Ohio | Office of Budget and Management

MONTHLY FINANCIAL REPORT

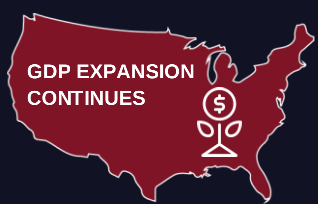
August 10, 2021

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

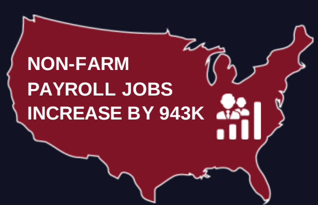
FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report

Report Overview:



GDP expanded in the second quarter of calendar year 2021 at an annualized rate of 6.5 percent. This increase, along with those in the previous four quarters, brings GDP above its pre-pandemic levels.



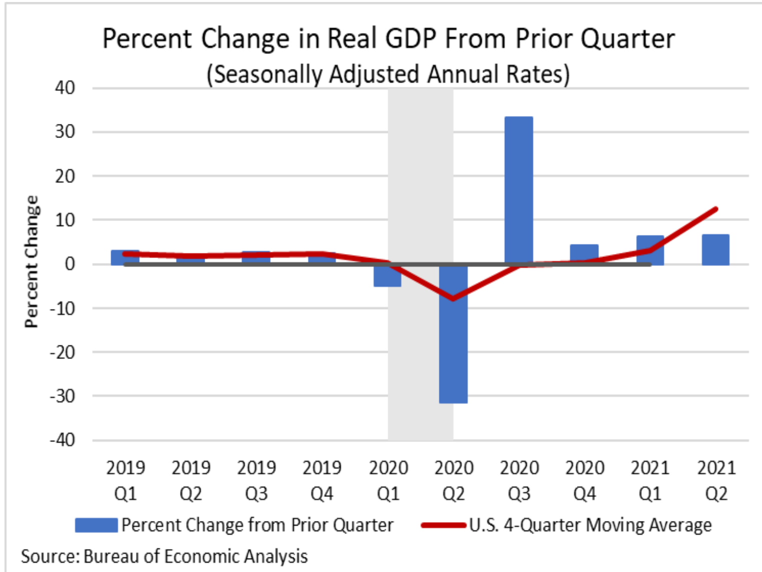
Nationally, nonfarm payroll increased by 943,000 jobs in July. Nationally, nonfarm payroll employment remains below February 2020 levels by 3.7 percent, or 5.7 million jobs.

July auto sales tax collections totaled $179.0 million and were $4.1 million (2.4%) above the estimate. The auto sales tax has now surpassed estimates for 14 consecutive months.

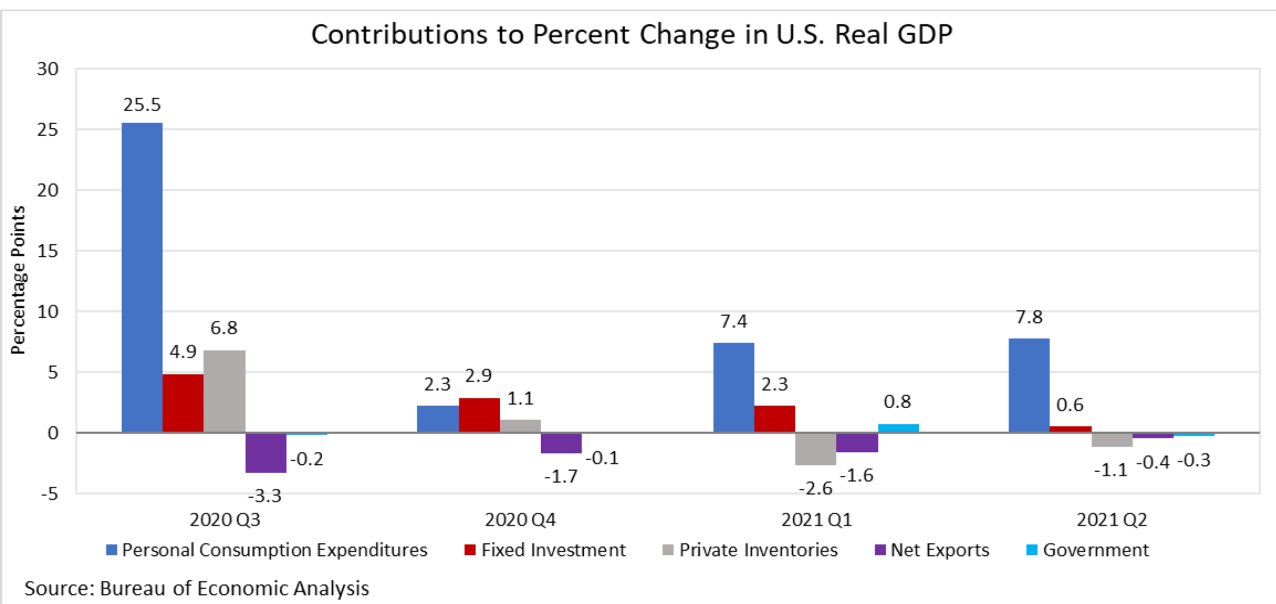
July GRF personal income tax receipts totaled $665.6 million and were $14.0 million (2.2%) above the estimate.

Economic Activity

According to the Bureau of Economic Analysis (BEA)'s advance estimate, **Real Gross Domestic Product (GDP)** expanded in the second quarter of calendar year 2021 at an annualized rate of 6.5 percent. This increase, along with those in the previous four quarters, brings GDP above its pre-pandemic levels. However, output remains below estimates of GDP growth had it stayed on its pre-pandemic path. The second quarter expansion reflects continued economic recovery, a reopening of many establishments, along with an expansion of capacity, and continued government support related to the pandemic.



The second quarter increase in real GDP resulted from growth in personal consumption expenditures (7.8 percentage points), nonresidential fixed investment (1.1 percentage points) and state and local government spending (0.1 percentage points). These increases were partially offset by decreases in private inventory investment (-1.1 percentage points), residential fixed investment (-0.5 percentage points) and net exports (-0.4 percentage points) and federal government spending (-0.4 percentage points).



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 August 4, 2021, the national index was at 92.0 percent. Ohio's index was 4.0 percentage points ahead of the national index at 96.0. Although Ohio's average in July was only 0.1 percentage points above its average in June, the national rate decreased 0.2 percentage points during the same time frame.

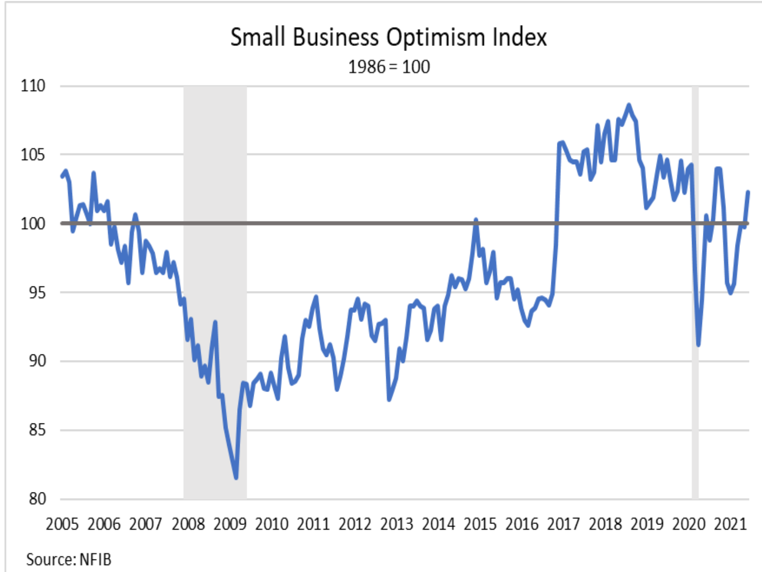
The **State-Level Coincident Index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index decreased by 0.1 percent between May and June, and 0.3 percent over the last three months. Compared to June 2020 the Ohio index is up 14.0 percent but was down 0.2 percent from June 2019. For comparison, the U.S. coincident index increased 0.4 percent between May and June, and 1.3 percent over the last three months. From May to June, indices improved in 41 states, declined in six states, and stayed roughly the same in three. The June diffusion index for the U.S. was 70.0 and the three-month diffusion index was 84.0.

The Federal Reserve's **Beige Book** evaluates current economic conditions across its 12 districts. According to the July 14, 2021, report, the economy in the Fourth District, which includes Ohio, continued to gain strength in recent weeks. Progress in the continued fight against COVID-19 allowed consumers to pursue activities they had put on hold, such as traveling and dining out. Despite the resurgence in demand, supply side constraints hampered firms' ability to meet growing demand. This resulted in extended lead times, depleted inventories and escalating material and transportation costs. The difficulty in filling open positions with qualified candidates has resulted in wage increases, particularly for low wage, hourly workers. Firms remained optimistic that demand will continue to increase in upcoming months but staffing shortages remain a pressing concern due to a growing backlog of orders. Consequently, prices increased as firms managed the rising costs of labor and materials.

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 10 individual components. In June, the LEI increased 0.7 percent to reach 115.1. Spurred by large improvements in prior months, the smaller gains in June continued the trend upwards. Eight of the 10 index components saw gains in June with negative contributions in housing permits and average workweek of production workers. The index suggests that robust economic growth 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 a small decline in May, the index surpassed 100 for the first time since November 2020. The index increased 2.9 points to 102.5 in June.

Of the 10 components that comprise this index, seven improved and three declined. Earnings trends improved 6.0 points over the past three months, to a net negative 11.0 percent. The net percent of owners raising average selling prices rose 7.0 points to a net 47 percent, this is the highest reading since January 1981. The uncertainty index increased 4.0 points to 83.0, as owners grew concerned with future business conditions and earning trends. Qualified labor shortages, combined with supply chain problems and inflation concerns, have left small business owners uncertain about future business conditions.

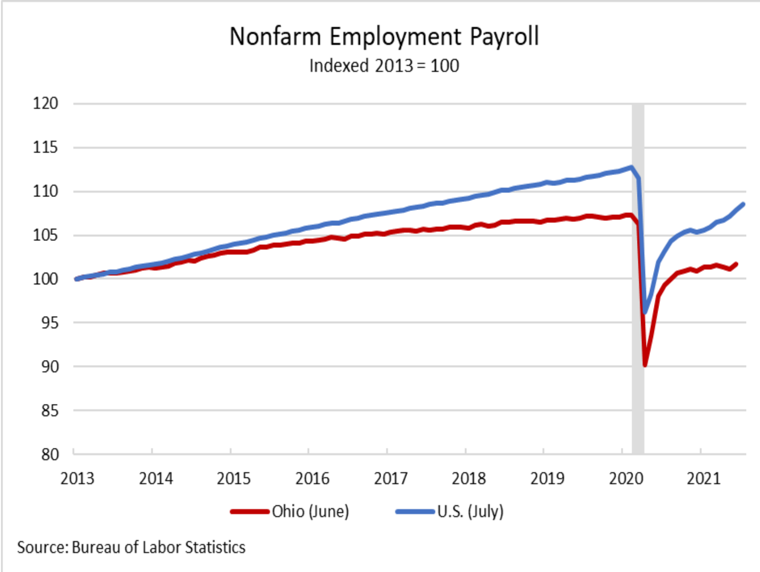


On July 19, 2021, the National Bureau of Economic Research (NBER) announced the end of the pandemic recession. The trough in economic activity occurred between February 2020 and April 2020, making it the shortest on record. NBER traditionally defines a recession as a decline in economic activity that lasts more than a few months; however, NBER determined that the unprecedented magnitude of the decline, along with its broad economic impacts, warranted that this short period be designated as a national recession.

The consensus among forecasters is for strong growth in the third quarter of calendar year 2021; expectations for growth are currently between six or seven percent. Labor market and supply chain issues remain, and the Delta variant of COVID-19 creates additional uncertainty. However, most economists agree that the economic impacts of the Delta variant are likely to be smaller than pandemic effects a year ago as businesses and consumers have learned to adapt.

Source	**Date**	**3rd Quarter 2021 Annualized GDP Forecast**
Federal Reserve Bank of Atlanta (GDPNow)	8/02/21	6.3%
Federal Reserve Bank of New York (NowCast)	7/30/21	4.2%
IHS Markit GDP Tracker	8/03/21	6.6%
Moody's Analytics High Frequency GDP Model	8/04/21	7.2%
Wells Fargo	7/08/21	8.8%
Wall Street Journal Survey of Economists	7/11/21	7.0%
Conference Board	7/14/21	7.8%

Employment



The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased by 943,000 jobs in July. Employment is up 16.7 million from April 2020 but remains below February 2020's pre-pandemic levels by 5.7 million jobs (3.7 percent). Notable gains were made in leisure and hospitality, local government education, and professional and business services.

In July, **leisure and hospitality** jobs increased by 380,000, which were attributed to an easing of pandemic restrictions in certain areas of the country. Two-thirds of the job gains were in food services and drinking places, which increased by 253,000 jobs. Employment also rose in accommodation (74,000), as well as in arts, entertainment, and recreation (53,000). Despite gains in employment this sector remained 10.3 percent or 1.7 million jobs lower than in February 2020.

Employment in **local government education** rose by 221,000 and 40,000 in **private education**. However, the lack of typical seasonal employment changes, including increases in prior months and fewer layoffs at the end of the school year, make it challenging to determine current employment trends. Since February 2020 employment remains down by 205,000 jobs in local government education, and by 207,000 jobs in private education.

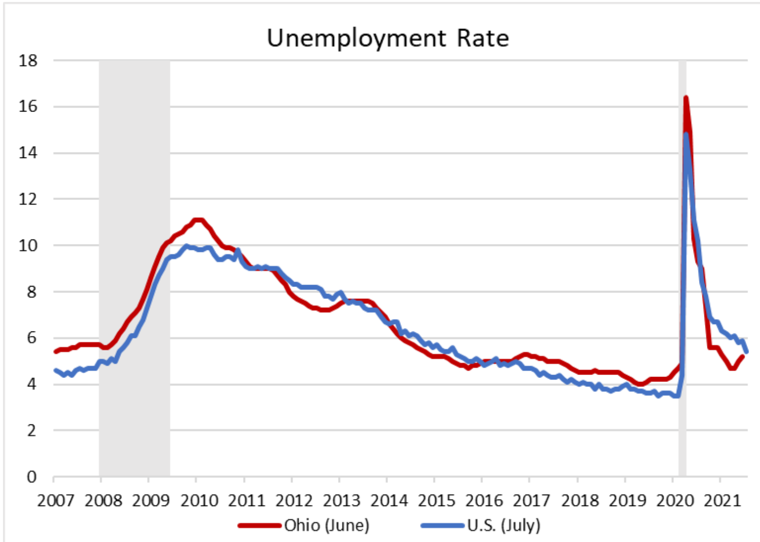
Professional and business services employment increased by 60,000 jobs but remained 556,000 jobs below its February 2020 level. Employment rose in professional and technical services (43,000) and administrative and waste services (20,000). Employment in professional and technical services is above the February 2020 level by 121,000 jobs. However, employment in administrative and waste services remained below February 2020 by 577,000.

Manufacturing employment rose by 27,000 in July but employment remained below February 2020 by 433,000 jobs. Within the industry there were job gains in machinery (7,000) and miscellaneous durable goods manufacturing (6,000). **Transportation and warehousing** increased in July by 50,000 jobs and has grown by 534,000 since April 2020. This industry has recovered 92.9 percent of the jobs lost between February and April 2020 (-575,000). Employment in **wholesale trade** and **construction** showed little change in July.

The **national labor force participation rate** changed slightly, up 0.1 percentage points to 61.7 in July. This rate is 1.6 percentage points lower than in February 2020. The **employment-population ratio** increased by 0.4 percentage points in July to 58.4 percent. However, the ratio remained 2.7 percentage points lower than in February 2020.

Ohio's nonfarm payroll employment increased 0.6 percent (31,300) to 5.3 million jobs between May and June, the largest month-over-month increase since the period between August and September 2020. Nonfarm payroll employment remained 5.2 percent lower than it was in February 2020. Sectors with notable gains between May and June included: government (11,400), leisure and hospitality (10,600), education and health services (5,000) and trade, transportation, and utilities (4,600). These gains were partially offset by job losses in professional and business services (-1,100), construction (-800) and financial activities (-400). Ohio's seasonally adjusted labor force participation rate in June was 60.2 percent, an increase of 0.3 percentage points from May 2021. The rate remained 3.5 percentage points below February 2020's pre-pandemic level.

The Bureau of Labor Statistics reported that the national **unemployment rate** decreased 0.5 percentage points to 5.4 percent between June and July. The number of **unemployed individuals** decreased by 782,000 to 8.7 million. Despite both measures being substantially lower than their April 2020 highs, they remained above February 2020 pre-pandemic levels by 3.5 percentage points and 5.7 million, respectively.



Source: Bureau of Labor Statistics through FRED

The unemployment rate for all demographic groups decreased in July. The unemployment rate for those who identify as Black (8.2 percent) decreased by 1.0 percentage point, White (4.8 percent) decreased by 0.4 percentage points, Asian (5.3 percent) decreased by 0.5 percentage points, and Hispanic or Latino (6.6 percent) decreased by 0.8 percentage points. The unemployment rate for adult women and men both decreased by 0.5 percentage points to 5.0 percent and 5.4 percent, respectively. In July, the unemployment rate for teenagers decreased by 0.3 percentage points to 9.6 percent.

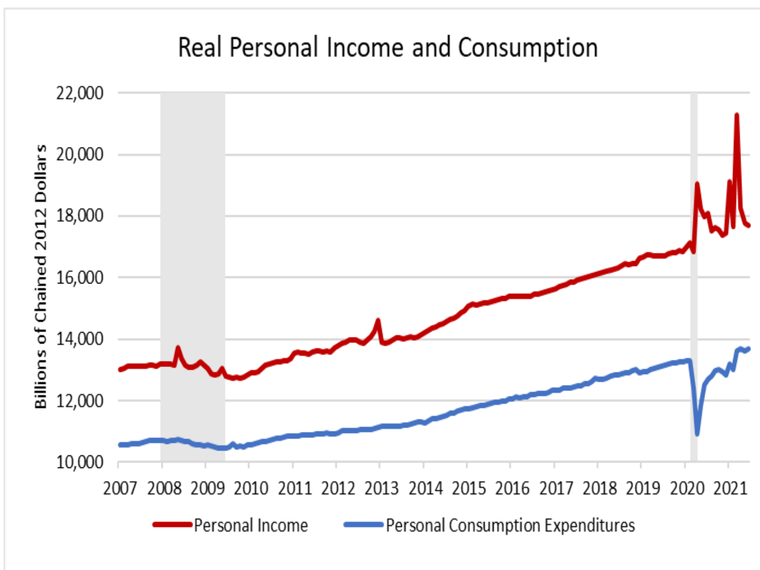
The number of **job leavers,** which is defined as unemployed persons who quit or voluntarily left their previous job and began looking for new employment, decreased by 12,000 to 930,000 in July. The number of unemployed people who were on **temporary layoff** decreased by 572,000 to 1.2 million in July. This was 489,000 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** fell by 257,000 to 2.9 million but remained 1.6 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, decreased by 11,000 to 2.3 million.

The number of unemployed individuals who were **jobless less than 5 weeks** increased by 276,000 to 2.3 million. Individuals who were **jobless 5 to 14 weeks** decreased 305,000 to 1.9 million. Those **jobless 15 to 26 weeks** decreased 155,000 to 1.2 million. In July, unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, decreased 560,000 to 3.4 million. This measure is 2.3 million higher than in February 2020. The number of **people not in the labor force who currently want a job** increased by 89,000 to 6.5 million people and is up by 435,000 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 **Ohio unemployment rate** increased 0.2 percentage points to 5.2 percent in June 2021. During the week ending July 31, 2021, a total of 10,740 initial unemployment claims were filed. This was a 96.1 percent decline from the peak week in March 2020 when 274,215 initial claims were filed. Individuals filing continued claims for the week ending July 31, 2021, totaled 62,587, the lowest number since the week ending March 21, 2020. However, an additional 85,865 people filed for extended benefits during the same week; these individuals were unemployed for 26 or more weeks. As of August 5, 2021, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning 58 employees of potential future layoffs and closures in August and 150 in September 2021.

Consumer Income and Consumption

According to the Bureau of Economic Analysis, **personal income** increased $26.1 billion (0.1%) in June. This was mainly due to an increase in the compensation of employees, which increased $85.9 billion (0.7%). These gains were partially offset by government social benefits, which decreased by $109.6 billion as economic impact payments to individuals from the American Rescue Plan ended.



Real personal consumption expenditures, a measure of national consumer spending for goods and services, increased 0.5 percent between May and June. While spending on goods decreased 0.2 percent, spending on services increased 0.8 percent. The increase in spending on services was widespread across all categories and was led by spending for food services and accommodations. Overall spending on durable goods decreased by 2.5 percent, with motor vehicles and parts leading the decline by 7.7 percent. This decrease was partially offset by a 2.1 percent increase in spending on other durable goods, such as jewelry, therapeutic equipment, and educational books. Spending on nondurable goods increased 1.2 percent, with the main increases in gasoline and other energy goods and other nondurable goods. The table below provides additional details on personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates.

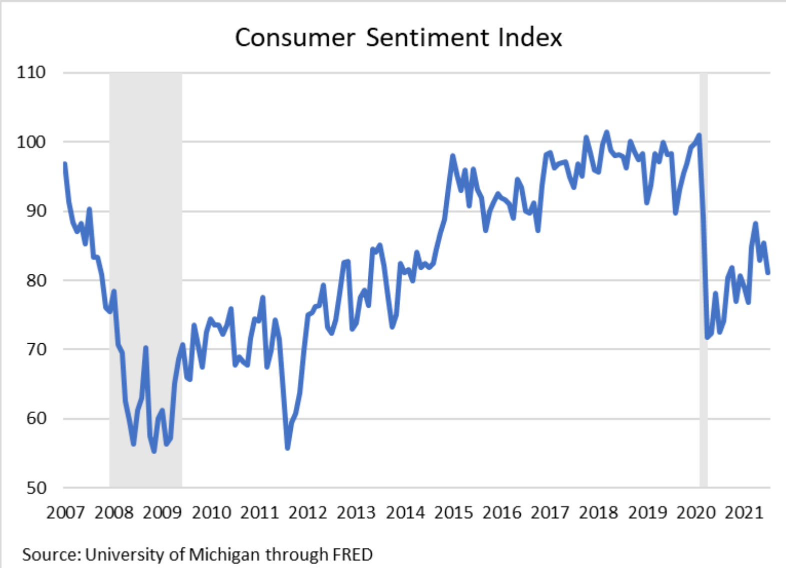
Consumer Spending by Industry, for Select Industries
(In Millions of Chained 2012 dollars)

	May 2021	June 2021	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Durable Goods	$2,278,395	$2,221,453	-2.5%	13.0%	27.2%
Motor vehicles and parts	$675,297	$623,246	-7.7%	10.2%	18.6%
Furnishings and durable household equipment	$509,454	$504,388	-1.0%	7.7%	22.5%
Other durable goods	$329,044	$335,946	2.1%	36.4%	33.9%
Nondurable goods	$3,344,816	$3,384,470	1.2%	8.9%	12.9%
Clothing and footwear	$496,574	$505,440	1.8%	20.7%	24.4%
Food and beverages purchased for off-premises consumption	$1,106,274	$1,106,581	0.0%	4.4%	11.7%
Gasoline and other energy goods	$423,094	$433,293	2.4%	13.2%	-3.6%
Other nondurable goods	$1,279,439	$1,301,157	1.7%	8.3%	14.5%
Services	$8,217,178	$8,286,398	0.8%	8.6%	-1.8%
Food services and accommodations	$828,834	$842,999	1.7%	34.1%	-1.2%
Other Services	$1,048,581	$1,068,792	1.9%	11.3%	-3.5%
Transportation services	$357,480	$366,785	2.6%	22.6%	-19.5%

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

Personal saving decreased 8.7 percent ($161.3 billion) in June 2021 compared to May. This decrease, combined with decreases in April and May, resulted from increased spending, and therefore reduced saving, after government economic impact payments were received in March. Even with these declines, personal saving remained above the February 2020 level by 21.8 percent ($304.2 billion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 9.4 percent, a decrease of 0.9 percentage points between May and June.

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 0.9 percent in June, which followed a 0.6 percent increase in May. This is the largest one month increase since June 2008 when the index increased 1.0 percent. The 'all items' index increased 5.4 percent over the last 12 months, which is the largest 12-month increase since the period ending in August 2008 (5.4 percent). This index has been trending upward since January, when the 12-month change was 1.4 percent. The index for used cars and trucks increased 10.5 percent and is currently at its highest point since tracking began in 1953. Additionally, the index for 'all items less food and energy' rose 0.9 percent in June after increasing 0.7 percent in May.



Results from the University of Michigan's **Surveys of Consumers** indicated that consumer sentiment declined in July following an increase in June. The Consumer Sentiment Index decreased 4.3 points to 81.2 in July 2021. This was a 5.0 percent decrease from June and a 12.0 percent increase compared to July 2020. The Current Economic Conditions Index decreased 4.1 points to 84.5. This was a 4.6 percent decrease from June but a 2.1 percent increase from July 2020. The Consumer Expectations Index decreased 4.5 points to 79.0. This was a 5.4 percent decrease from June, but an increase of 19.9 percent compared to July 2020. Even though sentiment among consumers ticked up at the end of July, the large declines from June were concentrated in complaints about the high prices of vehicles, homes, and household durables. Although many consumers continued to expect transitory inflation, there were growing concerns that inflation may be a longer-lasting problem. As such, inflation expectations in the year ahead increased 0.5 percentage points in July to 4.7 percent – the highest level since August 2008 – after a decline last month.

The **Conference Board's Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, had a marginal increase in July. Consumer confidence in July was at 129.1, up from June's revised value of 128.9. The **Conference Board's Present Situation Index**, which measures consumers' current assessment of business and labor market conditions, was also relatively unchanged as it only increased 0.7 percentage points from 159.6 in June to 160.3 in July. The **Conference Board's Expectation Index** examines consumer short-term outlook for the economy. The index was virtually unchanged in July at 108.4, down only 0.1 percentage points from June. Although consumer confidence was flat in July, it remained at its highest level since the beginning of the pandemic. Consumers' continued optimism suggests that economic growth for the third quarter of 2021 is starting off strong.

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 11.4 percent in July 2021 compared to June. Total travel throughput in July 2021 was 203.5 percent higher than in July 2020; however, travel was 20.4 percent lower in July 2021 compared to July 2019.

For the week ending July 24, 2021, **STR**, a company that provides analytics and data on the hospitality sector, reported the hotel occupancy rate was 71.4 percent, which was 7.8 percent below the comparable week in 2019. The average daily rate for a hotel room was $141.75, up 4.0 percent from the 2019 comparable week. Revenue per available room was $101.24 and was 4.2 percent lower than the equivalent week in 2019.

Commercial vehicle miles traveled on the Ohio turnpike in July 2021 increased 13.3 percent compared to July 2020 and 15.5 percent compared to July 2019. **Passenger vehicle miles traveled** in July 2021 increased 34.1 percent compared to July 2020 and increased 2.1 percent compared to July 2019. **Total revenue** on the Ohio turnpike was 2.5 percent higher in July 2021 compared to July 2020 and increased 9.0 percent compared to July 2019.

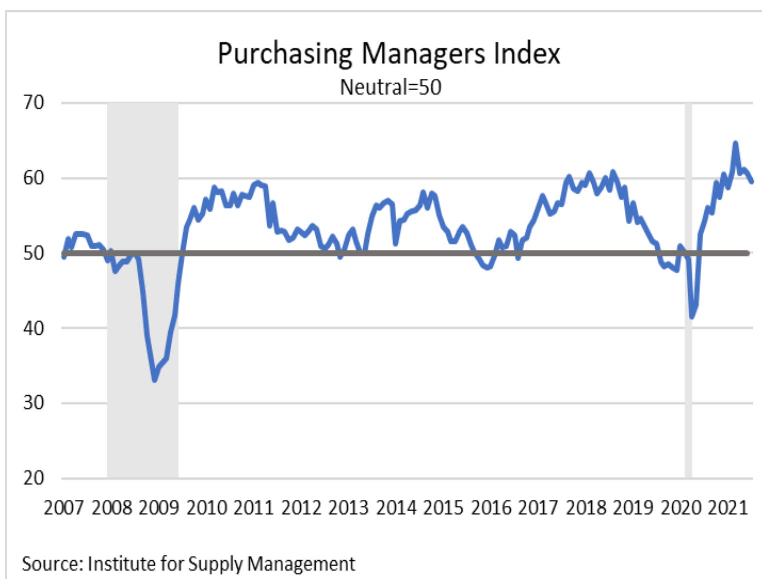
Industrial Activity

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 0.4 percent between May and June and was 9.3 percent higher than June 2020. However, the index was below June 2019 by 2.2 percent and 1.2 percent below pre-pandemic levels in February 2020.

The **manufacturing production index** decreased by 0.1 percent in June and was 0.8 percent below its pre-pandemic level. Durable goods production decreased 0.2 percent and nondurable manufacturing increased 0.2 percent. The decline in the durable goods index was due to a decrease in motor vehicles and parts, as well as, nonmetallic mineral products and electrical equipment, appliances, and components. These losses were partially offset by gains in printing and support activities and petroleum and coal products.

Manufacturing in four of Ohio's top 10 industries decreased production between May and June. The industry that changed the most was motor vehicles and parts, which decreased 6.6 percent following a revised 7.3 percent increase in May. The following industries decreased as well in June: electrical equipment and appliances (-2.2%), food beverage and tobacco production (-0.7%) and machinery (-0.5%). These losses were partially offset in June by production levels that increased in the following industries: aerospace and other transportation equipment (3.7%), primary metals (4.0%), petroleum and coal products (1.4%), chemicals (0.6%) and plastics and rubber products (0.6%). One industry relevant to Ohio that remained steady in June was fabricated metal products which increased 0.8 percent in the prior month.

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 July, the PMI for the United States declined 1.1 percentage points to 59.5 percent, compared to June, indicating an overall expansion of the economy for the 14th month in a row following contraction in April 2020.



Between June and July, the New Orders Index decreased 1.1 percentage points to 64.9 percent and the Production Index decreased 2.4 percentage points to 58.4 percent. The Backlog of Orders Index increased 0.5 percentage points to 65.0 percent. The Employment Index rose 3.0 percentage points to 52.9 percent. Overall, these indices continue to provide evidence that the manufacturing sector is continuing to grow, albeit at a slower rate. Respondents continue to report struggles in meeting increasing levels of demand due to rising prices for commodities, challenges in transporting products, long lead times, supply issues for critical basic materials, and difficulties in filling available positions.

Of the 18 industries tracked by the Manufacturing ISM® *Report on Business*, 17 reported growth between June and July. All 10 industries most important to Ohio manufacturing reported growth in the last month, with machinery and fabricated metal products 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 chain shortages in July. A source in the Fabricated Metal Products industry reported, "strong operations, (with) new programs, orders and launches. Continue to have hiring difficulties and are unable to fill production and salaried jobs (due to) a lack of candidates. Raw materials are still in short supply, with longer lead times." Additionally, a respondent in the Machinery industry reported, "supply chain continues to be extremely challenging in a variety of categories. Having to place orders months ahead of time just to get a place in line."

Construction

The U.S. Census Bureau estimated **total construction spending** in June to be at a seasonally adjusted annual rate of $1.6 trillion, which was 0.1 percent above the revised May estimate. The June 2021 estimate was 8.2 percent above that of June 2020 and 12.1 percent above June 2019.

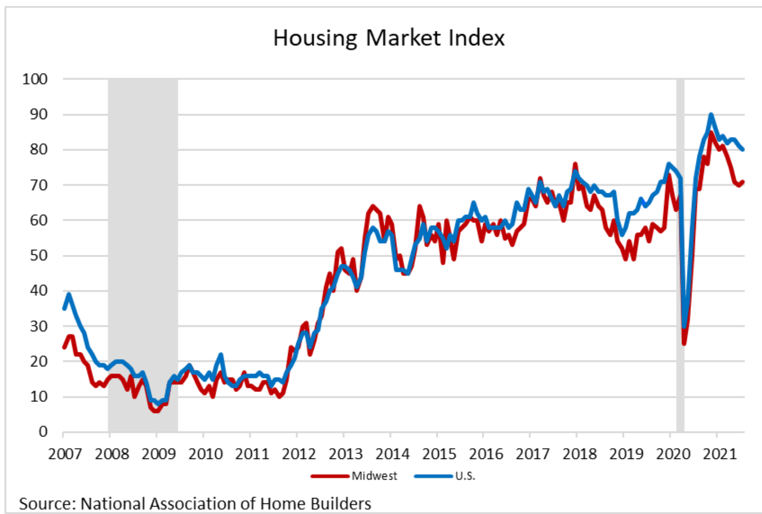
Private sector construction spending in June 2021 was at a seasonally adjusted annual rate of $1.2 trillion. This was 0.4 percent above the revised May estimate and 13.5 percent above the rate of June 2020. Residential construction in June increased 1.1 percent from May and remained 29.3 percent above June 2020. On the other hand, nonresidential construction in June decreased 0.7 percent from the revised May rate and was 6.0 percent below June 2020.

Public sector construction spending in June was at a seasonally adjusted annual rate of $337.0 billion. This was 1.2 percent below the revised May estimate and 7.5 percent below the June 2020 rate. Spending in June on education construction was 0.8 percent below May's revised value and remained 9.1 percent below June 2020. Highway construction spending in June was 5.3 percent below the revised May value and was 7.6 percent below June 2020.

Nationally, the number of privately-owned housing units approved decreased 5.1 percent between May and June and were 23.3 percent above June 2020 levels. In Ohio, building permits for privately owned units declined by 6.1 percent between May and June, and were 10.7 percent above the number of permits issued in June 2020. Nationally, privately-owned housing starts in June increased 6.3 percent compared to May and were 29.1 percent above the June 2020 rate. Privately-owned housing starts in the Midwest decreased 7.5 percent between May and June, and were 1.0 percent above the June 2020 levels. Nationally, privately-owned housing completions decreased 1.4 pecent in June and were 6.5 percent above the June 2020 rate. In June, privately-owned housing completions in the Midwest decreased 15.8 percent and were 13.5 percent below the June 2020 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In June, new home sales decreased 6.6 percent to 676,000, and remained 19.4 percent below the June 2020 estimate. New home sales in the Midwest increased 5.7 percent between May and June and remained 7.0 percent above the June 2020 level. The national median sales price in June 2021 was $361,800. This represented a 5.0 percent decline compared to May 2021 but a 6.1 percent increase compared to June 2020.

Existing home sales, as reported by the National Association of Realtors, increased in June after declines in prior months. Sales increased 1.4 percent in June, compared to May to a seasonally adjusted annual rate of 5.9 million housing units. This was an increase of 22.9 percent from the year prior. Available inventory in June rose to 1.3 million units, an increase of 4.1 percent from May but remained 18.2 percent lower than a year ago. Despite the easing of conditions, the lack of inventory continues to hamper home sales, which resulted in a decline in affordable housing. The median sale price of all existing home sales increased 23.4 percent from a year ago. June 2021 was the 112th continuous month of year-over-year increases in existing median home sales price. Sales in the Midwest increased 3.1 percent in June, which was the largest increase out of the four regions. According to the **Ohio Realtors**, activity in the Ohio housing market increased in June by 10.2 percent from June 2020. The average sale price in Ohio was $256,094 in June, a 17.9 percent increase compared to June 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. A reading above 80 indicates a strong demand in the housing market. Nationally, the HMI index decreased in July to 80.0 from 81.0 in June, a 1.3 percent decline. The decline in builder confidence is due to a shortage of materials, buildable lots, skilled labor, and elevated building material prices. Rising costs are pushing prospective buyers out of the market as demand remains strong despite low inventory levels. In the Midwest, the HMI increased 1.4 percent from 70.0 in June to 71.1 in July.

REVENUES

July GRF tax revenues were $24.7 million (1.3%) above estimate and were $482.3 million (-19.9%) below last year. However, the decline reflects the fact that July 2020 revenues were inflated by the extension of last year's income tax annual return and estimated payment filing and payment due dates, which shifted revenue from fiscal year 2020 into early fiscal year 2021. If July 2020 revenue is adjusted to remove the estimated amount of revenue shifted into that month, July 2021 would have exceeded the total GRF tax intake for any July on record.

Total July GRF receipts reached $3.6 billion and were $35.2 million (1.0%) above estimate. Non-tax receipts were $5.6 million (0.3%) above estimate. Transfers were $4.9 million above estimate.

Category	**Includes:**	**YTD Variance**	**% Variance**
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$24.7	1.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$5.6	0.3%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$4.9	n/a
TOTAL REVENUE VARIANCE:		**$35.2**	**1.0%**
Non-federal revenue variance		**$35.2**	**1.8%**
Federal grants variance		**$0.0**	**0.0%**

For July, receipts and transfers were $505.9 million (-12.4%) below the previous year. Tax receipts declined by $482.3 million (-19.9%), non-tax receipts increased by $47.3 million (3.0%), and transfers declined by $70.9 million (-93.5%).

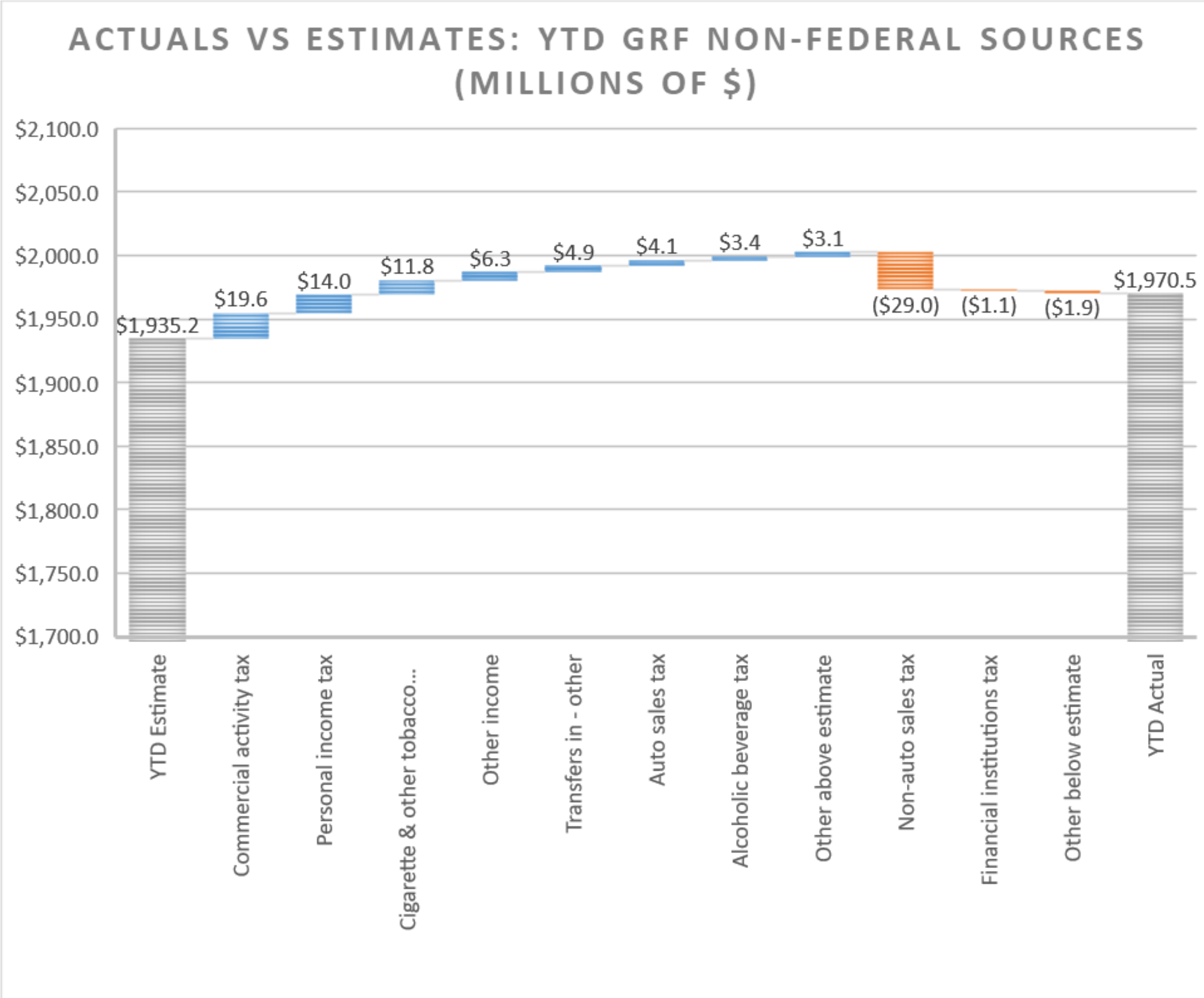
During July, the source with the largest year-over-year increase was Federal grants at $38.9 million (2.5%) above last year. The next-largest increases were commercial activity tax, at $31.7 million (58.8%) and other income at $11.2 million (155.4%). The largest decline was experienced by personal income tax at $514.3 million (-43.6%), followed by Transfers in–other at $70.9 million (-93.5%).

The table below shows that sources above estimate (a positive variance of $67.2 million) in July outweighed the size of sources below estimate (a negative variance of $32.0 million), resulting in a $35.2 million net positive variance from estimate.

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

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Commercial activity tax	$19.6	Non-auto sales tax	($29.0)
Personal income tax	$14.0	Other sources below estimate	($3.0)
Cigarette & other tobacco products tax	$11.8		
Other income	$6.3		
Transfers in - other	$4.9		
Auto sales tax	$4.1		
Other sources above estimate	$6.5		
Total above	**$67.2**	**Total below**	**($32.0)**

(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 the year to date, with the net difference amounting to $35.2 million.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in July totaled $947.5 million and were $29.0 million (-3.0%) below the estimate. Non-auto sales tax revenue for July was $1.7 million (-0.2%) below the prior year. The essentially flat performance of July GRF non-auto revenue contrasts with high growth observed over the last several months. As mentioned in previous editions of this report, the historically strong year-over-year increases in March, April, and May were partly driven by the pandemic-deflated base year. However, July 2020 was not similarly deflated, and demonstrated significant growth over the prior year as recovery had begun to occur. So, the year-over-year comparison is no longer inflated by a suppressed base year.

Furthermore, structural aspects of the sales tax that create timing lags had an important impact on July's GRF revenue outcome. July GRF non-auto revenue was net of permissive sales tax distributions, which were based on collections that occurred in May. (Ohio law provides that each county and transit authority imposing a local sales tax is to be provided its appropriate tax distribution in the second month following the end of the month in which payments are made to the state treasury.) Non-auto permissive distributions were $81.9 million larger in July 2021 than the prior year; they accounted for 19.6 percent of total (all-funds) non-auto sales tax revenue in July 2021 compared to 14.0 percent in the prior year. Because the growth in July's permissive distributions was so large due to May's historic recovery from the prior year's pandemic-suppressed collections, this translated into a much larger draw against GRF tax revenue in July 2021 as compared July 2020. Accordingly, an "all-funds" (combined GRF, Public Library Fund, and permissive sales tax distribution funds) measurement of non-auto sales tax revenue provides a complete view of how the revenue source performed. Using the all-funds figure, non-auto sales tax revenue grew by $88.5 million (7.7%) in July and reached a dollar amount ($1.24 billion) proximate to the record levels attained during the months of April through June.

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 due to its orientation toward taxation of goods. 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 median growth rates ranging from 5.7 percent to -22.9 percent in June relative to pre-pandemic levels. Most retail segments that are predominantly subject to Ohio sales tax continued to display strong 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 12.0 percent to 37.4 percent in June.

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-June 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 a year-over-year growth rate of 11.0 percent. In comparison, Ohio sales tax collections from analogous retail categories experienced 17.3 percent growth during the July 2020-June 2021 period.

The most recent available industry classification sales tax collections data also show that retailers accounted for a larger share of non-auto collections during fiscal year 2021, growing from 57.5 percent to 60.7 percent (service firms and other firms whose primary business is in another industrial category comprise the remainder of collections by sales tax vendors). The four segments accounting for the largest share of non-auto collections – General Merchandise, Nonstore Retailers, Building Materials and Garden Supplies, and Grocery and Health & Personal Care Stores – had an outsized impact on non-auto revenue performance: collections for these categories grew by 18.0 percent in fiscal year 2021, and their share of non-auto collections reached 44.5 percent (compared to 41.9 percent in the prior year).

Auto Sales Tax

July auto sales tax revenues were $179.0 million and exceeded the estimate by $4.1 million (2.4%). This makes 14 consecutive months in which auto sales tax revenues have exceeded the estimate. The source was $3.6 million (-2.0%) below last July. However, GRF revenues were negatively impacted by the large permissive sales tax distributions made during the month (consistent with the narrative contained in the Non-Auto Sales Tax section). For that reason, when measured on an all-funds basis, auto sales tax revenue increased by $8.9 million (4.7%) in July.

As observed since the recovery began, the July 2021 outcome appears to reflect a combination of sustained demand and elevated 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 July were an estimated 14.8 million units. This represented a 4.1 percent decrease from June, the third-straight month with a decline. The July figure was just 0.3 percent higher than the previous year. Analysts report that the computer chip shortage continues to suppress new vehicle supply, and therefore inhibit the amount of vehicle sales. TrueCar, Inc. estimates that used vehicle unit sales in July 2021 remained even with June and were 4.0 percent lower than 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 27.8 percent in July from the prior year. New vehicle transaction prices continued to grow in July: 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 July.

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 (BMV) 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. In apparent contradiction to the recent national data on new and used vehicle sales cited above, the 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. Average transaction value also increased, but by a more modest 10.5 percent. The Ohio BMV 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

July GRF personal income tax receipts totaled $665.6 million and were $14.0 million (2.2%) above the estimate. On a year-over-year basis, July income tax collections were $514.3 million (-43.6%) below July 2020 collections. The decline was due to unusually large collections in the prior year, attributable to the extension of the tax return filing and payment dates to July 15, 2020. An estimated $540 million of income tax revenue was shifted into July 2020 from the one-time change.

Withholding collections nearly matched the estimate, with a slight positive variation amounting to $2.6 million (0.4%). Withholding was $40.8 million (-5.3%) below last year. However, more than two-thirds of that decrease was attributable to annual withholding (which reflects pass-through entity tax remittances) rather than employer withholding. Furthermore, this July's employer withholding collections not only reflected one less business day compared to last year but were also affected by one day without any receipts. This occurred because collections usually expected to have been booked into the accounting system on the first day of July were instead paid-in on the final day of June. Since that shift involved what would have been Thursday receipts (typically the largest pay-in day of the week) the timing shift effects were more significant. The reduced July employer withholding collections associated with the shift and one less business day may have been approximately $60 million.

Refunds were the next-largest component for July. This component was $22.1 million (-29.2%) below estimate and was $171.2 million (-176.2%) lower than last year. However, July comparisons with last year are not very informative because of the July 15 extended filing date allowed for tax year 2019 tax returns, which resulted in a much higher level of refunds in July 2020 than normal. For the elapsed (January-July 2021) filing season, refunds have exceeded estimate by $77.1 million (4.9%). Compared to January-July 2020, refunds this filing season have increased by $206.1 million (11.1%).

Local distributions matched the estimate and were $7.9 million larger than the prior year. Because this component is almost entirely driven by the size of prior-month total GRF tax revenues, the large (20.3%) increase in revenue during June 2021 resulted in a similar year-over-year percentage increase in local distributions in July 2021.

July was a relatively modest month for the remaining income tax components. Quarterly estimated income tax payments were $3.3 million (-16.5%) below estimate. They were well below last year's collections but last year was inflated by the payment extension mentioned above. Although this component was slightly below estimate in July, it remains $109.5 million (18.2%) above estimate since the beginning of the calendar year.

Annual return payments were $9.2 million (-37.7%) below estimate in July. Once again, the year-over-year comparison provides no real value since July 2020 collections were greatly enhanced by the extended filing and payment deadline. However, for the January-July filing period, annual return collections have exceeded estimate by $169.9 million (16.5%) and are $397.8 million (49.5%) above the prior year.

JULY PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Actual July	Estimate July	$ Var	Actual July-2021	Actual July-2020	$ Var Y-over-Y
Withholding	$726.2	$723.6	$2.6	$726.2	$767.0	($40.8)
Quarterly Est.	$17.0	$20.3	($3.3)	$17.0	$146.7	($129.7)
Annual Returns & 40 P	$15.1	$24.3	($9.2)	$15.1	$501.9	($486.7)
Trust Payments	$1.5	$2.1	($0.6)	$1.5	$24.5	($23.0)
Other	$6.5	$4.0	$2.5	$6.5	$4.0	$2.5
Less: Refunds	($53.4)	($75.5)	$22.1	($53.4)	($224.7)	$171.2
Local Distr.	($47.2)	($47.2)	$0.0	($47.2)	($39.4)	($7.9)
Net to GRF	$665.6	$651.6	$14.0	$665.6	$1,180.0	($514.3)

(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 $1.6 billion and were $5.6 million (0.3%) above estimate for the month of July. On a year-over-year basis, non-tax receipts were $47.3 million (3.0%) above July 2020 collections. As is typically the case in the first year of a biennium, federal grants estimates were set equal to actual revenues for the month of July. The only variance of note in the non-tax receipts category was in Other Income, which was $6.3 million (52.0%) above estimate. This variance was primarily attributable to a deposit from the Ohio Centric 2001 Loan Program, which will be transferred out to the Ohio Incumbent Workforce Job Training Fund in August, as authorized by H.B. 110 (the state operating budget bill).

8/4/2021

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2022 VS ESTIMATE FY 2022
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL JULY	MONTH ESTIMATE JULY	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	947,478	976,500	(29,022)	-3.0%	947,478	976,500	(29,022)	-3.0%
Auto Sales & Use	179,013	174,900	4,113	2.4%	179,013	174,900	4,113	2.4%
Subtotal Sales & Use	1,126,490	1,151,400	(24,910)	-2.2%	1,126,490	1,151,400	(24,910)	-2.2%
Personal Income	665,634	651,600	14,034	2.2%	665,634	651,600	14,034	2.2%
Corporate Franchise	36	0	36	N/A	36	0	36	N/A
Financial Institutions Tax	(441)	700	(1,141)	-163.1%	(441)	700	(1,141)	-163.1%
Commercial Activity Tax	85,733	66,100	19,633	29.7%	85,733	66,100	19,633	29.7%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	265	200	65	32.7%	265	200	65	32.7%
Kilowatt Hour	20,898	21,700	(802)	-3.7%	20,898	21,700	(802)	-3.7%
Natural Gas Distribution	1,846	800	1,046	130.8%	1,846	800	1,046	130.8%
Foreign Insurance	5	300	(295)	-98.3%	5	300	(295)	-98.3%
Domestic Insurance	1,712	0	1,712	N/A	1,712	0	1,712	N/A
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	29,369	17,600	11,769	66.9%	29,369	17,600	11,769	66.9%
Alcoholic Beverage	9,781	6,400	3,381	52.8%	9,781	6,400	3,381	52.8%
Liquor Gallonage	4,944	4,800	144	3.0%	4,944	4,800	144	3.0%
Estate	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,946,274	1,921,600	24,674	1.3%	1,946,274	1,921,600	24,674	1.3%
NON-TAX RECEIPTS								
Federal Grants	1,596,068	1,596,068	0	0.0%	1,596,068	1,596,068	0	0.0%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	784	1,548	(764)	-49.4%	784	1,548	(764)	-49.4%
Other Income	18,384	12,094	6,290	52.0%	18,384	12,094	6,290	52.0%
ISTV'S	76	0	76	N/A	76	0	76	N/A
Total Non-Tax Receipts	1,615,312	1,609,710	5,602	0.3%	1,615,312	1,609,710	5,602	0.3%
TOTAL REVENUES	**3,561,585**	**3,531,310**	**30,275**	**0.9%**	**3,561,585**	**3,531,310**	**30,275**	**0.9%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	4,948	0	4,948	N/A	4,948	0	4,948	N/A
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	4,948	0	4,948	N/A	4,948	0	4,948	N/A
TOTAL SOURCES	**3,566,533**	**3,531,310**	**35,223**	**1.0%**	**3,566,533**	**3,531,310**	**35,223**	**1.0%**

8/4/2021

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2022 VS ACTUAL FY 2021
($ in thousands)

REVENUE SOURCE	MONTH JULY FY 2022	MONTH JULY FY 2021	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2022	YEAR-TO-DATE ACTUAL FY 2021	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	947,478	949,191	(1,713)	-0.2%	947,478	949,191	(1,713)	-0.2%
Auto Sales & Use	179,013	182,578	(3,565)	-2.0%	179,013	182,578	(3,565)	-2.0%
Subtotal Sales & Use	1,126,490	1,131,769	(5,279)	-0.5%	1,126,490	1,131,769	(5,279)	-0.5%
Personal Income	665,634	1,179,960	(514,326)	-43.6%	665,634	1,179,960	(514,326)	-43.6%
Corporate Franchise	36	168	(132)	-78.6%	36	168	(132)	-78.6%
Financial Institutions Tax	(441)	2,004	(2,446)	-122.0%	(441)	2,004	(2,446)	-122.0%
Commercial Activity Tax	85,733	53,994	31,739	58.8%	85,733	53,994	31,739	58.8%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	265	256	10	3.8%	265	256	10	3.8%
Kilowatt Hour	20,898	22,850	(1,952)	-8.5%	20,898	22,850	(1,952)	-8.5%
Natural Gas Distribution	1,846	38	1,809	4806.6%	1,846	38	1,809	4806.6%
Foreign Insurance	5	37	(32)	-86.4%	5	37	(32)	-86.4%
Domestic Insurance	1,712	379	1,333	351.9%	1,712	379	1,333	351.9%
Other Business & Property	0	15	(15)	N/A	0	15	(15)	N/A
Cigarette and Other Tobacco	29,369	25,610	3,760	14.7%	29,369	25,610	3,760	14.7%
Alcoholic Beverage	9,781	6,633	3,148	47.5%	9,781	6,633	3,148	47.5%
Liquor Gallonage	4,944	4,876	68	1.4%	4,944	4,876	68	1.4%
Estate	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,946,274	2,428,590	(482,316)	-19.9%	1,946,274	2,428,590	(482,316)	-19.9%
NON-TAX RECEIPTS								
Federal Grants	1,596,068	1,557,186	38,882	2.5%	1,596,068	1,557,186	38,882	2.5%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	784	3,636	(2,852)	-78.4%	784	3,636	(2,852)	-78.4%
Other Income	18,384	7,198	11,185	155.4%	18,384	7,198	11,185	155.4%
ISTV'S	76	6	70	1199.0%	76	6	70	1199.0%
Total Non-Tax Receipts	1,615,312	1,568,026	47,285	3.0%	1,615,312	1,568,026	47,285	3.0%
TOTAL REVENUES	**3,561,585**	**3,996,616**	**(435,031)**	**-10.9%**	**3,561,585**	**3,996,616**	**(435,031)**	**-10.9%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	4,948	75,832	(70,884)	-93.5%	4,948	75,832	(70,884)	-93.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	4,948	75,832	(70,884)	-93.5%	4,948	75,832	(70,884)	-93.5%
TOTAL SOURCES	**3,566,533**	**4,072,448**	**(505,915)**	**-12.4%**	**3,566,533**	**4,072,448**	**(505,915)**	**-12.4%**

DISBURSEMENTS

NOTE: At the beginning of each fiscal year, the Office of Budget and Management (OBM) and agencies undertake the process of estimating GRF spending by month for the upcoming year. These spending estimates are built on a combination of H.B. 110 appropriation levels and estimated spending against prior year encumbrances. In addition to accounting for policy changes and spending to meet prior year encumbrances, OBM and the agencies also take this opportunity to review any changes in caseloads, payrolls, or other demands for services that might impact the level and pattern of spending during the coming year. The fiscal year 2022 GRF disbursement estimates will be completed in August and included in the September Monthly Financial Report. As a result, OBM has set disbursement estimates for July at the actual disbursement amounts for the month, and Table 3 in this report shows no monthly variances.

July GRF disbursements, across all uses, totaled $6.8 billion. On a year-over-year basis, July total uses were $2.8 billion (67.8%) higher than those of the same month in the previous fiscal year, with an increase in Operating Transfers Out 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)	$248.7	6.8%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$2,510.9	616.2%
TOTAL DISBURSEMENTS VARIANCE:		**$2,759.6**	**67.8%**

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

Primary and Secondary Education

This category contains GRF spending for the Ohio Department of Education. July disbursements for this category totaled $767.5 million and were $46.2 million (6.4%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to disbursements in the Foundation Funding line item, which were $71.7 million (11.0%) above prior year disbursements as transportation expenditures occurred from this line item instead of the Pupil Transportation line item in July of fiscal year 2022. Disbursements in the Student Assessment line item were $10.8 million (1,214.1%) above prior year disbursements due to timing of payments and the occurrence of spring assessments for the 2020-2021 school year. This variance was partially offset by disbursements for the Pupil Transportation line item, which were $36.5 million (-86.8%) below prior year disbursements as expenditures for pupil transportation occurred from the Foundation Funding line item instead of this line item in July of fiscal year 2022.

Expenditures for the school foundation program totaled $744.0 million and were $35.4 million (5.0%) above disbursements for the same month of the previous fiscal year.

Higher Education

July disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $175.2 million and were $1.9 million (-1.1%) below disbursements for the same month in the previous fiscal year. The majority of monthly variance was due to a delay in establishing Memorandums of Understanding (MOUs) for multiple programs that are necessary prior to disbursement of funds, resulting in a variance of $9.5 million below July 2020 disbursements. Another significant source of the variance was the result of spending in the Ohio College Opportunity Grant and the National Guard Scholarship Program that was below the July 2020 expenditures by $3.1 million because of lower-than-normal reimbursement requests from the previous year. This variance was partially offset by spending in the State Share of Instruction line item which was above July 2020 expenditures in the amount of $8.9 million because of budgetary control measures implemented in response to the economic impact of COVID-19 in the previous year.

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.

July disbursements in this category totaled $9.3 million. On a year-over-year basis, disbursements in this category were $170,000 (-1.8%) lower than for the same month in the previous fiscal year.

Medicaid

This category includes all Medicaid spending on services and program support by the following eight agencies: The Department of Medicaid, the Department of Mental Health and Addiction Services, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, the Department of Aging, the Department of Education, and the State Board of Pharmacy.

<u>Expenditures</u>
July GRF disbursements for the Medicaid Program totaled $2.2 billion and were $62.1 million (2.9%) above disbursements for the same month in the previous fiscal year. This variance is primarily attributable to higher caseloads and costs associated with the impacts of the pandemic. Caseloads are 268,000 higher than July of fiscal year 2021. Increased caseload has resulted in increased costs in the managed care program, notably within the Group VIII Expansion (Group 8) and Covered Families and Children (CFC) categories, which were $47.4 million and $35.6 million higher, respectively, when compared with July of fiscal year 2021. The increases in the CFC and Group 8 categories were partially offset by the Aged, Blind and Disabled/Dual (ABD) category, which was $12.8 million lower than July of fiscal year 2021.

July all-funds disbursements for the Medicaid Program totaled $2.5 billion and were $254.4 million (-9.4%) below disbursements for the same month in the previous fiscal year. The all-funds variance was primarily attributable to a payment in the Health Care Assurance Program (HCAP) that occurred in July of fiscal year 2021 but did not occur in July of this fiscal year.

The chart below shows July fiscal year 2022 compared to July fiscal year 2021 by funding source.

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

	July FY22	July FY21	Variance	Variance %
GRF	$2,226.2	$2,164.1	$62.1	2.9%
Non-GRF	$232.5	$549.0	-$316.5	-57.7%
All Funds	$2,458.7	$2,713.1	-$254.4	-9.4%

Enrollment

Total July Medicaid enrollment was 3.24 million, which was 8,000 (-0.3%) below estimate and 268,600 (9.0%) above enrollment for the same period last fiscal year. July enrollment by major eligibility category was as follows: Covered Families and Children (CFC), 1.80 million; Aged, Blind and Disabled (ABD), 496,600; and Group VIII Expansion (Group 8), 806,400.

Please note that these data are subject to revision.

Health and Human Services

This category includes non-debt service GRF expenditures by the following state agencies: Job and Family Services, Health, Aging, Developmental Disabilities, Mental Health and Addiction Services, and others. Examples of expenditures in this category include childcare, TANF, administration of the state's psychiatric hospitals, operating subsidies to county boards of developmental disabilities, various immunization programs, and Ohio's long-term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in the Medicaid category.

July disbursements in this category totaled $125.3 million. On a year-over-year basis, disbursements in this category were $3.2 million (2.6%) higher than for the same month in the previous fiscal year.

Department of Developmental Disabilities

July disbursements for the Department of Developmental Disabilities totaled $2.9 million and were $1.4 million (92.2%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the Early Intervention line item, which was $0.8 million above prior year disbursements due primarily to the timing of payments.

Department of Health

July disbursements for the Department of Health totaled $10.2 million and were $2.4 million (-19.2%) below disbursements for the same month of the previous fiscal year. This variance was primarily attributable to the Chronic Disease and Injury Prevention and the Medically Handicapped Children line items, which were $2.3 million and $1.1 million below prior year disbursements, respectively, due to payments going out earlier than usual the same period last fiscal year.

Department of Job and Family Services

July disbursements for Job and Family Services totaled $68.5 million and were $1.2 million (1.8%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the Families and Children Services line item, which was $4 million above prior year disbursements due to a higher county disbursement for the State Child Protection Allocation (SCPA) of $2.5 million. This variance was partially offset by disbursements in the Program Operations line item, which was $1.7 million below prior year disbursements due to a combination of $1.1 million less in payroll with an additional $1.8 million in fewer disbursements in contracted services. This was offset by an additional $1.6 million in disbursements for supplies and maintenance payments including additional postage due to higher unemployment claims.

Department of Mental Health and Addiction Services

July disbursements for the Department of Mental Health and Addiction Services totaled $33.5 million and were $0.8 million (2.5%) above disbursements for the same month in the previous fiscal year. While the total variance was minimal, there was some variance within individual line items. Notably in the Specialized Docket Support line item, which was $8.3 million above prior year disbursements as eligible courts received payment immediately. This variance was partially offset by underspending in the Hospital Services line item, which was $2.2 million (-10.4%) below prior year disbursements due primarily to the timing of payments for medications and food services.

Department of Veterans Services

July disbursements for the Department of Veteran Services totaled $5.7 million and were $1.2 million (28.0%) above disbursements for the same month of the previous fiscal year. This variance was primarily attributable to disbursements in the Veterans' Homes line item, which was $1.3 million above prior year disbursements due to payroll payments being shifted to this line item from the Veterans' Homes Operations – Federal line item due to a decline in the Veterans Affairs Nursing Home Per Diem Grant revenue.

Justice and Public Protection

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

July disbursements in this category totaled $320.3 million. On a year-over-year basis, disbursements in this category were $5.3 million (-1.6%) lower than for the same month in the previous fiscal year.

Office of the Attorney General

July disbursements for the Office of the Attorney General totaled $7.6 million and were $2.4 million (46.1%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the Operating Expenses line item, which was $2.1 million above prior year disbursements due to the timing of the final payroll for fiscal year 2021, which occurred in July rather than in June as anticipated.

Department of Rehabilitation and Correction
July disbursements for the Department of Rehabilitation and Correction totaled $231.9 million and were $8.2 million (-3.4%) below disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the Community Nonresidential Programs line item, which was $7.8 million below prior year disbursements due to the timing of payments for contracted halfway houses occurring later than planned. This variance was also attributable to disbursements in the Institutional Operations line item, which was $6.4 million below prior year disbursements due to higher-than-average spending in the previous year in response to the COVID-19 pandemic. This variance was partially offset by disbursements in the Institutional Medical Services line item, which was $2.9 million above prior year disbursements due to the timing of payments for medical services. This variance was also partially offset by disbursements in the Halfway House line item, which was $2.4 million above prior year disbursements due to a return to the regular funding formula which was altered in response to the COVID-19 pandemic.

General Government

This category includes non-debt service GRF expenditures by the Department of Administrative Services, Department of Natural Resources, Department of Development, Department of Agriculture, Department of Taxation, Department of Transportation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others.

July disbursements in this category totaled $45.9 million. On a year-over-year basis, disbursements in this category were $1.2 million (2.6%) higher than for the same month in the previous fiscal year.

Department of Development
July disbursements for the Department of Development totaled $4.0 million and were $1.3 million (51.8%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the BSD Federal Programs Match line item, which was $1.1 million above prior year disbursements due to the timing of grant payments within Development's Business Services Division.

Department of Transportation
July disbursements for the Department of Transportation totaled $3.7 million and were $3.1 million (84.2%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was $3.0 million above estimate due to the timing of subsidy reimbursement payments for rural and urban transit operators.

Office of the Treasurer of State
July disbursements for the Office of the Treasurer of State totaled $1.2 million and were $8.5 million (-87.9%) below disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements not made in the Police and Fire Death Benefits line item due to the timing of benefit payments.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone because of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. July reimbursements totaled $1.3 million and were $1.3 million above reimbursements for the same month in the previous fiscal year. This variance was the result of reimbursement requests being received earlier this fiscal year than last year.

Debt Service

July payments for debt service were $241.2 million and were $141.9 million (143.0%) above disbursements for the same month in the previous fiscal year. This variance was primarily attributable to disbursements in the Higher Education General Obligation Debt Service line item, which was $116.7 million above prior year disbursements due to debt restructuring lowering July 2021 payments below typical levels.

Transfers Out

July transfers out totaled $2.9 billion and were $2.5 billion (616.2%) above transfers out for the same month in the previous fiscal year. This variance was attributable to several transfers authorized in the fiscal year 2022 and 2023 operating budget bill, most notably a $1.2 billion transfer to the Health and Human Services Fund.

8/4/2021

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2022 VS ESTIMATE FY 2022
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL JULY**	**ESTIMATED JULY**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary and Secondary Education	767,541	767,541	0	0.0%	767,541	767,541	0	0.0%
Higher Education	175,164	175,164	0	0.0%	175,164	175,164	0	0.0%
Other Education	9,312	9,312	0	0.0%	9,312	9,312	0	0.0%
Medicaid	2,226,216	2,226,216	0	0.0%	2,226,216	2,226,216	0	0.0%
Health and Human Services	125,346	125,346	0	0.0%	125,346	125,346	0	0.0%
Justice and Public Protection	320,268	320,268	0	0.0%	320,268	320,268	0	0.0%
General Government	45,902	45,902	0	0.0%	45,902	45,902	0	0.0%
Property Tax Reimbursements	1,325	1,325	0	0.0%	1,325	1,325	0	0.0%
Debt Service	241,181	241,181	0	0.0%	241,181	241,181	0	0.0%
Total Expenditures & ISTV's	**3,912,256**	**3,912,256**	**0**	**0.0%**	**3,912,256**	**3,912,256**	**0**	**0.0%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	2,918,400	2,918,400	0	0.0%	2,918,400	2,918,400	0	0.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**2,918,400**	**2,918,400**	**0**	**0.0%**	**2,918,400**	**2,918,400**	**0**	**0.0%**
Total Fund Uses	**6,830,656**	**6,830,656**	**0**	**0.0%**	**6,830,656**	**6,830,656**	**0**	**0.0%**

8/4/2021

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2022 VS ACTUAL FY 2021
($ in thousands)

Functional Reporting Categories Description	MONTH JULY FY 2022	MONTH JULY FY 2021	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2022	YEAR-TO-DATE ACTUAL FY 2021	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	767,541	721,349	46,192	6.4%	767,541	721,349	46,192	6.4%
Higher Education	175,164	177,039	(1,874)	-1.1%	175,164	177,039	(1,874)	-1.1%
Other Education	9,312	9,482	(170)	-1.8%	9,312	9,482	(170)	-1.8%
Medicaid	2,226,216	2,164,098	62,119	2.9%	2,226,216	2,164,098	62,119	2.9%
Health and Human Services	125,346	122,113	3,233	2.6%	125,346	122,113	3,233	2.6%
Justice and Public Protection	320,268	325,540	(5,272)	-1.6%	320,268	325,540	(5,272)	-1.6%
General Government	45,902	44,743	1,158	2.6%	45,902	44,743	1,158	2.6%
Property Tax Reimbursements	1,325	(6)	1,331	-23169.8%	1,325	(6)	1,331	-23169.8%
Debt Service	241,181	99,249	141,933	143.0%	241,181	99,249	141,933	143.0%
Total Expenditures & ISTV's	**3,912,256**	**3,663,606**	**248,650**	**6.8%**	**3,912,256**	**3,663,606**	**248,650**	**6.8%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	2,918,400	407,500	2,510,900	616.2%	2,918,400	407,500	2,510,900	616.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**2,918,400**	**407,500**	**2,510,900**	**616.2%**	**2,918,400**	**407,500**	**2,510,900**	**616.2%**
Total Fund Uses	**6,830,656**	**4,071,106**	**2,759,550**	**67.8%**	**6,830,656**	**4,071,106**	**2,759,550**	**67.8%**

FUND BALANCE

The Office of Budget and Management (OBM) is currently working to complete the analysis necessary for the preparation of the fiscal year 2022 General Revenue Fund (GRF) ending balance estimate. As mentioned above, OBM is currently finalizing the fiscal year 2022 projections of disbursements, transfers, and encumbrances. This analysis is expected to be completed in August and reflected in the September 2022 Monthly Financial Report.

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