Fund (5YD0)	3.0
OAKS Support Organization (5EB0)	2.4
Workforce and Higher Education Programs Fund (5RA0)	2.0
State Pay for Success Fund (5VZ0)	1.2
Community Improvements Fund (5YC0)	1.0
Underground Parking Garage Fund (2080)	0.5
Legal Aid Fund (5740)	0.5
OSU Extension Fund (5YB0)	0.5
At Home Technology Pilot Fund (5XT0)	0.3
OhioCorps Fund (5UK0)	0.2

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