

November 10, 2021

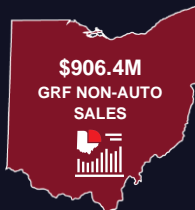
MEMORANDUM TO: The Honorable Mike DeWine, Governor  
The Honorable Jon Husted, Lt. Governor

FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report



### Report Overview:



GRF non-auto sales and use tax collections in October totaled \$906.4 million and were \$56.3 million (6.6%) above the estimate. For the fiscal year-to-date, revenues are \$57.1 million (1.6%) above estimate.



October auto sales tax revenues were \$150.3 million and were \$1.7 million (1.2%) above the estimate. For the year-to-date, this source is \$1.1 million (0.2%) above the estimate.



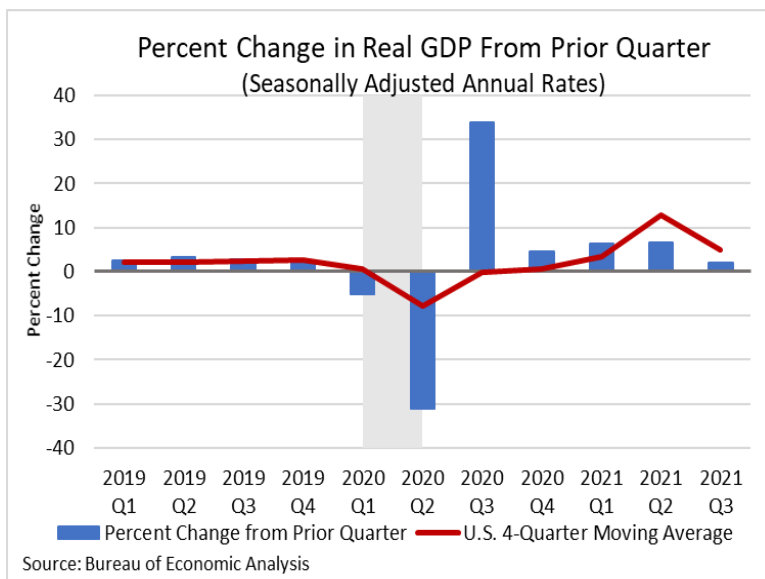
October GRF personal income tax receipts totaled \$737.9 million and were \$46.4 million (6.7%) above the estimate. For the year-to-date, personal income tax revenue is \$132.1 million (4.3%) above estimate.



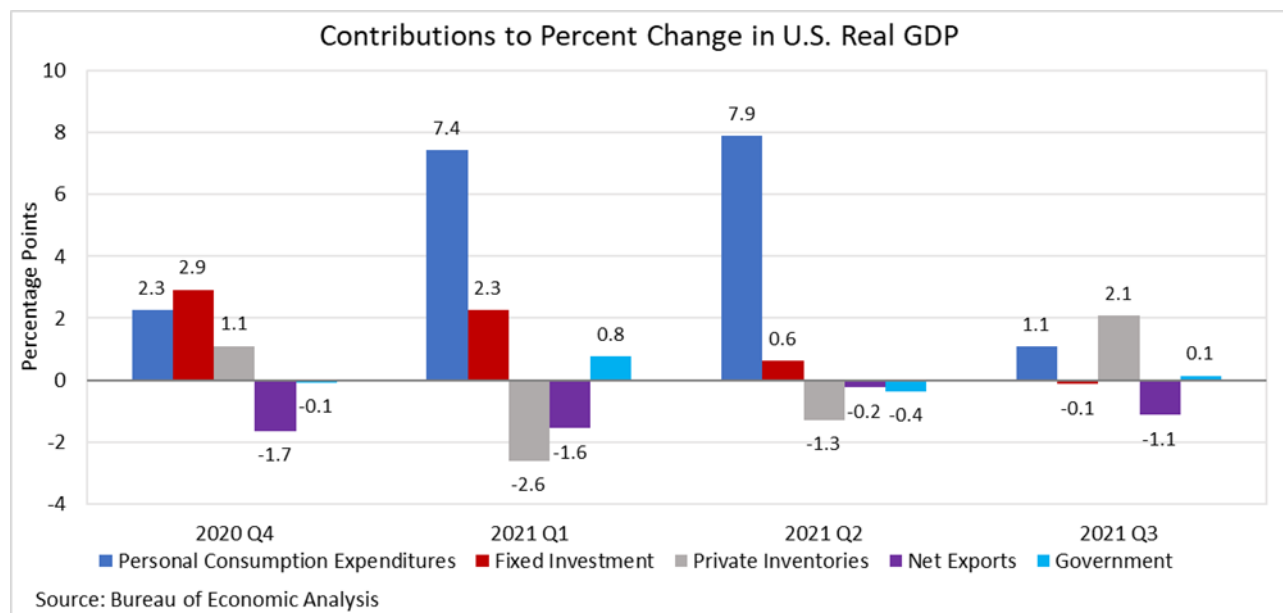
Commercial Activity Tax revenues totaled \$91.1 million and were \$7.2 million (8.6%) above the estimate. For the year-to-date, the source is \$41.3 million (8.2%) above estimate.

## Economic Activity

According to the Bureau of Economic Analysis (BEA)'s 'advance' estimate, **Real Gross Domestic Product (GDP)** expanded in the third quarter of calendar year 2021 at an annualized rate of 2.0 percent. The third quarter deceleration in growth was due in large part to a decrease in consumer spending. As the delta variant of COVID-19 surged nationally, some re-openings of businesses were delayed, and new restrictions were put in place in some areas of the country. Additionally, as federal pandemic assistance came to an end during the third quarter, some pullback was expected.



Specifically, the third quarter increase in real GDP resulted from growth in private inventory investment (2.1 percentage points), personal consumption expenditures (1.1 percentage points), and state and local government spending (0.5 percentage points). These increases were partially offset by decreases in net exports (-1.1 percentage points), residential fixed investment (-0.4 percentage points), and federal government spending (-0.3 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 seven 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 November 3, 2021, the national index was at 94.6 percent. Ohio's index was 2.9 percentage points ahead of that at 97.5. Ohio's average in October was 2.9 percentage points above the average in September and while the national average grew slightly less (2.3 percentage points) during the same time frame.

The **Federal Reserve's Beige Book** evaluates current economic conditions across its 12 districts. According to the October 20, 2021, report, the economy in the Fourth District, which includes Ohio, continued to show strength in recent weeks. However, due to persistent disruptions in the supply chain, the pace of growth waned a bit. Overall demand for business and consumer services and goods remained solid, and firms still expect demand to increase in the coming months. On the other hand, many firms have also moderated their optimism amid the supply chain issues intensifying and the rise of the delta variant. Staffing shortages remained a pressing concern as many firms reported a dearth of applicants and many noting very little change in available labor even with children going back to in-person instruction and the expiration of the supplemental unemployment insurance benefits programs. As such, firms have reported raising wages due to the heightened competition for workers, and taking other actions such as enhancing tuition reimbursement, changing time off policies, and offering better health insurance options. Consequently, firms managed the rising costs of input and labor by raising prices to protect margins, while others raised prices because the strong level of demand allowed them to boost their margins.

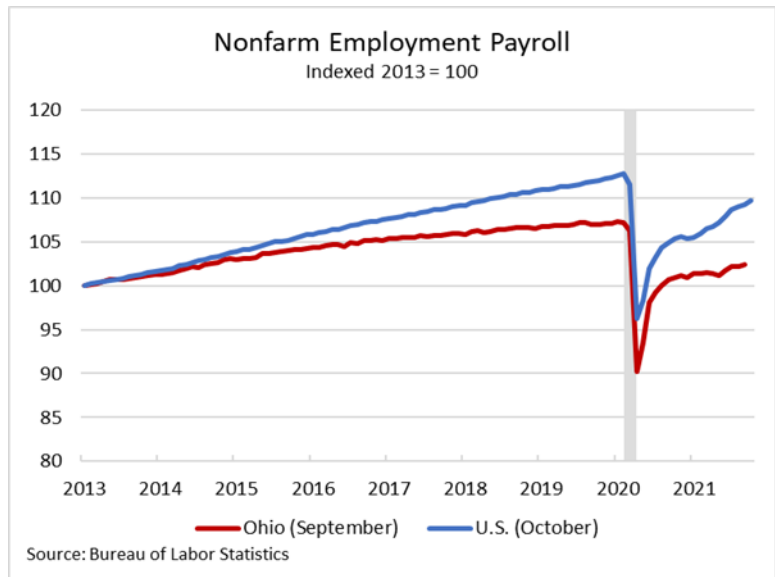
The Conference Board's composite **Leading Economic Index (LEI)** is designed to reveal patterns in economic data by smoothing the volatility of its 10 individual components. In September, the LEI increased by 0.2 percent to reach 117.5. Six of the 10 components of the index increased, with the ISM New Orders index leading the way. Despite moderated growth in the overall index in recent months, the LEI increased 5.4 percent in the six-month period ending in September and the Conference Board continues to forecast strong growth in the index in the coming months.

The consensus among forecasters is for a robust acceleration of the economy in the fourth quarter. The increase in expectations resulted from the waning of the delta variant of COVID-19 in the U.S. Additionally, consumers continue to increase demand for services while spending on goods. Unfortunately, supply chain bottlenecks may put upward pressure on prices. Labor supply shortages pose additional challenges; however, with schools reopening, school age children eligible for the vaccine, federal stimulus programs ending and companies paying higher wages, many forecasters suggest that it is only a matter of time before workers come back to the labor force.

Source	Date	4th Quarter 2021 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	11/01/21	8.2%
IHS Markit GDP Tracker	11/03/21	4.9%
Moody’s Analytics High Frequency GDP Model	11/01/21	7.7%
Wall Street Journal Survey of Economists	10/17/21	4.8%
Wells Fargo	10/14/21	4.4 %
Conference Board	10/13/21	5.2%

**Employment**

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased by 531,000 jobs in October. Employment was up 18.2 million from April 2020 but remained below February 2020’s pre-pandemic levels by 4.2 million jobs (2.8%). Notable gains were made in professional and business services, transportation and warehousing, leisure and hospitality, and manufacturing.



In October, **leisure and hospitality** jobs rose by 164,000. Employment increased in food services and drinking places (119,000), as well as in accommodation (23,000). Despite continued gains in employment this sector remained 1.4 million (8.2%) jobs lower than in February 2020.

In October, **professional and business services** added 100,000 jobs, but employment remained below February 2020 by 215,000. Within the industry there were job gains in management and technical consulting services (14,000), other professional and technical services (9,000), scientific research and development services (6,000), and legal services (5,000).

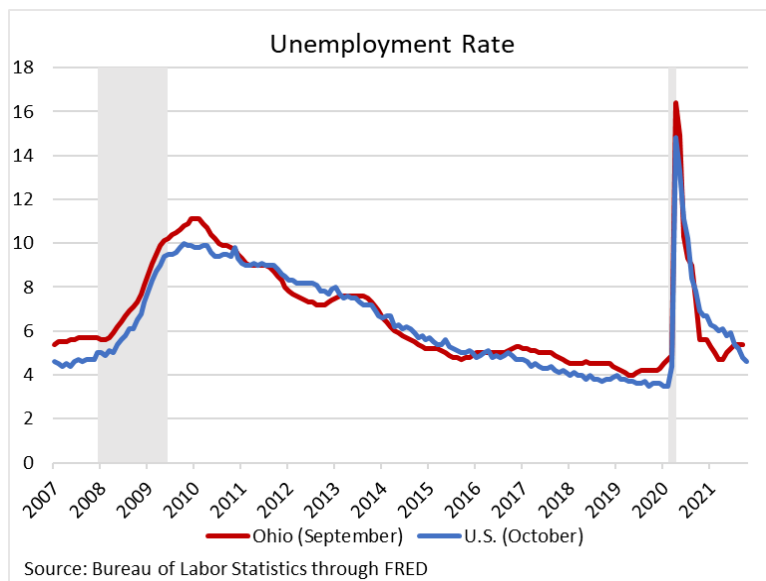
**Manufacturing** employment increased by 60,000 jobs in October. Gains in employment within the industry were led by motor vehicles and parts (28,000), chemicals (6,000), and fabricated metal products (6,000). Despite the gains, employment remains 270,000 jobs below February 2020 levels.

Employment in **transportation and warehousing** increased by 54,000 jobs in October, bringing employment above its February 2020 level by 149,000 jobs. Employment gains were led by warehousing and storage (20,000), transit and ground passenger transportation (16,000), air transportation (9,000), and truck transportation (8,000).

**Retail trade** employment rose by 35,000 jobs in October. Notable gains in the sector occurred in food and beverage stores (16,000), general merchandise stores (15,000), and health and personal care stores (8,000). These gains were partially offset by losses in building material and garden supply stores (-10,000). Retail employment remains 140,000 jobs below February 2020 pre-pandemic levels.

The **national labor force participation rate** was unchanged at 61.6 percent in October but was 1.7 percentage points lower than in February 2020. It has remained between 61.4 percent and 61.7 percent since June 2020. The **employment-population ratio** increased by 0.1 percentage points in October to 58.8 percent. However, the ratio remained 2.3 percentage points below February 2020 levels.

**Ohio’s nonfarm payroll employment** increased by 9,900 jobs to 5.3 million between August and September. Activity through September leaves nonfarm payroll employment 4.5 percent lower than it was in February 2020. Sectors with notable gains between August and September included: trade, transportation, and public utilities (7,500), government (5,800), and construction (3,500). These gains were partially offset by losses in manufacturing (-2,800), education and health services (-1,300), leisure and hospitality (-1,000), financial activities (-900), professional and business services (-700), and information (-500). **Ohio’s seasonally adjusted labor force participation rate** in September was 61.1 percent, an increase of 0.3 percentage points from August 2021. The rate remained 2.6 percentage points below February 2020’s pre-pandemic level.



The Bureau of Labor Statistics reported the national **unemployment rate** decreased 0.2 percentage points to 4.6 percent between September and October. The number of unemployed individuals decreased by 255,000 to 7.4 million. Despite both measures being substantially lower than their April 2020 highs, they remained above February 2020 levels by 1.1 percentage points and 1.7 million individuals, respectively.

When examined by race, the unemployment rate for all demographic groups either remained the same or slightly decreased in October. The unemployment rate for those who identify as Black or Asian remained the same as the prior month at 7.9 percent and 4.2 percent, respectively. The rate for individuals who identify as White decreased 0.2 percentage points to 4.0 percent. Hispanic or Latino individuals also saw their unemployment rate decrease 0.4 percentage points to 5.9 percent. In October, the unemployment rate for women increased 0.2 percentage points to 4.4 percent, while the rate for men decreased 0.4 percentage points to 4.3 percent. The unemployment rate for teenagers increased 0.4 percentage points to 11.9 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 52,000 to 840,000 in October. The number of unemployed people who were on **temporary layoff** decreased slightly by 68,000 to 1.1 million in October. This was approximately 306,000 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 125,000 to 2.1 million but remained roughly 828,000 higher than in February 2020. The number of unemployed **re-entrants**, those who have previously worked but were not in the labor force prior to beginning their job search, decreased by 79,000 to 2.2 million.

The number of unemployed individuals who were **jobless less than 5 weeks** decreased by 152,000 to 2.1 million. Individuals who were **jobless 5 to 14 weeks** increased 94,000 to 2.0 million. Those **jobless 15 to 26 weeks** increased slightly to 994,000. In October, individuals who were long-term unemployed, **jobless 27 weeks or more**, decreased 357,000 to 2.3 million. This measure is 1.2 million higher than in February 2020.

The number of **people not in the labor force who currently want a job** marginally increased to 6.0 million people and is up by 968,000 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.

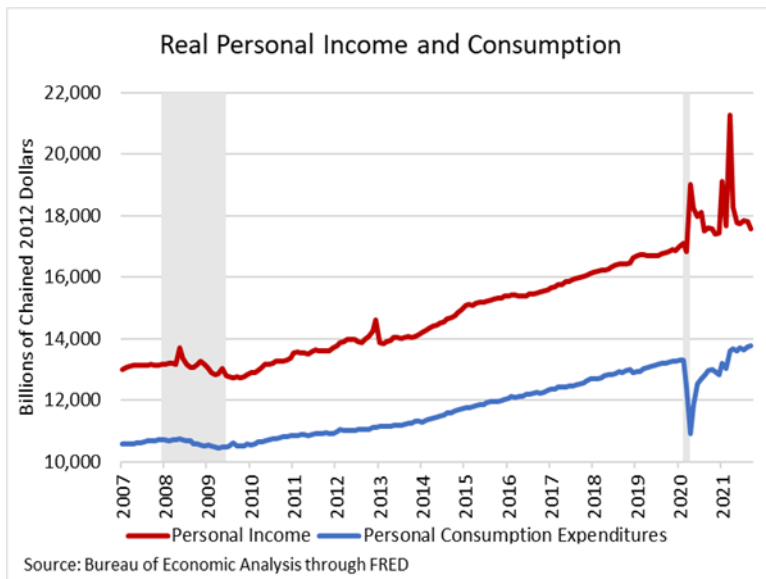
The **State-Level Coincident Index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased 0.2 percent to 112.9 from August to September and is up 0.3 percent for the past three months. Compared to September 2020 the Ohio index is up 6.2 percent but is 0.4 percent below September 2019. For comparison, the U.S. coincident index increased 0.4 percent between August and September to 129.9 and has increased 1.6 percent over the last three months. From August to September, indices improved in 46 states and decreased in four. The September diffusion index for the U.S. was 84.0 and the three-month diffusion index was 94.0.

The **Conference Board's Employment Trends Index** aggregates eight different labor market indicators. The index increased 2.6 points from September's revised number to 112.2 in October, following a decline in the prior month. Despite the increase, two of the eight components contributed negatively: Job Openings and Percentage of Firms with Positions Not Able to Fill Right Now. The Head of the Conference Board Labor Market Institute, Gad Levanon, suggested that the upward mobility in the index indicates strong employment growth in the upcoming months. As the delta variant subsides, in-person services employment should likely move towards pre-pandemic levels. As labor shortages may not end, they remain a major concern as they could result in upward pressure on wages.

The **Ohio unemployment rate** remained at 5.4 percent in September 2021 for the third month in a row. During the week ending October 30, 2021, a total of 7,375 initial unemployment claims were filed. This was a 97.3 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 October 30, 2021, in which 38,360 individuals filed continued claims. As of November 4, 2021, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning six employees of potential future layoffs and closures in November, 637 in December 2021 and 21 in January 2022.

### **Consumer Income and Consumption**

According to the Bureau of Economic Analysis, **personal income** decreased \$216.2 billion (-1.0%) in September. This follows three consecutive months of increases in personal income. This month's decline is due to a decrease in government social benefits of \$296.6 billion (-7.2%). Within this category unemployment insurance decreased \$254.6 billion (-72.3%) and "other" benefits declined by \$49.6 billion (-5.3%). Unemployment insurance decreased due to a decline in payments in the following programs: Pandemic Unemployment Compensation, Pandemic Emergency Unemployment Compensation and Pandemic Unemployment Assistance. Within "other" benefits the decline is due to a reduction in spending in the Provider Relief Fund, economic impact payments and Paycheck Protection Program loans.



**Personal consumption expenditures**, a measure of national consumer spending for goods and services, increased 0.6 percent between August and September. Spending on both goods and services increased for the month, at 0.5 percent and 0.6 percent respectively. Overall spending on durable goods decreased by 0.2 percent, which can be primarily attributed to motor vehicles and parts (-1.9 percent). The decline in durable goods was partially offset by a 0.9 percent increase in spending for nondurable goods. This increase in nondurables was primarily attributed to

a 2.0 percent increase in gasoline and other energy goods. Services increased 0.6 percent with the largest contributors to the increase being recreation services (1.7 percent) and food service and accommodations (1.3 percent). The table below provides details on real personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates. The differences between the figures above and those in the table are due to the rise in the price of products or services due to rising inflation.

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

	<b>August 2021</b>	<b>September 2021</b>	<b>1-Month Percent Change</b>	<b>12-Month Percent Change</b>	<b>24-Month Percent Change</b>
<b>Real Personal Consumption Expenditures</b>	\$13,736,223	\$13,772,634	0.3%	6.2%	4.2%
<b>Durable Goods</b>	\$2,146,585	\$2,136,689	-0.5%	4.2%	19.5%
Motor vehicles and parts	\$561,227	\$544,586	-3.0%	-8.6%	1.0%
Furnishings and durable household equipment	\$507,213	\$504,398	-0.6%	6.1%	20.9%
Recreational goods and vehicles	\$799,636	\$811,705	1.5%	11.2%	37.7%
Other durable goods	\$340,061	\$345,071	1.5%	22.4%	32.5%
<b>Nondurable goods</b>	\$3,415,703	\$3,428,444	0.4%	7.0%	14.2%
Food and beverages purchased for off-premises consumption	\$1,121,365	\$1,119,742	-0.1%	4.9%	12.9%
Clothing and footwear	\$504,041	\$514,291	2.0%	13.4%	27.0%
Gasoline and other energy goods	\$438,638	\$441,460	0.6%	6.6%	-0.8%
Other nondurable goods	\$1,312,710	\$1,315,280	0.2%	6.5%	15.3%
<b>Services</b>	\$8,373,064	\$8,403,929	0.4%	6.4%	-1.0%
Housing and utilities	\$2,154,798	\$2,148,794	-0.3%	1.0%	1.8%

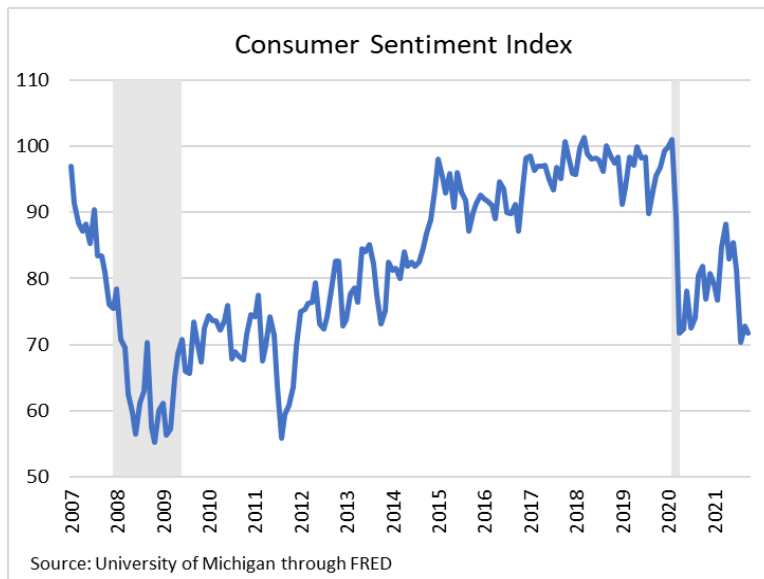


Transportation services	\$399,167	\$405,917	1.7%	24.2%	-12.1%
Recreation services	\$416,939	\$422,706	1.4%	18.9%	-16.4%
Food services and accommodations	\$847,200	\$856,028	1.0%	21.5%	0.1%

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

**Personal savings** decreased 19.8 percent (-\$329.0 billion) in September 2021 compared to August but remained above the January 2020 level by 3.3 percent (\$42.2 billion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 7.5 percent, a decrease of 1.7 percentage points between August and September.

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 0.4 percent in September, which followed a 0.3 percent increase in August. The ‘all items’ index has increased 5.4 percent over the last 12 months. The index for used cars and trucks decreased for the second month in a row in September following five straight months of increases. Even with the 0.7 percent decrease in September, the used cars and trucks index has increased 24.4 percent over the last 12 months. Additionally, the index for ‘all items less food and energy’ increased 0.2 percent in September following a marginal increase of 0.1 percent in August.

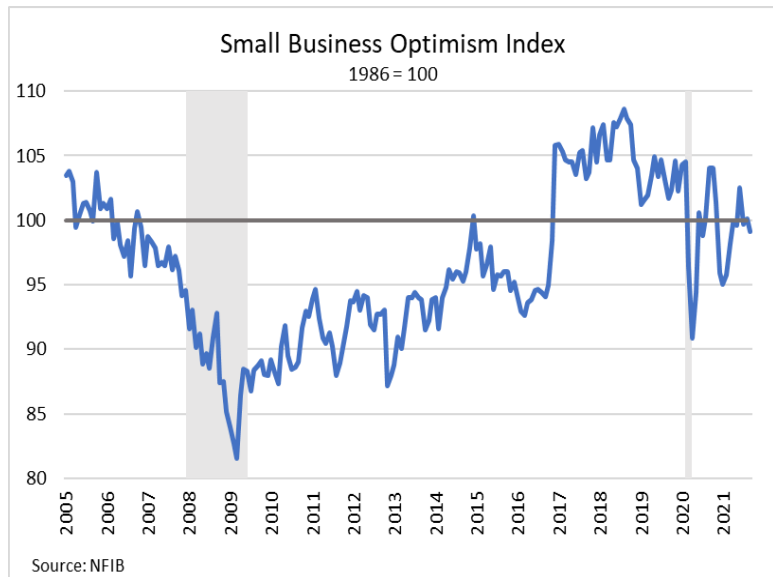


Results from the University of Michigan’s **Surveys of Consumers** indicated that consumer sentiment decreased in October following a slight increase in September. The Consumer Sentiment Index decreased 1.1 points to 71.7 in October 2021 from a revised 72.8 in September. This was a 1.5 percent decrease from September and a 12.3 percent decrease from October 2020. The Current Economic Conditions Index decreased 2.4 points to 77.7. This was a 3.0 percent decrease from September and a 9.5 percent decrease from October 2020. The Consumer Expectations Index

decreased 0.2 points to 67.9. This was a 0.3 percent decrease from September and a 14.3 percent decrease compared to October 2020. Positive impacts of declining COVID-19 cases and higher income expectations were not enough to offset falling confidence in economic policies and higher rates of inflation, as consumers indicated greater levels of uncertainty for inflation in the year ahead than at any time in almost 40 years.

The **Conference Board’s Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, improved in October after declines in the prior three months. Consumer confidence in October was at 113.8, up 4.0 percentage points from September’s revised value of 109.8. The **Conference Board’s Present Situation Index**, which measures consumers’ current assessment of business and labor market conditions, increased 3.1 percentage points from 144.3 in September to 147.4 in October. The **Conference Board’s Expectation Index** examines consumer short-term outlook for the economy. The index increased in October to 91.3, an increase of 4.6 percentage points from September. Consumer confidence increased in October as concerns about the spread of the delta variant waned. Despite short-term inflation concerns rising to a 13 year high, it had a muted influence on confidence. A positive sign that consumer spending will continue through the end of 2021 is the proportion of consumers planning to purchase vehicles, homes, and other major appliances.

Produced by the National Federation of Independent Business (NFIB), the **Small Business Optimism Index** surveys a sample of small-business owners to determine the health of small businesses each month. The index decreased 1.0 percentage point to 99.1 in September, following a modest increase in August.



Of the 10 components that comprise this Index, five declined, three improved, and two were unchanged. Earning trends increased 1.0 point over the past three months, to a net negative 14.0 percent. The percent of owners raising average selling prices fell three points to a net 46.0 percent. The Uncertainty Index increased 5.0 points to 74.0, indicating owners are less certain about their views than in previous months. Qualified labor shortages continued to be an issue in September, as 51.0 percent of small business owners reported having openings that they could not fill during the current period, an increase of 1.0 percentage point from August, and a 48-year record high for the third month in a row.

The travel and hospitality industries continue to face significant challenges due to the pandemic and the rise of the delta variant. The **Transportation Security Administration (TSA)** tracks how many travelers go through TSA checkpoints as “throughput.” With the decline in COVID-19 cases airline travel increased 11.9 percent in October 2021 compared to September. Total travel throughput in October 2021 was 122.3 percent higher than in October 2020; however, travel was 20.7 percent lower in October 2021 compared to October 2019.

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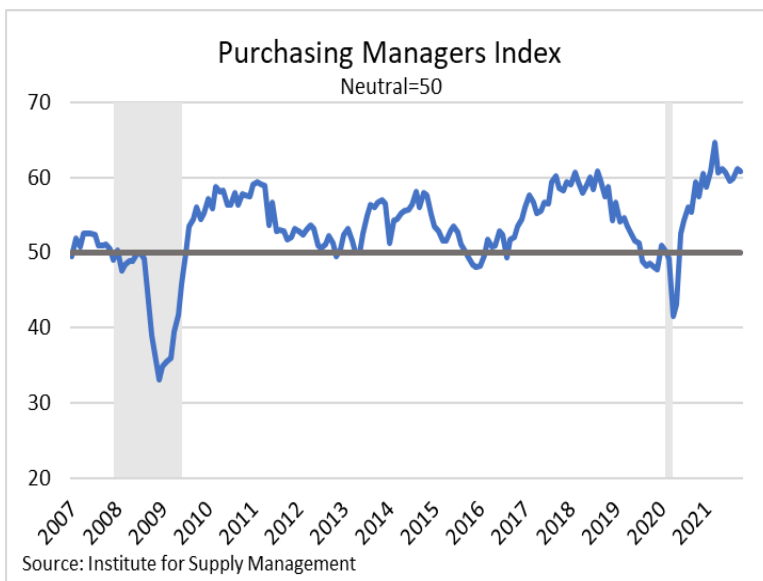
For the week ending October 23, 2021, **STR**, a company that provides analytics and data on the hospitality sector, reported the hotel occupancy rate was 63.9 percent, 9.0 percent below the comparable week in 2019. The average daily rate for a hotel room was \$134.14, down 0.6 percent from the comparable week. Revenue per available room was \$85.74, which was 9.6 percent lower than the equivalent week in 2019.

**Commercial vehicle miles traveled** on the Ohio turnpike in October increased 9.9 percent compared to the same period in 2020 and increased 18.6 percent compared to the same period in 2019. **Passenger vehicle miles traveled** in October increased 20.1 percent compared to the same period in 2020 and increased 0.2 percent compared to the same period in 2019. **Total revenue** on the Ohio turnpike was 15.6 percent higher in October compared to the same period in 2020 and increased 15.8 percent compared to the same period in 2019.

### Industrial Activity

The Industrial Production Index from the Board of Governors of the Federal Reserve System is an indicator that measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. **Total industrial production** decreased 1.3 percent in September, following a revised decrease of 0.1 percent in August. Industrial production was limited by the lingering effects caused by closures stemming from Hurricane Ida. The September index was 4.6 percent higher compared to September 2020 and is 1.3 percent below its pre-pandemic levels in February 2020.

The **manufacturing production index** decreased 0.7 percent in September 2021 to 98.7 but remained 4.8 points above September 2020. Overall, the production of durable and nondurable goods decreased slightly. Nationally, five of the top 10 industries relevant to Ohio’s manufacturing sector decreased production, while the other half increased. The largest decrease was in motor vehicles and parts (7.2%), which slowed due to shortages of semi-conductors. Production also slowed in September in petroleum and coal products (-2.4%), chemicals (-2.1%), food, beverage, and tobacco products (-0.6%), and plastics and rubber products (-0.4%). These losses were partially offset by increased production in electrical equipment, appliances, and components (1.3%), primary metals (1.1%), aerospace and miscellaneous transportation equipment (1.1%), fabricated metal products (0.3%), and machinery (0.2%).



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 October, the PMI for the United States decreased 0.3 percentage points compared to September indicating an overall expansion of the manufacturing economy for the 17<sup>th</sup> month in a row following a contraction in April 2020.

The New Orders Index for October was at 59.8 percent, falling 6.9 percentage points from September. The Backlog of Orders Index fell 1.2 percentage points to 63.6 percent, and the Employment Index expanded 1.8 percentage points to 52.0 percent. Overall, these indices indicate that while the manufacturing sector grew, it is still challenged. Respondents continued to report hurdles meeting increasing demand amid rising prices for commodities, record-long lead times for raw materials, ongoing shortages of critical materials and difficulties transporting products.

Of the 18 industries tracked by the Manufacturing ISM<sup>®</sup> Report on Business, 16 reported growth between September and October. All 10 industries most important to Ohio's manufacturing sector reported growth in the last month, with food, beverage, and tobacco 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 October. A source in the plastics and rubber products industry reported, "My prediction is that 2022 will be very similar to 2021 – similar demand, constrained supply, restricted logistics and rampant inflation." Additionally, a respondent in the machinery industry reported, "Customer demand remains high. COVID-19 related supply chain issues still hamper our ability to meet demand. Labor is still difficult for our suppliers to obtain, and labor costs are rising."

## **Construction**

The U.S. Census Bureau estimated **total construction spending** in September to be at a seasonally adjusted annual rate of \$1.6 billion, 0.5 percent below the revised August estimate. The September 2021 estimate was 7.8 percent above that of September 2020 and 10.2 percent above September 2019.

Private sector construction in September 2021 was at a seasonally adjusted rate of \$1.2 billion. This was a 0.5 percent decrease from the revised August estimate but remained 11.1 percent above September 2020. Residential construction in September decreased 0.4 percent from the revised August estimate and was 19.3 percent above September 2020. On the other hand, nonresidential construction decreased 0.6 percent in September from the revised August estimate and was 0.5 percent below September 2020.

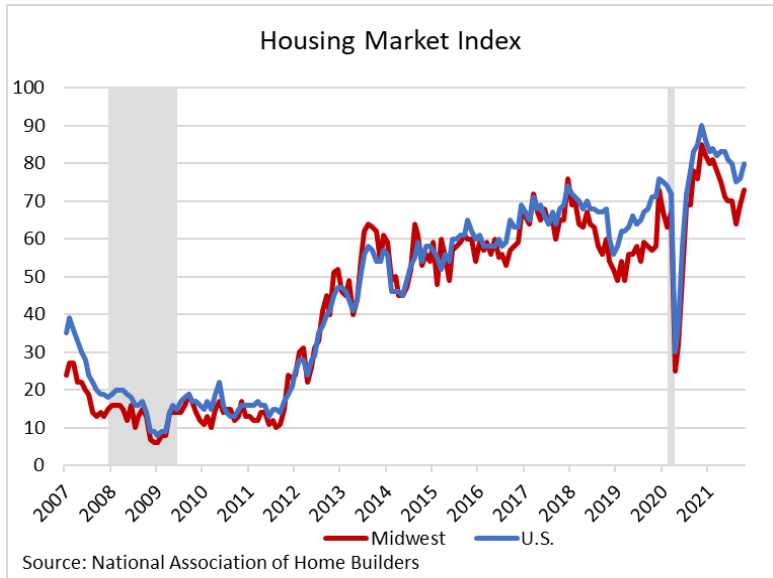
Public sector construction spending in September was at a seasonally adjusted annual rate of \$343.7 billion. This was 0.7 percent below the revised August estimate and 2.4 percent below the September 2020 rate. Spending in September on education construction was 0.9 percent above August's revised value and 6.0 percent below September 2020. Highway construction spending in September was 0.7 percent below the revised August value and was 7.1 percent above September 2020.

Nationally, the number of privately-owned housing units approved decreased 7.8 percent between August and September and were 0.2 percent below September 2020. In Ohio, building permits for privately-owned units decreased 19.7 percent in September, and were 2.6 percent below the number of permits issued in September 2020. Nationally, privately-owned housing starts decreased 1.6 percent in September compared to August but were 7.4 percent above the September 2020 rate. Privately-owned housing starts in the Midwest increased 6.9 percent between August and September and were 3.3 percent above September 2020 levels. Nationally, privately-owned housing completions decreased 4.6 percent in September and were 13.0 percent below the September 2020 rate. The national rate has now decreased in five of the last six months, and September marked the first month since November 2020 where the year-over-year rate fell. In September, privately-owned housing completions in the Midwest increased 18.2 percent and were 9.2 percent below the September 2020 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In September, new home sales increased 14.0 percent from the revised August rate to an estimated 800,000 but were 17.6 percent below the September 2020 estimate. In the Midwest, new home sales decreased 1.5 percent between August and September, and were 34.0 percent below the September 2020 level. The preliminary national median sales price in September was \$408,800, a 1.8 percent increase from the revised median price in August, and an increase of 18.7 percent compared to September 2020.

**Existing home sales**, as reported by the National Association of Realtors, increased in September after falling in August. Sales increased 7.0 percent in September compared to August, at a seasonally adjusted annual rate of 6.3 million housing units. This was a decrease of 2.3 percent from the year prior. Available inventory in September decreased to 1.3 million units, a decrease of 0.8 percent from August, and was 13.0 percent lower than a year ago. Prices throughout September increased nationwide, as the median sale price of all existing homes rose 13.3 percent from a year ago to \$352,800. September 2021 was the 115<sup>th</sup> continuous month of year-over-year increases in existing median home sales prices. Sales in the Midwest increased 5.1 percent in September from last month, and were 9.1 percent above September 2020. According to the **Ohio Realtors**, activity in the Ohio housing market increased slightly during the month of September, as home sales increased 0.9 percent compared to September 2020. The average sale price was \$242,561 in September, an 8.8 percent increase compared to September 2020.

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 increased 4.0 points in October to 80.0 from a revised 76.0 in September, a 5.3 percent increase. This is the second month in a row where the HMI has increased at the national level, and the increase in the October index was the highest month-over-month increase since November 2020. This increase was attributed to the decline in lumber prices and continued strong housing demand as buyers try to purchase homes before mortgage rates increase. In the Midwest, the HMI increased 4.0 points in October to 73.0 from a revised 69.0 in September.



## **REVENUES**

October GRF tax revenues were \$126.9 million (6.2%) above estimate. To date, tax revenues have exceeded the estimate in each month of this fiscal year. October's positive outcome was primarily due to contributions from the non-auto sales tax and the personal income tax, which exceeded estimate by \$56.3 million and \$46.4 million, respectively. For the fiscal year-to-date, all tax sources either have exceeded estimate or have produced a minor negative variance. October tax receipts increased by \$138.8 million (6.8%) from the prior year. Again, the most notable sources of growth were the non-auto sales tax and the personal income tax.

Aggregate tax and non-tax GRF receipts and transfers totaled \$2.9 billion in October and were \$90.4 million (3.2%) above estimate. As noted above, tax revenues were \$126.9 million (6.2%) above estimate. Non-tax receipts were \$37.6 million (-5.0%) below estimate and transfers were \$1.1 million above estimate. For the year-to-date, tax revenues are above estimate, non-tax receipts are below estimate, and transfers are above estimate as shown in the table below.

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>Percent Variance</b>
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	\$260.9	3.1%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$135.3)	-3.4%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$12.6	41.4%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$138.2</b>	<b>1.1%</b>
<b>Non-federal revenue variance</b>		<b>\$338.4</b>	<b>4.0%</b>
<b>Federal grants variance</b>		<b>(\$200.1)</b>	<b>-5.1%</b>

For October, receipts and transfers were \$215.3 million (-6.9%) below the previous year. Tax receipts increased by \$138.8 million (6.8%), non-tax receipts decreased by \$355.1 million (-33.0%), and transfers increased by \$1.1 million. For the year-to-date, tax receipts are \$25.3 million (0.3%) above last year and non-tax receipts are \$965.3 million (-19.9%) below the prior year. Transfers are \$36.9 million (-46.2%) below last year on a year-to-date basis.

During October, the source with the largest year-over-year increase was non-auto sales tax, at \$68.9 million (8.2%) above last year. The next-largest increases were personal income tax at \$40.3 million (5.8%) and auto sales tax at \$11.5 million (8.3%). The largest decline was experienced by Federal grants at \$349.2 million (-33.1%).

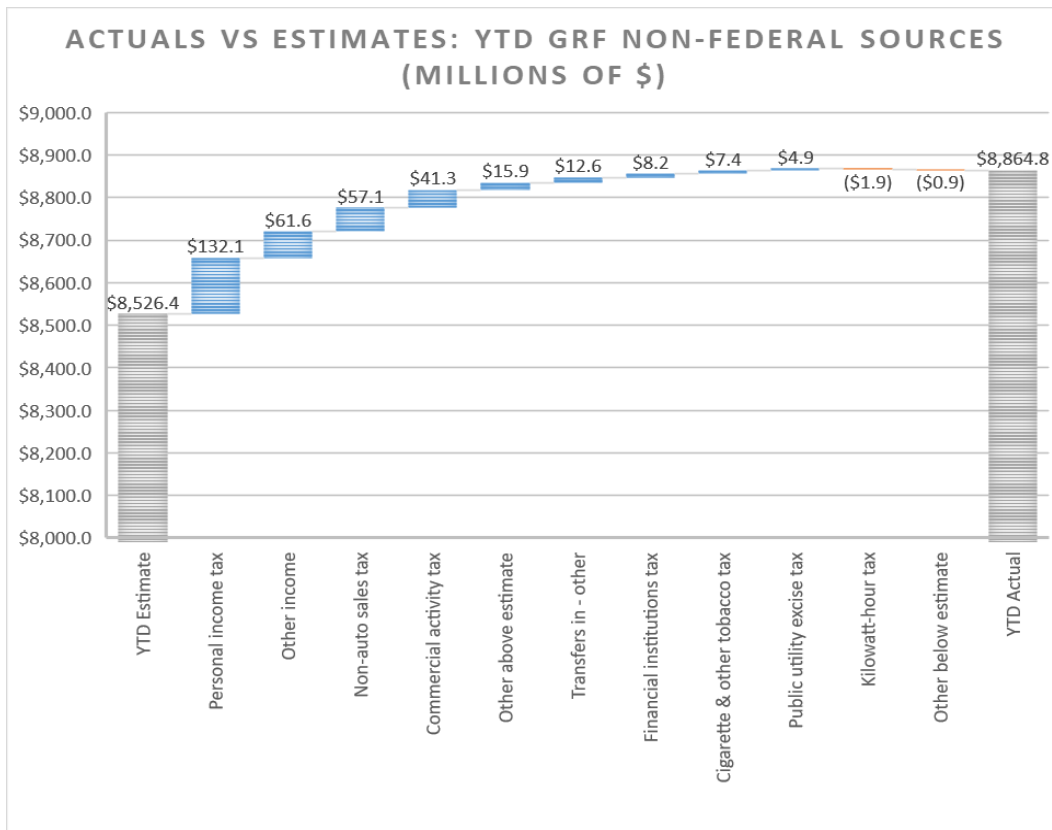
The table below shows that sources above estimate (a positive variance of \$131.1 million) in October outweighed the size of sources below estimate (a negative variance of \$40.8 million), resulting in a \$90.4 million net positive variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto sales tax	\$56.3	Federal grants	(\$40.7)
Personal income tax	\$46.4	Other sources below estimate	(\$0.1)
Commercial activity tax	\$7.2		
Financial institutions tax	\$4.9		
Other sources above estimate	\$16.3		
<b>Total above</b>	<b>\$131.1</b>	<b>Total below</b>	<b>(\$40.8)</b>

(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 2022 to date, with the net difference amounting to \$338.4 million.

### Non-Auto Sales Tax

GRF non-auto sales and use tax collections in October totaled \$906.4 million and were \$56.3 million (6.6%) above the estimate. For the fiscal year-to-date, revenues are \$57.1 million (1.6%) above estimate. October revenue was \$68.9 million (8.2%) above the prior year, while year-to-date revenue is \$261.5 million (7.9%) above fiscal year 2021. Because last October reflected the early stages of adjustment to the pandemic and economic recovery, October 2019 may provide a more informative basis of comparison to October 2021: such a comparison shows that GRF non-auto sales tax revenue grew by \$149.3 million (14.7%), translating into a compound average annual growth rate of 7.1 percent.

Data 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 the orientation of the tax toward goods rather than services. 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, and Food Services categories show median growth rates ranging from -12.8 percent to -14.6 percent in August relative to pre-pandemic levels. These segments showed improving performance in September compared to August. Most retail segments that are predominantly subject to Ohio sales tax continue to display strong recovery since the pandemic: in September, the Furniture, Building Materials & Garden Equipment, Electronics and Appliance, Automotive Parts, Sporting Goods & Hobby, and General Merchandise categories had median monthly growth rates ranging from 16.1 percent to 33.8 percent.

U.S. retail data emanate each month from the Bureau of Census, through its Monthly Advance Retail Trade Survey (MARTS) program. For retail categories that are predominantly subject to Ohio non-auto sales tax (comprised of companies with NAICS codes 442, 443, 444, 448, 451, 452, 453, and 454), the MARTS data show a 12.7 percent year-over-year increase in non-seasonally adjusted sales during September 2021, following 14.5 percent annual growth in August and 11.4 percent annual growth in July. In comparison, year-over-year growth in all-funds non-auto sales tax revenue was 15.9 percent in September, 10.3 percent in August, and 7.5 percent in July. Month-over-month sales also increased according to the most recent MARTS data release. Using seasonally adjusted figures, September 2021 sales for the above-indicated retail categories were 1.0 percent above the August level.

Recent state and permissive non-auto sales tax collections data by industry classification compiled by the Department of Taxation provides further detail on this revenue source. Total year-over-year growth across all categories was \$358.4 million (11.5%) during the first quarter of fiscal year 2022. Classifying businesses into eight broad industry categories, the data show that the Accommodations & Food Services and Non-Retail Business categories together account for 60.3 percent of total year-over-year collections growth during the first quarter. The next-largest growth category was Nonstore Retailers, accounting for 16.4 percent of overall growth. (The remaining five industries are Food Stores & Pharmacies, Building Materials & Garden Supply Stores, Motor Vehicle Parts/Services & Gasoline Stations, Miscellaneous Retailers & Other Services, and the General Merchandise, Apparel and Accessories, Furniture and Other Sales (GAFO) segment.)

However, this year-over-year growth calculation is somewhat distorted because it reflects a comparison to the suppressed levels of early fiscal year 2021, a distortion especially true for Accommodations & Food Services. Comparing the first quarter of fiscal year 2022 to the same quarter of fiscal year 2020 provides an alternative basis of measurement. After removing marketplace facilitators from the fiscal year 2022 data to remove the effects of that major tax policy change (such vendors were not yet subject to sales tax in early fiscal year 2020), overall growth from fiscal year 2020 amounted to \$377.5 million (12.7%). Growth contributions were more broadly distributed across industries. Four industries – Nonstore Retailers, Non-Retail Businesses, GAFO, and Building Materials & Garden Supplies – each accounted for between 16.0 percent and 27.0 percent of overall growth, and altogether accounted for 84.2 percent of total growth. Of final note is the fact that first-quarter fiscal year 2022 collections for the Accommodations & Food Services industry remained modestly below the same period of fiscal year 2020, with a 1.1 percent decrease.

## Auto Sales Tax

October auto sales tax revenues were \$150.3 million and were \$1.7 million (1.2%) above the estimate. For the year-to-date, this source is \$1.1 million (0.2%) above the estimate. The source was \$11.5 million (8.3%) above last October. Because last October reflected the early recovery from the economic impacts of the pandemic, October 2019 may provide a useful alternative basis of comparison to October 2021: such a comparison shows that GRF auto sales tax revenue grew by \$5.9 million (4.1%), translating into a compound average annual growth rate of 2.0 percent.

U.S. data show new vehicle unit sales continuing to decline below the levels reached this spring. New light vehicle sales in October reached an estimated 13.0 million units, 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). Although this represents a 6.6 percent increase from September, the October result comes after five consecutive monthly declines that occurred during the May through September period and amounts to a 29.0 percent decline from April's level. The October figure is 20.2 percent lower than the previous year. Computer chip shortages continue to be cited as the major cause of constrained sales although new vehicle production has been impacted by other supply chain shortages and challenges. Meanwhile, new vehicle transaction prices continue to grow: TrueCar, Inc. estimates that the average transaction price for new vehicles was \$40,121 in October, up 1.0 percent from September and up 8.1 percent relative to last October.

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during October to be 3.5 million (not annualized and not seasonally adjusted), down 2.0 percent from last month but 5.0 percent above last year. Moody's Analytics reports that its wholesale price index for used vehicles increased by 42.2 percent in October from the prior year, compared with 36.2 percent growth in September. Such price growth reflects historically strong demand for used vehicles in a market buffeted by many factors but particularly by suppressed new vehicle production largely traced to semiconductor shortages.

Ohio data shows that used vehicle price growth accounts for increased motor vehicle revenue in recent months. Although October data will not be reflected until the fourth quarter 2021 data is released, information pertaining to the third quarter remains relevant. According to Bureau of Motor Vehicles, taxable sales of titled motor vehicles increased by \$627.5 million (7.3%) in the third quarter of calendar year 2021 compared to the prior year. The entire increase was attributable to used vehicles, whose sales grew by \$874.5 million (17.1%); new vehicle sales declined by \$247.0 million (-7.2%). For aggregate (new and used) motor vehicle transactions, the number of unit sales and average transaction values went in opposite directions in the third quarter: titled motor vehicle transactions declined by 84,262 (-12.8%), while average taxable price increased by \$3,015 (23.1%). However, the average price of new vehicles increased by 6.6 percent while used vehicle average prices grew by 34.4 percent. As a result, used vehicle sales accounted for 65.1 percent of total motor vehicle sales during the third quarter of this year, compared to 59.6 percent in the prior year.

## Personal Income Tax

October GRF personal income tax receipts totaled \$737.9 million and were \$46.4 million (6.7%) above the estimate. For the year-to-date, revenue is \$132.1 million (4.3%) above estimate. On a year-over-year basis, October income tax collections were \$40.3 million (5.8%) above October 2020.

The month's positive variance was spread across several payment components, including withholding. Withholding collections were \$18.2 million (2.4%) above estimate in October. For the fiscal year-to-date, this component exceeds estimate by \$58.1 million (1.9%). Withholding was \$17.0 million (2.3%) above last year during October and is \$128.7 million (4.3%) above last year for the fiscal year-to-date. However, October's collections were impacted by the three-percent reduction in employer withholding tax rates and for there being one less business day than last year. After adjusting for those differences, withholding collections for the month would have been an estimated \$63.5 million (8.4%) higher than last year.

Quarterly estimated payments were \$17.9 million (65.7%) above estimate in October, and \$19.9 million (78.7%) above the prior year. With October's performance, estimated payments are now above estimate for the fiscal year-to-date, exceeding the mark by \$18.4 million (6.5%). For the April-October period, which reflects year-to-date estimated payment collections for the 2021 taxable year (i.e., quarterly payments due in April, June, and September), this component is \$65.1 million (10.5%) above estimate and has grown by \$125.1 million (22.3%) from the prior year.

October was noteworthy for annual return tax collections because the taxable year 2020 returns of taxpayers that claimed filing extensions were due during the month. October annual return payments were \$31.5 million (61.2%) above estimate and \$28.4 million (52.0%) above last year. This component is now \$44.6 million (44.5%) above estimate for the fiscal year. October bolstered the strong performance of the 2021 filing season: annual return payments are now \$223.7 million (20.2%) above estimate for the elapsed filing season (January-October 2021) and are \$328.0 million (32.7%) above the prior year's filing season to date (January-October 2020).

October also reflects refund activity tied to the due date of annual tax returns of taxpayers using filing extensions. Refunds for the month were \$24.3 million (21.6%) above estimate but are \$6.0 million (-2.2%) below estimate for the fiscal year. This component was \$26.7 million (24.2%) above last October. For the elapsed (January-October 2021) filing season, refunds have exceeded estimate by \$93.1 million (5.3%). Compared to January-October 2020, refunds during this filing season have declined by \$218.4 million (-10.5%).

<b>OCTOBER PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	Actual October	Estimate October	\$ Var	Actual Oct-2021	Actual Oct- 2020	\$ Var Y-over-Y
Withholding	\$770.0	\$751.8	\$18.2	\$770.0	\$753.0	\$17.0
Quarterly Est.	\$45.2	\$27.3	\$17.9	\$45.2	\$25.3	\$19.9
Annual Returns & 40 P	\$83.0	\$51.5	\$31.5	\$83.0	\$54.6	\$28.4
Trust Payments	\$6.5	\$5.8	\$0.7	\$6.5	\$4.5	\$2.0
Other	\$8.9	\$4.9	\$4.0	\$8.9	\$4.9	\$4.0
Less: Refunds	(\$137.0)	(\$112.7)	(\$24.3)	(\$137.0)	(\$110.3)	(\$26.7)
Local Distr.	(\$38.7)	(\$37.1)	(\$1.6)	(\$38.7)	(\$34.4)	(\$4.2)
Net to GRF	\$737.9	\$983.9	\$46.4	\$737.9	\$697.6	\$40.3

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

### Commercial Activity Tax (CAT)

October revenues were \$7.2 million (8.6%) above the estimate. For the year-to-date, the source is \$41.3 million (8.2%) above estimate. CAT revenue in October was \$7.6 million (9.1%) above last year and fiscal year-to-date revenue is \$115.5 million (26.8%) above the previous year. Because of last year's unique conditions, an alternative growth comparison can be computed against fiscal year 2020: using that comparison, year-to-date revenue increased by \$77.9 million (16.6%) producing a compound average annual growth rate of 8.0 percent. In addition, the positive October performance may be a sign of strength for the second quarter of fiscal year 2022: revenue outcomes during the month preceding the tax due date are often a useful indicator of whether revenue for the entire quarter will reach and potentially exceed anticipated levels.

## **GRF Non-Tax Receipts**

GRF non-tax receipts totaled \$722.1 million and were \$37.6 million (-5.0%) below estimate for the month of October. The negative variance was driven by the Federal Grants category, which was \$40.7 million (-5.4%) below estimate. This variance coincides with lower than projected Medicaid disbursements for the month, discussed in the disbursement section of this report.

Earnings on Investments partially offset the negative variance, as revenues totaled \$11.9 million and were \$2.4 million (25.3%) above estimate. This variance is likely attributable to a higher than typical average cash balance in the GRF, which allowed for greater earnings on investments than initially anticipated.

11/8/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL OCTOBER	ESTIMATE OCTOBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	906,380	850,100	56,280	6.6%	3,589,154	3,532,100	57,054	1.6%
Auto Sales & Use	150,309	148,600	1,709	1.2%	663,102	662,000	1,102	0.2%
Subtotal Sales & Use	1,056,689	998,700	57,989	5.8%	4,252,256	4,194,100	58,156	1.4%
Personal Income	737,914	691,500	46,414	6.7%	3,200,977	3,068,900	132,077	4.3%
Corporate Franchise	64	0	64	N/A	500	0	500	N/A
Financial Institutions Tax	(9,166)	(14,100)	4,934	35.0%	(12,571)	(20,800)	8,229	39.6%
Commercial Activity Tax	91,088	83,900	7,188	8.6%	546,631	505,300	41,331	8.2%
Petroleum Activity Tax	0	0	0	N/A	1,425	1,700	(275)	-16.2%
Public Utility	5,378	3,400	1,978	58.2%	39,977	35,100	4,877	13.9%
Kilowatt Hour	30,843	28,800	2,043	7.1%	108,702	110,600	(1,898)	-1.7%
Natural Gas Distribution	819	300	519	172.9%	13,693	14,300	(607)	-4.2%
Foreign Insurance	172,703	171,500	1,203	0.7%	183,439	179,500	3,939	2.2%
Domestic Insurance	603	0	603	N/A	2,252	200	2,052	1026.2%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	75,937	73,200	2,737	3.7%	267,648	260,200	7,448	2.9%
Alcoholic Beverage	6,488	5,500	988	18.0%	25,125	20,800	4,325	20.8%
Liquor Gallonage	4,769	4,500	269	6.0%	19,774	19,000	774	4.1%
Estate	1	0	1	N/A	5	0	5	N/A
Total Tax Receipts	2,174,129	2,047,200	126,929	6.2%	8,649,835	8,388,900	260,935	3.1%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	707,068	747,754	(40,686)	-5.4%	3,719,998	3,920,139	(200,140)	-5.1%
Earnings on Investments	11,882	9,485	2,397	25.3%	11,882	9,485	2,397	25.3%
License & Fees	2,111	1,383	728	52.6%	11,027	10,381	646	6.2%
Other Income	1,050	1,121	(71)	-6.3%	148,890	87,293	61,597	70.6%
ISTV'S	5	0	5	N/A	209	0	209	N/A
Total Non-Tax Receipts	722,116	759,743	(37,627)	-5.0%	3,892,006	4,027,298	(135,292)	-3.4%
<b>TOTAL REVENUES</b>	<b>2,896,246</b>	<b>2,806,943</b>	<b>89,303</b>	<b>3.2%</b>	<b>12,541,841</b>	<b>12,416,198</b>	<b>125,643</b>	<b>1.0%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	1,050	0	1,050	N/A	42,945	30,362	12,582	41.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	1,050	0	1,050	N/A	42,945	30,362	12,582	41.4%
<b>TOTAL SOURCES</b>	<b>2,897,296</b>	<b>2,806,943</b>	<b>90,352</b>	<b>3.2%</b>	<b>12,584,786</b>	<b>12,446,561</b>	<b>138,225</b>	<b>1.1%</b>

11/8/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	OCTOBER	OCTOBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2022	FY 2021	VAR	VAR	FY 2022	FY 2021	VAR	VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	906,380	837,486	68,895	8.2%	3,589,154	3,327,643	261,512	7.9%
Auto Sales & Use	150,309	138,843	11,466	8.3%	663,102	626,066	37,036	5.9%
Subtotal Sales & Use	1,056,689	976,329	80,361	8.2%	4,252,256	3,953,709	298,547	7.6%
Personal Income	737,914	697,610	40,304	5.8%	3,200,977	3,603,427	(402,449)	-11.2%
Corporate Franchise	64	16	48	295.6%	500	287	212	74.0%
Financial Institutions Tax	(9,166)	(12,174)	3,008	24.7%	(12,571)	(16,152)	3,580	22.2%
Commercial Activity Tax	91,088	83,502	7,587	9.1%	546,631	431,101	115,530	26.8%
Petroleum Activity Tax	0	0	0	N/A	1,425	878	547	62.3%
Public Utility	5,378	4,015	1,363	33.9%	39,977	35,355	4,622	13.1%
Kilowatt Hour	30,843	30,056	787	2.6%	108,702	112,236	(3,534)	-3.1%
Natural Gas Distribution	819	29	789	2684.4%	13,693	13,720	(27)	-0.2%
Foreign Insurance	172,703	168,815	3,888	2.3%	183,439	175,660	7,780	4.4%
Domestic Insurance	603	0	603	N/A	2,252	824	1,428	173.4%
Other Business & Property	0	0	0	N/A	0	15	(15)	N/A
Cigarette and Other Tobacco	75,937	76,803	(866)	-1.1%	267,648	272,796	(5,147)	-1.9%
Alcoholic Beverage	6,488	5,692	796	14.0%	25,125	21,238	3,887	18.3%
Liquor Gallonage	4,769	4,642	127	2.7%	19,774	19,381	394	2.0%
Estate	1	0	1	263.1%	5	12	(7)	-60.1%
Total Tax Receipts	2,174,129	2,035,335	138,795	6.8%	8,649,835	8,624,487	25,348	0.3%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	707,068	1,056,255	(349,186)	-33.1%	3,719,998	4,743,542	(1,023,543)	-21.6%
Earnings on Investments	11,882	17,576	(5,694)	-32.4%	11,882	17,576	(5,694)	-32.4%
License & Fee	2,111	2,600	(490)	-18.8%	11,027	14,096	(3,069)	-21.8%
Other Income	1,050	768	281	36.6%	148,890	81,983	66,907	81.6%
ISTV'S	5	65	(59)	-91.6%	209	71	137	192.5%
Total Non-Tax Receipts	722,116	1,077,263	(355,147)	-33.0%	3,892,006	4,857,268	(965,262)	-19.9%
<b>TOTAL REVENUES</b>	<b>2,896,246</b>	<b>3,112,598</b>	<b>(216,353)</b>	<b>-7.0%</b>	<b>12,541,841</b>	<b>13,481,755</b>	<b>(939,914)</b>	<b>-7.0%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	1,050	0	1,050	N/A	42,945	79,832	(36,887)	-46.2%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	1,050	0	1,050	N/A	42,945	79,832	(36,887)	-46.2%
<b>TOTAL SOURCES</b>	<b>2,897,296</b>	<b>3,112,598</b>	<b>(215,303)</b>	<b>-6.9%</b>	<b>12,584,786</b>	<b>13,561,587</b>	<b>(976,801)</b>	<b>-7.2%</b>



## ***DISBURSEMENTS***

October GRF disbursements, across all uses, totaled \$3.0 billion and were \$86.6 million (-2.9%) below estimate. This variance was primarily attributable to below estimate disbursements in Medicaid. On a year-over-year basis, October total uses were \$61.9 million (2.1%) higher than those of the same month in the previous fiscal year, with an increase in Primary and Secondary Education largely responsible for the difference. Year-to-date variances from the estimate by category are provided in the table below.

<b>Category</b>	<b>Description</b>	<b>Year-To-Date Variance</b>	<b>% Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	(\$701.2)	-5.3%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$24.9	0.8%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>(\$676.3)</b>	<b>-4.2%</b>

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. October disbursements for this category totaled \$808.3 million and were \$55.0 million (7.3%) above estimate. This variance was primarily attributable to above estimate disbursements in the Foundation Funding – All Students line item as payments for regular and special education tuition payments occurred in October instead of September as planned. Also, the department did not transfer expenditures from this line item to non-GRF sources in October as the implementation of the new school funding formula was delayed from October until December. This variance was partially offset by below estimate spending in the Pupil Transportation, Special Education Enhancements, and Ohio Educational Computer Network line items. Expenditures for Pupil Transportation and Special Education Enhancements were below estimate as implementation of the new school funding formula was delayed from October until December. Disbursements for the Ohio Educational Computer Network line item were below estimate due to timing of payments to Information Technology Centers, which will occur in November instead of October as planned. Expenditures for the school foundation program totaled \$790.8 million and were \$60.8 million (8.3%) above estimate.

Year-to-date disbursements were \$2.9 billion, which were \$67.8 million (-2.3%) below estimate. On a year-over-year basis, disbursements in this category were \$438.7 million (118.7%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$154.0 million (5.6%) higher than the same point in fiscal year 2021. The year-over-year variance was due to two foundation payments occurring in October of fiscal year 2022, while one foundation payment occurred in October of fiscal year 2021.

## Higher Education

October disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$209.4 million and were \$1.8 million (-0.9%) below estimate. This variance was primarily attributable to spending in multiple programs because Memorandums of Understanding (MOUs), which are necessary prior to disbursement of funds, have not been completed and spending was below estimate by a total of \$8.1 million. Another significant source of the variance was the result of combined spending in the Choose Ohio First, Ohio College Opportunity Grant, and National Guard Scholarship programs, which was \$3.3 million below estimate due to lower-than-expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in multiple programs in the amount of \$8.9 million due to MOUs that were executed later than anticipated and payments for the previous quarter were made in October.

Year-to-date disbursements in this category were \$772.3 million and were \$45.1 million (-5.5%) below estimate. On a year-over-year basis, disbursements in this category were \$18.4 million (9.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$15.0 million (2.0%) higher than at the same point in fiscal year 2021.

## 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.

October disbursements in this category totaled \$15.1 million and were \$6.8 million (-31.0%) below estimate. This variance was primarily attributable to below estimate disbursements in the Ohio Arts Council Program Subsidies line item, which were \$6.2 million below estimate due to timing of payments to grant recipients. Year-to-date disbursements were \$45.3 million and were \$4.6 million (-9.3%) below estimate. On a year-over-year basis, disbursements in this category were \$5.5 million (57.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$10.3 million (29.5%) higher than at the same point in fiscal year 2021.

## 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.

### Expenditures

October GRF disbursements for the Medicaid Program totaled \$1.0 billion and were \$74.6 million (-6.7%) below estimate and \$416.1 million (-28.6%) below disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled \$5.4 billion and were \$302.8 million (-5.3%) below estimate, and \$1.3 billion (-19.8%) below disbursements for the same point in the previous fiscal year.

The monthly GRF variance was primarily attributable to below estimate spending in the managed care program due to delays in non-enrollment related payments. Managed care enrollment exhibited minimal variance, with all major eligibility categories within +/- 1.0 percent of estimates. While close to estimates, managed care enrollment continues to increase month-to-month due to the suspension of redeterminations as mandated by federal law for the duration of the federally declared public health emergency. When compared to pre-pandemic February 2020, total enrollment has increased by approximately 500,000. Fee-for-service enrollment was approximately 2.4 percent below estimate, further contributing to below estimate GRF spending. The year-over-year variance was primarily attributable to the timing and use of non-GRF funds, which can significantly affect month-to-month GRF usage. Fiscal year 2022 exhibits more non-GRF spending in the beginning of the fiscal year when compared to fiscal year 2021.

October all-funds disbursements for the Medicaid Program totaled \$2.6 billion and were \$509.0 million (-16.6%) below estimate, and \$138.8 million (5.7%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled \$10.7 billion and were \$878.1 million (-7.6%) below estimate, and \$131.5 million (1.2%) above disbursements for the same point in the previous fiscal year.

The October all-funds variance was primarily attributable to below estimate spending in the managed care program where spending was \$403.5 million (-18.4%) below estimate due primarily to delays in supplemental public health emergency hospital payments to managed care plans; these payments are now expected to disburse in November. Additionally, the Health Care Assurance Program (HCAP) was below estimate by \$54.4 million as a payment originally estimated to occur in October was delayed to future months. Finally, administration related spending was below estimate due primarily to the timing of some IT related expenditures. The year-over-year variance was primarily attributable to the increased costs associated with higher caseloads.

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

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

	<u>Oct. Estimate</u>	<u>Oct. Actual</u>	<u>Variance</u>	<u>Variance %</u>
GRF	\$1,111.3	\$1,036.6	-\$74.6	-6.7%
Non-GRF	\$1,957.9	\$1,523.5	-\$434.4	-22.2%
All Funds	\$3,069.1	\$2,560.1	-\$509.0	-16.6%

### Enrollment

Total October enrollment was 3.30 million, which was 2,100 (0.1%) above estimate and 239,100 (7.8%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.27 million and was 2,830 (-0.1%) below estimate.

October enrollment by major eligibility category was: Covered Families and Children (CFC), 1.82 million; Group VIII Expansion, 840,100; and Aged, Blind and Disabled (ABD), 499,100.

*\*Please note that enrollment data are subject to revision.*

## **Health and Human Services**

This category includes non-debt service GRF expenditures by state health and human service agencies including but not limited to the following: Job and Family Services, Health, Aging, Developmental Disabilities, and Mental Health and Addiction Services. 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.

October disbursements in this category totaled \$134.3 million and were \$48.7 million (-26.6%) below estimate. Year-to-date disbursements were \$501.0 million and were \$86.8 million (-14.8%) below estimate. On a year-over-year basis, disbursements in this category were \$9.5 million (-6.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$27.3 million (5.8%) higher than at the same point in fiscal year 2021.

### Department of Health

October disbursements for the Department of Health totaled \$7.7 million and were \$3.1 million (-21.9%) below estimate. This variance was primarily attributable to disbursements in the Chronic Disease, Injury Prevention and Drug Overdose line item, which was \$1.3 million below estimate due to an accounting correction by the Department of Mental Health and Addiction Services to the State Opioid Response grant. This variance was partially offset by disbursements in the Youth Homelessness line item, which was \$1.1 million above estimate due to subsidies to Star House for its Drop-In Center and its Carol Stewart Village being paid earlier than expected.

### Department of Job and Family Services

October disbursements for the Department of Job and Family Services totaled \$71.7 million and were \$17.5 million (-19.6%) below estimate. This variance was primarily attributable to disbursements in the Program Operations line item, which was \$6.0 million below estimate due in large part to not receiving the invoices from prior period contracts, maintenance agreements and equipment purchases as anticipated. Disbursements in the Child Care State Maintenance of Effort line item were \$2.3 million below estimate due to Child Care Maintenance of Effort payments being lower than expected. Child Care provider payments have been lower than expected due to the pandemic impacting daycare enrollment and attendance. Disbursements in the Temporary Assistance for Needy Families (TANF) State Maintenance of Effort line item were \$3.0 million below estimate due to lower Ohio Works First payments than expected. Disbursements in the Family and Children Services line item were \$3.9 million below estimate due in large part to not paying out the allocations for Multi-System Youth and Kinship Support payments as anticipated.

### Department of Mental Health and Addiction Services

October disbursements for the Department of Mental Health and Addiction Services totaled \$44.3 million and were \$21.9 million (-33.0%) below estimate. This variance was primarily attributable to the Continuum of Care Services line item, which was \$14.7 million (71.2%) below estimate after being \$14.4 million above estimate in September due to an early quarterly payment. There were several other line items with below estimate spending, all due to the timing of various subsidy payments and awards.

## **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.

October disbursements in this category totaled \$275.0 million and were \$38.9 million (-12.4%) below estimate. Year-to-date disbursements were \$950.9 million and were \$159.9 million (-14.4%) below estimate. On a year-over-year basis, disbursements in this category were \$7.6 million (-2.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$13.7 million (-1.4%) lower than at the same point in fiscal year 2021.

### Office of the Attorney General

October disbursements for the Office of the Attorney General totaled \$8.2 million and were \$2.0 million (-19.5%) below estimate. This variance was primarily attributable to disbursements in the School Safety Training Grants line item, which was \$2.0 million below estimate due to grantees drawing down funds at a slower pace than anticipated.

### Department of Public Safety

October disbursements for the Department of Public Safety totaled \$3.5 million and were \$3.8 million (-52.5%) below estimate. This variance was primarily attributable to disbursements in the Recovery Ohio Law Enforcement line item, which was \$1.6 million below estimate due to the timing of subsidy payments and a slower than anticipated execution of the expansion of the Ohio Narcotics Intelligence Center. The Justice Program Services and the Investigative Unit Operating line items were also below estimate by \$566,269 and \$554,808, respectively, due to vacancies and the timing of subsidy payments.

### Department of Rehabilitation and Correction

October disbursements for the Department of Rehabilitation and Correction totaled \$209.2 million and were \$34.4 million (-14.1%) below estimate. This variance was primarily attributable to disbursements in the Institutional Operations line item, which was \$30.6 million below estimate due to vacancies and because facility populations remain lower than pre-pandemic levels. This variance was also attributable to disbursements in the Institution Medical Services line item, which was \$3.3 million below estimate also due to vacancies and lower population levels.

### Public Defender Commission

October disbursements for the Public Defender Commission totaled \$16.0 million and were \$3.6 million (28.8%) above estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was \$3.5 million above estimate due to the timing of county reimbursement payments for the month. This variance partially offsets the prior month's below estimate variance.

## **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.

October disbursements in this category totaled \$47.9 million and were \$20.1 million (-29.6%) below estimate. Year-to-date disbursements were \$190.5 million and were \$31.0 million (-14.0%) below estimate. On a year-over-year basis, disbursements in this category were \$6.1 million (-11.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$33.9 million (21.6%) higher than at the same point in fiscal year 2021.

### Department of Administrative Services

October disbursements for the Department of Administrative Services totaled \$799,259 and were \$5.2 million (-86.6%) below estimate. This variance was primarily attributable to the State Agency Support Services line item, which was \$4.0 million below estimate because rent for certain GRF agencies and vacant space in state office buildings will be billed later than projected.

### Department of Development

October disbursements for the Department of Development totaled \$3.4 million and were \$5.3 million (-61.4%) below estimate. This variance was primarily attributable to disbursements in the Local Development Projects and BSD Federal Programs Match line items, which were \$2.0 million and \$1.6 million below estimate, respectively, due to grantees drawing down funds at a slower pace than anticipated.

### Department of Transportation

October disbursements for the Department of Transportation totaled \$1.1 million and were \$9.0 million (-88.8%) below estimate. This variance was primarily attributable to the Public Transportation – State line item, which was \$8.7 million below estimate due to vacancies and the timing of subsidy payments.

## **Property Tax Reimbursements**

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. October reimbursements totaled \$311.8 million and were \$32.4 million (11.6%) above estimate. Reimbursements were running below estimate through September, but the October overage brought year-to-date reimbursements back to estimate. Year-to-date reimbursements totaled \$850.3 million and were \$410,000 below estimate.

## **Debt Service**

October payments for debt service were \$83.0 million and were \$20,000 below estimate for the month. Year-to-date debt service payments were \$841.5 million and were \$2.8 million (-0.3%) below estimate for the year. Debt service payments are currently \$363.9 million (76.2%) over this point last fiscal year due to debt restructuring lowering 2021 payments below typical levels.

## **Transfers Out**

October transfers out totaled \$31.9 million and were \$16.9 million (112.6%) above estimate. Year-to-date transfers out totaled \$3.0 billion and were \$24.9 million (0.8%) above estimate. The monthly and year-to-date variances are largely attributable to a \$24.0 million transfer to the Targeted Addiction Program Fund. Originally, \$10.0 million was planned to be transferred to this fund in October, and \$14.0 million was planned for transfer later this fiscal year. To meet the cash needs of the fund, the full amount of \$24.0 million was transferred in October. An offsetting negative variance will occur in February.

11/8/2021

**Table 3**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2022 VS ESTIMATE FY 2022**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL OCTOBER	ESTIMATED OCTOBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	808,287	753,254	55,032	7.3%	2,919,308	2,987,073	(67,764)	-2.3%
Higher Education	209,400	211,205	(1,805)	-0.9%	772,307	817,394	(45,087)	-5.5%
Other Education	15,063	21,837	(6,774)	-31.0%	45,251	49,888	(4,637)	-9.3%
Medicaid	1,036,606	1,111,255	(74,649)	-6.7%	5,389,714	5,692,529	(302,815)	-5.3%
Health and Human Services	134,308	182,981	(48,673)	-26.6%	501,005	587,802	(86,797)	-14.8%
Justice and Public Protection	274,987	313,873	(38,886)	-12.4%	950,904	1,110,756	(159,852)	-14.4%
General Government	47,881	68,008	(20,127)	-29.6%	190,472	221,478	(31,006)	-14.0%
Property Tax Reimbursements	311,767	279,395	32,372	11.6%	850,313	850,723	(410)	0.0%
Debt Service	83,027	83,047	(20)	0.0%	841,524	844,367	(2,843)	-0.3%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,921,326</b>	<b>3,024,855</b>	<b>(103,529)</b>	<b>-3.4%</b>	<b>12,460,798</b>	<b>13,162,009</b>	<b>(701,211)</b>	<b>-5.3%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	31,890	15,000	16,890	112.6%	2,972,942	2,948,000	24,942	0.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>31,890</b>	<b>15,000</b>	<b>16,890</b>	<b>112.6%</b>	<b>2,972,942</b>	<b>2,948,000</b>	<b>24,942</b>	<b>0.8%</b>
<b>Total Fund Uses</b>	<b>2,953,216</b>	<b>3,039,855</b>	<b>(86,639)</b>	<b>-2.9%</b>	<b>15,433,740</b>	<b>16,110,009</b>	<b>(676,269)</b>	<b>-4.2%</b>



11/8/2021

**Table 4**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2022 VS ACTUAL FY 2021**  
**(\$ in thousands)**

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	OCTOBER FY 2022	OCTOBER FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
Primary and Secondary Education	808,287	369,571	438,715	118.7%	2,919,308	2,765,321	153,988	5.6%
Higher Education	209,400	191,039	18,361	9.6%	772,307	757,277	15,029	2.0%
Other Education	15,063	9,574	5,490	57.3%	45,251	34,953	10,298	29.5%
Medicaid	1,036,606	1,452,705	(416,099)	-28.6%	5,389,714	6,717,927	(1,328,213)	-19.8%
Health and Human Services	134,308	143,809	(9,501)	-6.6%	501,005	473,729	27,277	5.8%
Justice and Public Protection	274,987	282,608	(7,620)	-2.7%	950,904	964,628	(13,724)	-1.4%
General Government	47,881	53,956	(6,075)	-11.3%	190,472	156,589	33,883	21.6%
Property Tax Reimbursements	311,767	321,903	(10,136)	-3.1%	850,313	820,883	29,430	3.6%
Debt Service	83,027	66,042	16,985	25.7%	841,524	477,663	363,861	76.2%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,921,326</b>	<b>2,891,207</b>	<b>30,119</b>	<b>1.0%</b>	<b>12,460,798</b>	<b>13,168,970</b>	<b>(708,172)</b>	<b>-5.4%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	31,890	77	31,813	41,269.5%	2,972,942	411,475	2,561,467	622.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>31,890</b>	<b>77</b>	<b>31,813</b>	<b>41,269.5%</b>	<b>2,972,942</b>	<b>411,475</b>	<b>2,561,467</b>	<b>622.5%</b>
<b>Total Fund Uses</b>	<b>2,953,216</b>	<b>2,891,284</b>	<b>61,933</b>	<b>2.1%</b>	<b>15,433,740</b>	<b>13,580,445</b>	<b>1,853,295</b>	<b>13.6%</b>

## ***FUND BALANCE***

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for fiscal year 2022. Based on the estimated revenue sources for fiscal year 2022 and the estimated fiscal year 2022 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for fiscal year 2022 is estimated to be \$2.75 billion.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in fiscal year 2022, nor should it be considered as equivalent to the fiscal year 2022 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

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

**Table 5**  
**ESTIMATED FUND BALANCE**  
**GENERAL REVENUE FUND**  
**FISCAL YEAR 2022**  
**(\$ in thousands)**

<b>July 1, 2021 Beginning Cash Balance*</b>	<b>4,721,518.9</b>
Plus FY 2022 Estimated Revenues	25,633,189.6
Plus FY 2022 Estimated Federal Revenues	10,614,906.3
Plus FY 2022 Estimated Transfers to GRF	350,053.4
<b>Total Sources Available for Expenditures &amp; Transfers</b>	<b>41,319,668.2</b>
Less FY 2022 Estimated Disbursements**	35,239,972.4
Less Estimated Total Encumbrances as of June 30, 2022	352,348.8
Less FY 2022 Estimated Transfers Out	2,975,600.0
<b>Total Estimated Uses</b>	<b>38,567,921.2</b>
<b>FY 2022 ESTIMATED UNENCUMBERED ENDING FUND BALANCE</b>	<b>2,751,747.0</b>

\*Includes reservations of \$689.3 million for prior year encumbrances. After accounting for this adjustment, the estimated unencumbered beginning fund balance for fiscal year 2022 is \$4,032.3 million.

\*\*Disbursements include estimated spending against current year appropriations and prior year encumbrances. Disbursements also includes estimated costs associated with cost of living adjustments.

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