

February 10, 2022

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 January totaled \$1.0 billion and were \$90.2 million (9.4%) above the estimate. For the fiscal year-to-date, revenues are \$274.8 million (4.4%) above estimate. This marks the third time in which monthly non-auto sales tax revenue exceeded \$1.0 billion, the other two times occurring in April 2021 and in December 2021.



January GRF personal income tax receipts totaled \$1.2 billion and were \$188.0 million (19.5%) above the estimate. For the year-to-date, personal income tax revenue is \$484.4 million (8.7%) above estimate.

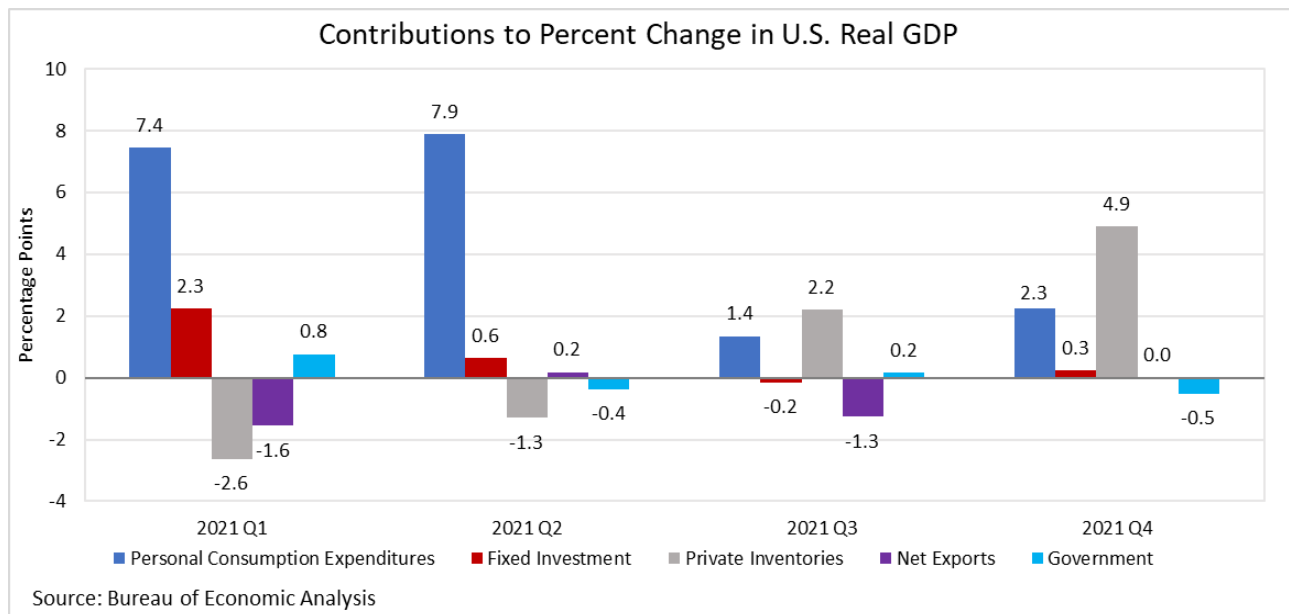
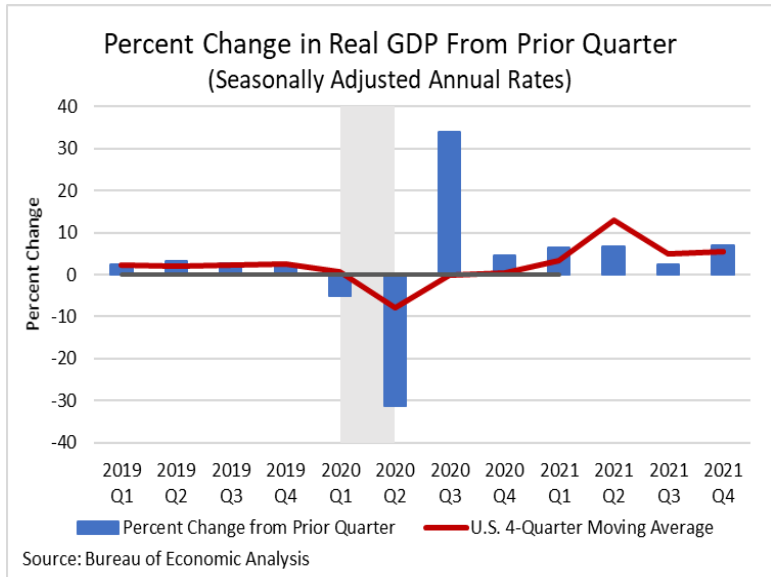


January Commercial Activity Tax (CAT) receipts totaled \$87.1 million and were \$5.5 million (6.7%) above the estimate. For the year-to-date, CAT revenue is \$74.0 million (7.7%) above estimate.

## ECONOMIC ACTIVITY

According to the Bureau of Economic Analysis (BEA)'s 'advance' estimate, **Real Gross Domestic Product (GDP)** expanded in the fourth quarter of calendar year 2021 at an annualized rate of 6.9 percent. The BEA estimated Real GDP grew 5.7 percent in 2021 (from annual level to annual level), the largest annual increase since 1984.

The fourth quarter increase in real GDP resulted from growth in private inventory investment (4.9 percentage points), exports (2.4 percentage points), exports (2.4 percentage points), personal consumption expenditures (2.3 percentage points) and nonresidential fixed investment (0.3 percentage points). These increases were partially offset by decreases in state and local government expenditures (-0.2 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 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 February 2, 2022, the national index was at 91.1 percent. Ohio's index was 2.1 percentage points ahead of that at 93.2. Ohio remained 1.3 percentage points above the national average in January.

The **Federal Reserve's Beige Book** evaluates current economic conditions across its 12 districts. According to the January 12, 2022, report, the economy in the Fourth District, which includes Ohio, continued to expand in recent weeks. Overall demand for business and consumer goods and services remained solid; however, the spread of the omicron variant constrained sales in food services and leisure and hospitality. Even with continued supply constraints, both apparel retailers and general merchandisers suggested that sales were solid during the holiday season. Looking ahead to 2022, most contacts expect demand to continue to rise in the coming months, but some optimism has waned due to pandemic uncertainty. Additionally, many reported that they expect to see significant improvements to supply chain disruptions, but relief may not come until the second half of the year.

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 December, the LEI increased 0.8 percent to 120.8; this is the tenth consecutive month of increases in the LEI. Eight of the 10 components of the index improved, led by building permits. Strength among the leading indicators remained widespread, as the LEI increased 4.0 percent in the six-month period ending in December. In mid-January, the Conference Board was forecasting economic expansion in the first quarter of the year to be moderated by labor shortages, inflationary pressure, and headwinds from the omicron variant.

The strong growth of the fourth quarter of 2021 is expected to wane in 2022. The combination of the omicron surge, concerns about inflation and the first interest rate hike by the Federal Reserve expected to come at the end of the quarter, as well as, slowing federal fiscal stimulus, has led many economists to cut their forecasts for the first quarter of 2022. However, better than expected expansion of the U.S. labor market in January 2022 has some economists feeling more hopeful that inflation may moderate.

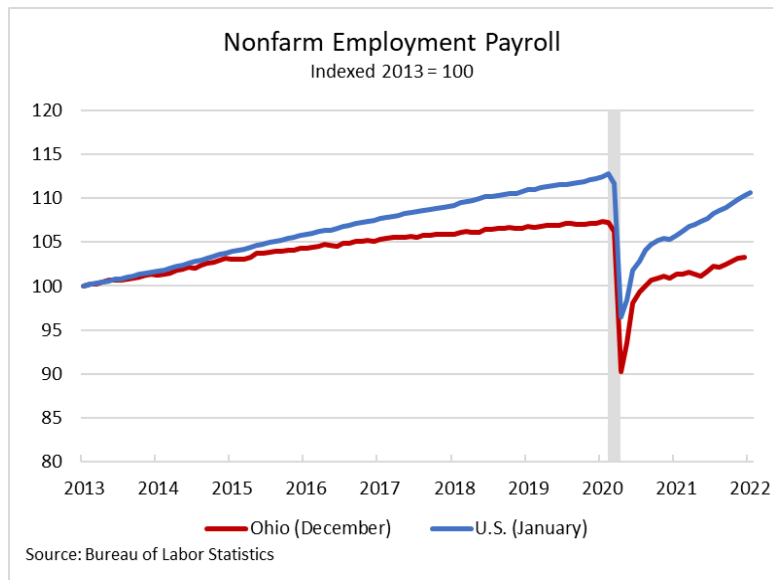
Source	Date	1st Quarter 2022 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	02/01/22	0.1%
IHS Markit GDP Tracker	02/02/22	1.8%
Moody's Analytics High Frequency GDP Model	02/02/22	0.8%
Wall Street Journal Survey of Economists	01/16/22	3.0%
Wells Fargo	01/28/22	1.1%
Conference Board	01/12/22	2.2%

## Employment

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased 467,000 jobs in January. Employment was up 19.1 million from April 2020 but remained below the nation's February 2020's pre-pandemic levels by 2.9 million jobs (1.9%). Notable gains were made in leisure and hospitality, professional and business services, retail trade and in transportation and warehousing.

In January, **leisure and hospitality** jobs rose by 151,000. Within this industry, notable job gains were in food services and drinking places (108,000) and the accommodations industry (23,000).

Since February 2020, employment in the leisure and hospitality industry decreased by 1.8 million jobs (10.3%).



**Professional and business services** employment increased 86,000 in January and was above February 2020 levels by 511,000 (2.4%). Employment gains were led by temporary help services (26,000), management and technical consulting services (16,000) and computer systems design and related services (15,000).

Employment in **retail trade** rose by 61,000 jobs in January and was above February 2020 levels by 61,000 (0.4%). Within this industry there were notable job gains in general merchandise stores (29,000) and health and personal care stores (11,000).

**Transportation and warehousing** employment increased by 54,000 jobs in January and was 542,000 (9.4%) higher than in February 2020. In January, there were notable gains in couriers and messengers (21,000), warehousing and storage (13,000) and truck transportation (8,000).

The **nation labor force participation rate** in January was 62.2 percent. This was an increase of 0.3 percent from the reported December rate; however, that change was the result of the Bureau of Labor Statistics annual benchmarking process after controlling for population changes resulting from the 2020 Census. The **employment population ratio** in January 2022 was estimated at 59.7 percent. Both measures have increased over the year but remain below their February 2020 levels (63.4 percent and 61.2 percent, respectively).

**Ohio's nonfarm payroll employment** increased by 8,800 jobs to 5.4 million between November and December. Sectors with notable gains included: professional and business services (6,600), construction (5,700), trade, transportation, and public utilities (2,600), and other services (1,200). These gains were partially offset by losses in government (-2,800), financial activities (-2,600), and leisure and hospitality (-1,300). **Ohio's seasonally adjusted labor force participation rate** in December was 61.5 percent, an increase of 0.2 percentage points from November 2021, bringing the rate to within 2.2 percentage points of the February 2020 pre-pandemic level.



The Bureau of Labor Statistics reported the national **unemployment rate** increased 0.1 percentage points to 4.0 percent between December and January. The number of **unemployed individuals** increased 135,000 to 6.5 million. Throughout 2021 both these measures declined; 2.4 percentage points and 3.7 million individuals, respectively. Despite both measures being substantially lower than their April 2020 highs, they remained above February 2020 levels by 0.5 percentage points and 800,000 individuals, respectively.

When examined by race, the unemployment rates for those who identify as Black and Asian decreased 0.2 percentage points to 6.9 and 3.6 percent, respectively. The unemployment rate for those who identify as White increased 0.2 percentage points to 3.4 percent. The rate for those who identify as Hispanic remained unchanged in January at 4.9 percent. In January, the unemployment rate for women and teenagers remained unchanged from the prior month at 3.6 and 10.9 percent, respectively. However, the unemployment rate for men increased 0.2 percentage points to 3.8 percent.

The number of **job leavers**, defined as unemployed persons who quit or voluntarily left their previous job and began looking for new employment increased to 952,000 in January. The number of unemployed people who were on **temporary layoff** increased in January but remained down 1.8 million over the year. The number of people with **permanent job losses** decreased slightly to 1.6 million but was down by 1.9 million from the previous year. The number of unemployed **re-entrants**, those who have previously worked but were not in the labor force prior to beginning their job search changed little at 2.0 million.

The number of unemployed individuals who were **jobless less than 5 weeks** increased to 2.4 million and accounted for 37.0 percent of total unemployment. Individuals who were **jobless 5 to 14 weeks** increased slightly to 1.6 million and encompassed 24.6 percent of total unemployment. **Those jobless 15 to 26 weeks** increased slightly to 816,000. In January, individuals who were **long-term unemployed**, jobless 27 weeks or more, declined to 1.7 million. This measure remained 570,000 higher than in February 2020 but was down from 4.0 million people a year earlier. In January, the long-term unemployed accounted for 25.9 percent of the total unemployed.

The number of **people not in the labor force who currently want a job** changed little at 5.7 million people in January and was up 717,000 since February 2020. In addition, this measure decreased by 1.3 million over the year. 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.

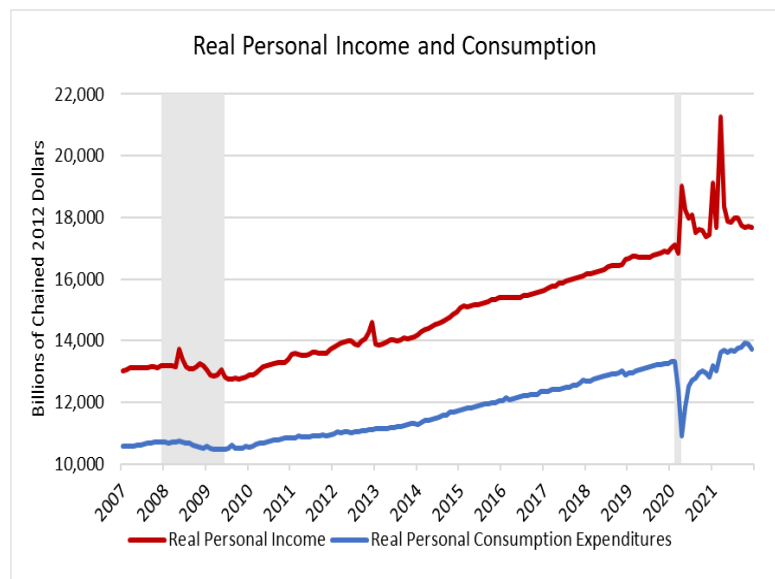
The **State-Level Coincident Index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased 0.8 percent to 125.5 from November to December with a 2.1 percent increase over the past three months. Compared to December 2020, the Ohio index increased by 4.1 percent and was 1.5 percent above December 2019. For comparison, the U.S. coincident index increased 0.4 percent between November and December to 131.8 and increased 1.2 percent over the past three months. From November to December indices improved in all 50 states. The December diffusion index for the U.S. was 100.0 and the three-month diffusion index was 100.0.

The **Conference Board's Employment Trends Index** aggregates eight different labor market indicators. The index decreased 0.3 points from December's revised number to 117.6 in January 2022. The slight decline resulted from a decrease in three of the eight components, the largest negative contributor was Initial Claims for Unemployment Insurance. The senior economist at the Conference board, Frank Steemers, suggested that the omicron variant did not impact employment growth as much as initially suspected and that solid job growth is anticipated over the coming months. Despite employers managing pandemic disruptions better in January they still are struggling to retain employees in a competitive labor market.

The **Ohio unemployment rate** decreased 0.3 percentage points to 4.5 percent in December 2021. During the week ending January 29, 2022, a total of 10,313 initial unemployment claims were filed. This was a 96.2 percent decline from the peak week in March 2020. Continued claims in Ohio decreased substantially between April 2020 and the week ending January 29, 2022, in which only 59,144 individuals filed continued claims. As of February 3, 2022, the Ohio Department of Job and Family Services had received Work Adjustment and Retraining Notification (WARN) Act notices warning 22 employees of potential future layoffs and closures during the remainder of February, and 270 in March and 167 in April 2022.

### **Consumer Income and Consumption**

According to the Bureau of Economic Analysis, **personal income** increased \$70.7 billion (0.3%) in December 2021, and has increased in six of the last seven months to end the calendar year. Gains in December were mainly due to increases in compensation of employees of \$83.3 billion (0.6%) and in personal income receipts on assets of \$18.6 billion (0.6%). The increase within compensation of employees was led by an increase in wages and salaries of \$73.4 billion (0.7%). Gains in personal income were partially offset by a decrease in proprietors' income (-16.3%).





**Personal consumption expenditures**, a measure of national consumer spending for goods and services, decreased 0.6 percent between November and December. Spending on goods decreased by 2.6 percent in December 2021 while spending on services increased by 0.5 percent. Overall spending on durable goods decreased by 4.1 percent, which can be primarily attributed to decreases in recreational goods and vehicles (-5.4%), other durable goods (-5.2%) and furnishings and durable household equipment (-5.2%). Spending on nondurable goods decreased by 1.7 percent, primarily led by clothing and footwear (-4.7%). Services spending increased by 0.5 percent with transportation services representing the largest contributor to the increase (2.2%). 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 below are due to the rise in the price of products or services due to inflation.

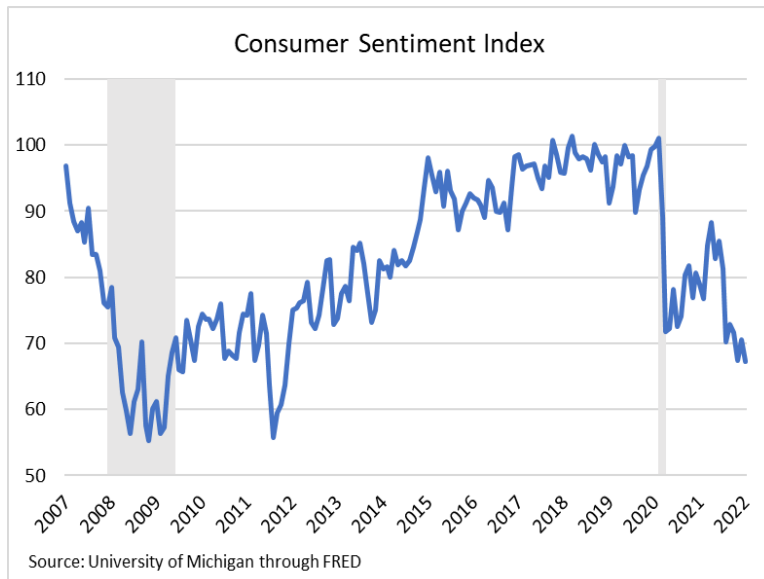
**Consumer Spending by Industry, for Select Industries**  
(In Millions of Chained 2012 dollars)

	<b>November 2021</b>	<b>December 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>	\$13,879,703	\$13,737,493	-0.2%	7.2%	4.6%
<b>Durable Goods</b>	\$2,190,462	\$2,082,307	-1.7%	7.1%	21.5%
Motor vehicles and parts	\$565,392	\$546,467	-3.7%	-3.3%	3.9%
Furnishings and durable household equipment	\$503,618	\$472,597	-1.1%	7.0%	19.1%
Recreational goods and vehicles	\$834,561	\$793,932	-1.2%	13.1%	39.7%
Other durable goods	\$358,070	\$333,652	0.9%	24.3%	39.4%
<b>Nondurable goods</b>	\$3,408,016	\$3,337,459	-0.7%	7.8%	13.3%
Clothing and footwear	\$507,885	\$476,479	-2.2%	18.2%	23.3%
Gasoline and other energy goods	\$437,681	\$441,127	0.9%	13.5%	-1.8%
Other nondurable goods	\$1,315,280	\$1,286,334	-0.7%	6.7%	15.5%
<b>Services</b>	\$8,480,318	\$8,487,693	0.2%	7.1%	-0.4%
Health care	\$2,259,155	\$2,272,917	0.6%	3.9%	-0.2%
Food services and accommodations	\$856,988	\$853,364	0.2%	26.9%	0.7%
Financial services and insurance	\$890,157	\$893,210	0.2%	2.6%	4.6%
Other services	\$1,100,473	\$1,090,690	-1.8%	8.1%	-2.9%

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

**Personal savings** was 1.4 trillion in December. Savings increased 10.2 percent (\$133.4 billion) in December 2021 compared to November and was 10.9 percent above the January 2020 level. Personal savings as a percentage of disposable income, the **personal savings rate**, was 7.9 percent, an increase of 0.7 percentage points between November and December 2021.

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 0.5 percent in December, which followed a 0.8 percent increase in November. The ‘all items’ index increased 7.0 percent over the last 12 months, the largest 12-month increase since June 1982. The index for used cars and trucks increased 3.5 percent in December after increasing 2.5 in November. The used cars and trucks index increased 37.3 percent over the last 12 months. Additionally, the index for ‘all items less food and energy’ increased 0.6 percent in December and increased 5.5 percent over the last 12 months.



Results from the University of Michigan’s **Survey of Consumers** indicated that consumer sentiment decreased in January. The Consumer Sentiment Index decreased 3.4 points to 67.2 in January 2022 from 70.6 in December 2021. This was a 4.8 percent decrease from December and a 14.9 percent decrease from January 2021. The Current Economic Conditions Index decreased 2.2 point to 72.0. This was a 3.0 percent decrease from December and a 17.0 percent decrease from January 2021. The Consumer Expectations Index decreased 4.2 points to 64.1. This was

a 6.1 percent decrease from December and was 13.4 percent below January 2021. The decrease in sentiment was largely attributed to COVID-19 and other economic factors triggered by the pandemic. Specifically concerns about inflation and a general lack of confidence in government economic policies, has led sentiment to fall to its lowest level since November 2011.

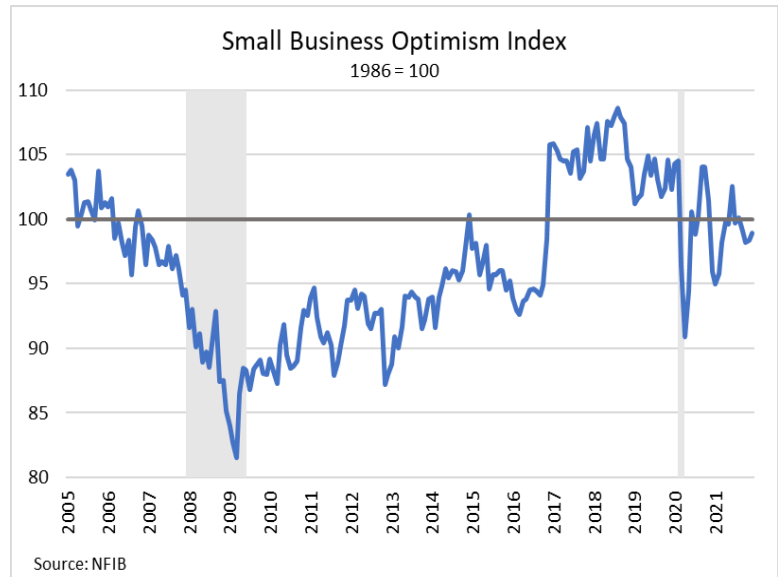
The **Conference Board’s Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, declined in January following an increase in December. Consumer confidence in January was at 113.8, down 1.4 percentage points from December’s revised value of 115.2. The **Conference Board’s Present Situation Index**, which measures consumers’ current assessment of business and labor market conditions, increased by 3.4 percentage points from 144.8 in December to 148.2 in January. The **Conference Board’s Expectation Index** examines consumer short-term outlook for the economy. The index declined in January to 90.8, a decrease of 4.6 percentage points from December. In January consumer confidence declined following increases in the last three months of 2021. The Conference Board expects short-term growth to moderate in the first quarter of 2022 and may be challenged by rising prices and the ongoing omicron surge.



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 increased 0.5 percentage points to 98.9 in December.

Of the 10 components that comprise this index, three declined and seven improved. Inflation was reported as the single most important problem by 22.0 percent of respondents, a 20-point increase from the beginning of 2021. Owners expecting better business

conditions over the next six months increased slightly in the last month but remained pessimistic about the future as the indicator declined 23-points in the past six months. Qualified labor shortages continued to be an issue in December as 49.0 percent of small business owners reported having job openings they could not fill during the current period, an increase of 1.0 point from November.



The travel and hospitality industries continue to face challenges due to the pandemic. The **Transportation Security Administration** (TSA) tracks how many travelers go through TSA checkpoints as “throughput.” Coinciding with the end of the holiday season, airline travel decreased by 21.9 percent in January 2022 compared to December 2021. Total travel throughput in January 2022 was 25.4 percent lower than in January 2020 and was 22.5 percent lower in January 2022 compared to January 2019.

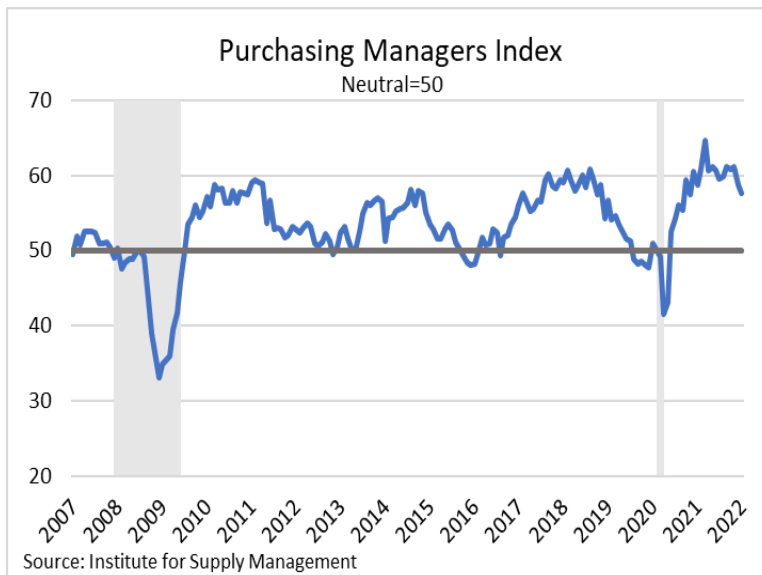
For the week ending January 29, 2021, **STR**, a company that provides analytics and data on the hospitality sector, reported the hotel occupancy rate was 49.7 percent, 12.2 percent below the comparable week in 2019. The average daily rate for a hotel room was \$122.40, down 1.9 percent from the comparable week in 2019. Revenue per available room was \$60.82, which was 13.9 percent lower than the equivalent week in 2019.

**Commercial vehicle miles traveled** on the Ohio turnpike in January increased 0.6 percent compared to the same period in 2020 and increased 13.0 percent compared to the same month in 2019. **Passenger vehicle miles traveled** in January increased 6.2 percent compared to the same period in 2020 and increased 1.6 percent compared to the same period in 2019. **Total revenue** on the Ohio turnpike was 4.0 percent higher in January compared to the same period in 2020 and increased 17.3 percent compared to the same period in 2019.

## Industrial Activity

The Industrial Production Index from the Board of Governors of the Federal Reserve System measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. **Total industrial production** decreased 0.1 percent in December, following a revised increase of 0.7 percent in November. The December 2021 index was 3.7 percent higher compared to December 2020.

The **manufacturing production index** decreased 0.3 percent in December 2021 to 100.2 but was 3.5 percent above December 2020 levels. Overall production of durable goods decreased 0.4 percent and nondurable good decreased 0.2 percent. Nationally, seven of the top 10 industries relevant to Ohio's manufacturing sector decreased production and three increased between November and December. The largest decreases were in plastics and rubber products (-1.8%), petroleum and coal products (-1.6%), motor vehicles and parts (-1.4%), fabricated metal products (-1.2%) and aerospace and miscellaneous transportation equipment (-0.9%). These losses were partially offset by increases in chemical products (0.7%), machinery (0.7%) and food, beverage, and tobacco products (0.3%).



The New Orders Index for January was at 57.9 percent, decreasing 3.1 percentage points from December. The Backlog of Orders Index decreased 6.4 percentage points to 56.4 percent, and the Employment Index expanded 0.6 percentage points to 54.5 percent. Respondents remained optimistic in January as labor resources improved but material shortages, transportation difficulties and lack of direct labor on factory floors due to the omicron variant remained challenges.

Of the 18 industries tracked by the Manufacturing ISM® Report on Business, 14 industries reported growth between December 2021 and January 2022. All 10 of the industries most important to Ohio's manufacturing sector reported growth in January, led by machinery, electrical equipment, appliances & components, and food, beverage & tobacco products.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effects of material shortages and rising costs in January. A source in the chemical products industry reported, “massive interruptions to our production due to supplier COVID-19 problems limiting their manufacturing of key raw (materials) like steel cans and chemicals.” Additionally, a respondent in the machinery industry reported, “Transportation restrictions and a lack of supplier manpower continue to create significant shortages that limit our production. This, in turn, limits what we can supply to customers, as well as on-time delivery.”

## **Construction**

The U.S. Census Bureau estimated **total construction spending** in December 2021 to be at a seasonally adjusted annual rate of \$1.6 trillion, 0.2 percent above the revised November estimate. The December estimate was 9.0 percent above that of December 2020 and 21.9 percent above December 2019.

Private sector construction in December 2021 was at a seasonally adjusted rate of \$1.3 trillion. This was 0.7 percent above the revised November estimate and was 12.7 percent above December 2020. Residential construction in December 2021 increased 1.1 percent from the revised November estimate and was 14.7 percent above December 2020. Nonresidential construction decreased 0.7 percent in December from the revised November estimate and was 3.9 percent above December 2020.

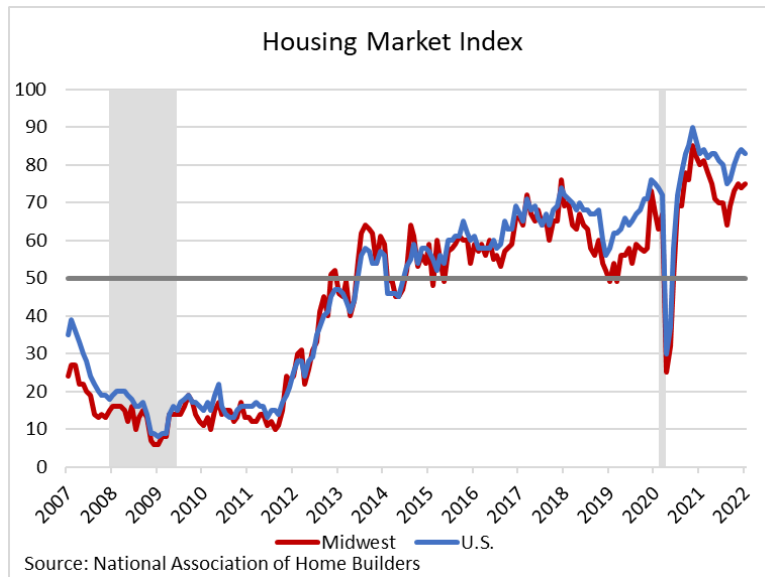
Public sector construction spending in December was at a seasonally adjusted annual rate of \$347.0 billion. This was 1.6 percent below the revised November estimate and 2.9 percent below the December 2020 value. Spending in December 2021 on education construction was 1.4 percent below November 2021’s revised value and was 8.5 percent below December 2020. Highway construction spending in December 2021 was 0.1 percent above the revised November value and was 0.9 percent above December 2020.

Nationally, the number of privately-owned housing units approved for building permits increased 9.8 percent between November and December 2021 and were 7.2 percent above December 2020. In Ohio, building permits for privately-owned units increased 9.8 percent in December, but were 19.9 percent below the number of permits issued in December 2020. Nationally, privately-owned housing starts increased 1.4 percent in December compared to November and were 2.5 percent above the December 2020 rate. Privately-owned housing starts in the Midwest increased 36.5 percent between November and December but were 17.1 percent above December 2020 levels. Nationally, privately-owned housing completions decreased 8.7 percent from November to December and were 6.6 percent below the December 2020 rate. In December, privately-owned housing completions in the Midwest decreased 23.4 percent and were 12.1 percent below the December 2020 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In December, new home sales increased 11.9 percent from the revised November rate to an estimated 811,000 sales but were 14.0 percent below the December 2020 estimate. In the Midwest, new home sales increased 56.4 percent between November and December 2021 but were 23.2 percent below the December 2020 level. The preliminary national median sales price in December was \$377,700, a 9.2 percent decrease from the revised median price in November but an increase of 3.4 percent compared to December 2020.

**Existing home sales**, as reported by the National Association of Realtors, decreased 4.6 percent in December from November 2021. December's existing home sales reached 6.2 million housing units, a 7.1 percent decrease from the year prior. Available inventory in December decreased to 910,000 units, an 18.0 percent decrease from November, and was 14.2 percent lower than a year ago. Prices throughout December increased nationwide, as the median sale price of all existing homes rose 15.8 percent from a year ago to \$358,000. December 2021 was the 118<sup>th</sup> continuous month of year-over-year increases in existing median home sales prices. Sales in the Midwest decreased 1.3 percent from November to December and were 2.6 percent below December 2020.

According to the **Ohio Realtors**, activity in the Ohio housing market increased during the month of December, as home sales increased 2.6 percent compared to December 2020. The average sale price was \$233,230 in December, a 6.7 percent increase compared to December 2020. For calendar year 2021, home sales in Ohio increased 5.2 percent compared to 2020, and the average sale price was \$239,295, a 12.3 percent increase from calendar year 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 50 indicates a favorable outlook on home sales. Nationally, the HMI index decreased 1.0 point in January to 83.0 from a revised 84.0 in December. This decline follows a four-month consecutive increase on the national level. Despite robust consumer demand, builder confidence

declined due to inflation concerns and ongoing supply disruptions. In the Midwest, the HMI increased 1.0 points in January to 75.0 from a revised 74.0 in December.

## **REVENUES**

January GRF tax revenues exceeded the estimate by \$236.1 million (10.1%), the second-largest positive variance in fiscal year 2022. Total fiscal year-to-date tax revenue exceeds the estimate by \$816.4 million (5.5%). The personal income tax accounted for most of the month's positive tax revenue variance, exceeding estimate by \$188.0 million (19.5%). The non-auto sales tax accounted for most of the month's remaining total tax revenue variance, ending \$90.2 million (9.4%) above the estimate. Non-auto sales tax revenue intake in January exceeded \$1.0 billion, the third time the tax source has reached that level.

Aggregate (tax and non-tax) GRF receipts and transfers totaled \$4.0 billion in January and were \$771.8 million (23.6%) above estimate. As noted above, tax revenues were \$236.1 million (10.1%) above estimate. Non-tax receipts were \$535.8 million (57.8%) above estimate and there were no actual or anticipated transfers. For the year-to-date, tax revenues, non-tax receipts, and transfers are above estimate as shown in the table below.

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance (millions)</b>	<b>% 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	\$816.4	5.5%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$389.6	5.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$21.2	69.9%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$1,227.2</b>	<b>5.7%</b>
<b>Non-federal revenue variance</b>		<b>\$1,130.6</b>	<b>7.5%</b>
<b>Federal grants variance</b>		<b>\$96.6</b>	<b>1.5%</b>

January 2022 total receipts and transfers were \$602.6 million (17.5%) above the previous year. Tax receipts increased by \$255.1 million (11.0%) and non-tax receipts increased by \$347.5 million (31.2%). Year-to-date tax receipts are \$761.0 million (5.1%) above last year and non-tax receipts are \$703.4 million (-9.0%) below last year. Transfers are \$33.4 million (-39.3%) below last year on a year-to-date basis.

During January, the source with the largest year-over-year increase was intrastate transfer vouchers, at \$223.2 million above last year. The next-largest increases were Federal grants at \$129.6 million (11.9%), non-auto sales tax at \$124.6 million (13.5%), and personal income tax at \$93.8 million (8.9%). The largest decline was experienced by foreign insurance tax at \$6.8 million and earnings on investments at \$5.9 million (-39.4%).

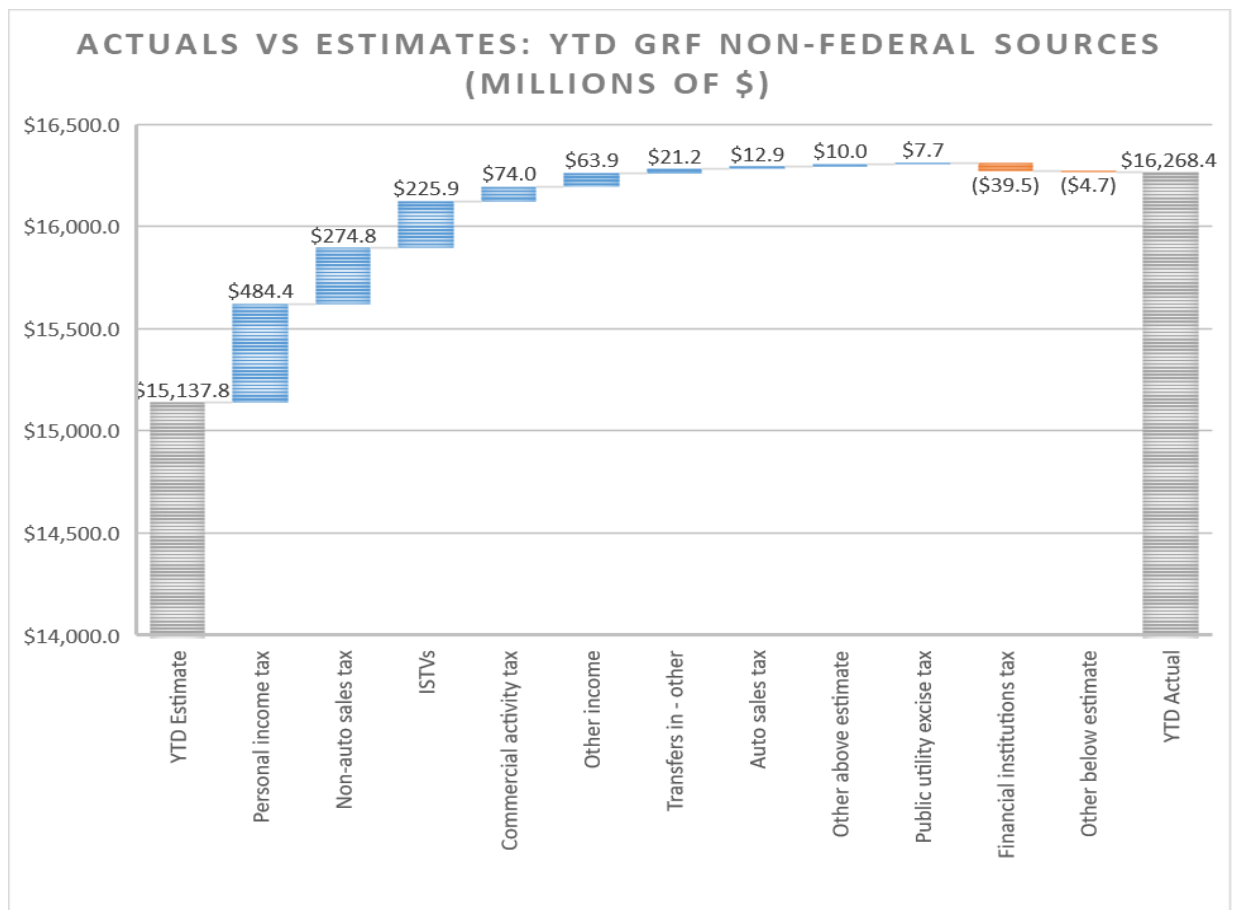
The table below shows that sources above estimate (a positive variance of \$821.4 million) in January outweighed the size of sources below estimate (a negative variance of \$49.5 million), resulting in a \$771.8 million net positive variance from estimate.

**GRF Revenue Sources Relative to Monthly Estimates – January 2022**  
**(\$ in millions)**

<b>Individual Revenue Sources Above Estimate</b>		<b>Individual Revenue Sources Below Estimate</b>	
Federal grants	\$312.8	Financial institutions tax	(\$17.1)
ISTVs	\$224.2	Auto sales tax	(\$14.6)
Personal income tax	\$188.0	Foreign insurance tax	(\$6.7)
Non-auto sales tax	\$90.2	Cigarette & other tobacco products tax	(\$6.3)
Other sources above estimate	\$6.2	Other sources below estimate	(\$4.7)
<b>Total above</b>	<b>\$821.4</b>	<b>Total below</b>	<b>(\$49.5)</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 chart above displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for fiscal year-to-date 2022, a net difference of \$1.1 billion.

### Non-Auto Sales Tax

GRF non-auto sales and use tax collections in January totaled \$1.0 billion and were \$90.2 million (9.4%) above the estimate. This marks the third time in which monthly non-auto sales tax revenue has exceeded \$1.0 billion, the other two times occurring in April 2021 and December 2021. There has been a positive monthly variation from estimate since September. Since September, year-to-date revenue has also exceeded estimate. Beginning at a marginal \$774,000 year-to-date positive variation in September, the source is now at \$274.8 million (4.4%) above estimate.

Revenues continue to exhibit historically robust year-over-year growth rates. January revenue was \$124.6 million (13.5%) above the previous year; this represents the strongest growth rate this year, apart from September which grew by \$126.9 million (17.2%). Year-to-date revenue is \$559.5 million (9.3%) above fiscal year 2021. A look at historical GRF non-auto sales tax revenue reveals the landmark pace of current year growth. This year's growth rate over the first seven months has exceeded every year of the preceding decade, once an adjustment is made to remove sales tax collections of Medicaid Health Insuring Corporations (whose sales became exempt from the tax in July 2017, but which substantially disrupted sales tax growth patterns during the eight years when such sales were taxable). Receipts this year have grown at a faster pace than even the 7.5 percent growth rate experienced during the first seven months of fiscal year 2014, which was enhanced by the September 2013 increase of the state sales tax rate (from 5.50% to 5.75%).

The current data release from the U.S. Census Bureau's Monthly Advance Retail Trade Survey (MARTS) program shows elevated national year-over-year growth in nearly every retail business category. Focusing on the retail categories that are predominantly subject to Ohio non-auto sales tax (NAICS codes 442, 443, 444, 448, 451, 452, 453, and 454), the MARTS data show a 14.9 percent year-over-year increase in national non-seasonally adjusted sales during December 2021. In comparison, year-over-year growth in Ohio all-funds non-auto sales tax revenue was 12.6 percent during December.

Expanding the time frame, U.S. retail sales for the primarily taxable non-auto categories increased by 13.7 percent during July and December compared to the prior year; Ohio all-funds non-auto sales tax revenue increased by 10.9 percent during that time frame. Although U.S. retail sales continue to increase at historically robust rates on a year-over-year basis, the MARTS data also indicate that December sales declined from the previous month: based on seasonally adjusted figures, December 2021 sales for the above-indicated retail categories were 3.8 percent below the November level.

## **Auto Sales Tax**

January auto sales tax revenues were \$135.0 million, performing \$14.6 million (-9.8%) below the estimate. This source is \$12.9 million (1.2%) above the estimate for the fiscal year. Revenues were \$4.9 million (3.8%) above last January, and for the year are \$76.0 million (7.5%) above the previous year.

Although the new vehicle market remains significantly challenged by supply chain issues that impede production, January's seasonally adjusted vehicle sales figures were relatively strong. According to the U.S. Department of Commerce Bureau of Economic Analysis, national new light vehicle sales in January reached 15.0 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). This level is 10.4 percent below last year but 19.9 percent above the preceding month. On an unadjusted basis, however, January unit sales were relatively low (at 1.0 million units), declining by 17.7 percent from December. Meanwhile, new vehicle transaction prices remain notably higher than a year ago, but growth momentum subsided during the prior month: TrueCar, Inc. estimates that the average transaction price for new vehicles was \$43,954 in January, up 16.3 percent relative to last January but down 1.7 percent from December.

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during January to be 2.9 million, not annualized and not seasonally adjusted, down 2.0 percent from last month but 9.0 percent above last year. As with new vehicles, prices have been the source of growth for the used vehicle market during the current period: the Manheim used vehicle value index, a measure of wholesale vehicle prices, for the first two weeks of January 2022 was 46.0 percent higher than the prior year.

Quarterly data compiled by the Ohio Bureau of Motor Vehicles on Ohio taxable sales of motor vehicles is currently available through the fourth quarter of calendar year 2021. The January edition of this report contains figures from that quarterly data release. OBM will include the first-quarter 2022 data in the April edition of the Monthly Financial Report.

## **Personal Income Tax**

January GRF personal income tax receipts totaled \$1.2 billion and were \$188.0 million (19.5%) above the estimate. Year-to-date, revenue is \$484.4 million (8.7%) above estimate. On a year-over-year basis, January income tax collections were \$93.8 million (8.9%) above January 2021.

Withholding collections were \$40.4 million (4.6%) above estimate in January. For the fiscal year-to-date, the withholding component exceeds estimate by \$211.9 million (3.8%). There has been a steady build-up of the year-to-date variance, as withholding has exceeded the estimate in every month since September. Withholding was \$87.3 million (10.4%) above last year during January and is \$388.3 million (7.1%) above last year for the fiscal year-to-date. January's collections were impacted by the three-percent reduction in employer withholding tax rates that took effect in September 2021. After adjusting for this change as well as for the one additional pay-in day this year, withholding collections for January 2022 would have been an estimated \$98.9 million (11.8%) higher than last year. Fiscal year-to-date collections are an estimated \$520.8 million (9.6%) higher than the previous year after adjusting for the withholding tax rate reduction.

Quarterly estimated payments are a significant source of collections each January since the final quarterly payment for the preceding calendar year is due during the month (the final payment for calendar year 2021 was due on January 18). Estimated payments were \$93.0 million (40.6%) above estimate in January and are \$135.6 million (24.0%) above estimate for the fiscal year. Combined with December, which also reflects calendar year 2021 fourth-quarter collections, estimated payments for the quarter were \$117.4 million (43.7%) greater than anticipated levels. Over the April 2021-January 2022 period, a time frame that reflects estimated payment collections for calendar year 2021, this component has exceeded estimate by \$182.3 million (20.2%) and has grown by \$202.2 million (22.9%) from the prior year.

Annual return payments in January were \$15.5 million (172.8%) above estimate and \$13.8 million (128.9%) above last year. This component is now \$77.9 million (59.1%) above estimate for the fiscal year. The two remaining tax collection categories – trust payments and other payments – were \$2.6 million (-14.5%) below estimate for January and are \$7.3 million (-10.0%) below estimate for the fiscal year.

January marks the beginning of a new income tax filing season (taxable year 2021 annual returns could be filed starting in January 2022). Refunds for January were \$46.9 million (-33.0%) below estimate and are \$63.6 million (-11.8%) below estimate for the fiscal year. This component was \$56.7 million (147.1%) above last January. However, the percentage variances for January cited above may seem more significant than they really are. The filing season recently began in January and the volume of refunds to be issued during the next few months will be much larger and have greater importance. Accordingly, it is premature to draw any meaningful conclusions from January refund performance.

<b>JANUARY PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	Actual January	Estimate January	\$ Var	Actual Jan- 2022	Actual Jan- 2021	\$ Var Y-over-Y
Withholding	\$927.1	\$886.7	\$40.4	\$927.1	\$839.8	\$87.3
Quarterly Est.	\$322.0	\$229.0	\$93.0	\$322.0	\$266.2	\$55.8
Annual Returns & 40 P	\$24.5	\$9.0	\$15.5	\$24.5	\$10.7	\$13.8
Trust Payments	\$11.0	\$13.6	(\$2.6)	\$11.0	\$12.8	(\$1.8)
Other	\$3.7	\$3.7	\$0.0	\$3.7	\$3.7	\$0.0
Less: Refunds	(\$95.3)	(\$142.2)	\$46.9	(\$95.3)	(\$38.6)	(\$56.7)
Local Distributions	(\$40.3)	(\$35.0)	(\$5.3)	(\$40.3)	(\$35.7)	(\$4.6)
Net to GRF	\$1,152.8	\$964.8	\$188.0	\$1,152.8	\$1,059.0	\$93.8

(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)**

January revenues were \$5.5 million (6.7%) above the estimate. For the year-to-date, the source is \$74.0 million (7.7%) above estimate. In addition, CAT revenue in January was \$26.9 million (44.7%) above last year and fiscal year-to-date revenue is \$201.1 million (24.1%) 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 \$144.7 million (16.2%) producing a compound average annual growth rate of 7.8 percent. In addition, the positive January performance may be a sign of strength for the third 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.

### **Financial Institutions Tax (FIT)**

January is the month when the first estimated payment of each tax year is due and is also the first month of the fiscal year with material positive collections. Because the due date is on the final day of the month, some of the first estimated payment remittances are posted in February rather than January. Although the revenue estimate attempts to predict this timing dynamic, it remains a challenge to anticipate the payment flow with great precision. FIT revenue came in below forecast in January, ending the month \$17.1 million (-24.0%) below estimate. Data from early February indicates that much, if not all, of the negative January variance will be made up in February collections.

## **GRF Non-Tax Receipts**

GRF non-tax receipts totaled \$1.5 billion and were \$535.8 million (57.8%) above estimate for the month of January. This monthly variance pushed year-to-date revenues \$389.6 million (5.8%) above estimate.

Federal Grants revenue was 34.6 percent above estimate and contributed \$312.8 million to the monthly variance. Of the \$312.8 million Federal Grants variance, \$96.9 million (31.0%) was attributable to the Enhanced Federal Medical Assistance Percentage continuing in January, though it was originally expected to end in December 2021. The remainder of the variance in that category was driven by higher than estimated Medicaid GRF disbursements, as discussed in the disbursement section of this report.

Revenues in the ISTV's category totaled \$224.2 million for the month of January. This revenue includes federal reimbursement for eligible pandemic response expenses incurred during fiscal year 2020.

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

<b>REVENUE SOURCE</b>	<b>MONTH</b>				<b>YEAR-TO-DATE</b>			
	<b>ACTUAL JANUARY</b>	<b>ESTIMATE JANUARY</b>	<b>\$ VAR</b>	<b>% VAR</b>	<b>ACTUAL Y-T-D</b>	<b>ESTIMATE Y-T-D</b>	<b>\$ VAR</b>	<b>% VAR</b>
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	1,046,701	956,500	90,201	9.4%	6,577,605	6,302,800	274,805	4.4%
Auto Sales & Use	134,951	149,600	(14,649)	-9.8%	1,093,020	1,080,100	12,920	1.2%
Subtotal Sales & Use	1,181,652	1,106,100	75,552	6.8%	7,670,625	7,382,900	287,725	3.9%
Personal Income	1,152,796	964,800	187,996	19.5%	6,068,764	5,584,400	484,364	8.7%
Corporate Franchise	10	0	10	N/A	530	0	530	N/A
Financial Institutions Tax	54,092	71,200	(17,108)	-24.0%	2,296	41,800	(39,504)	-94.5%
Commercial Activity Tax	87,056	81,600	5,456	6.7%	1,036,525	962,500	74,025	7.7%
Petroleum Activity Tax	0	0	0	N/A	3,628	4,000	(372)	-9.3%
Public Utility	55	500	(445)	-89.0%	69,989	62,300	7,689	12.3%
Kilowatt Hour	24,537	26,400	(1,863)	-7.1%	178,700	178,500	200	0.1%
Natural Gas Distribution	61	1,300	(1,239)	-95.3%	18,611	21,000	(2,389)	-11.4%
Foreign Insurance	(6,498)	200	(6,698)	-3349.0%	176,442	178,400	(1,958)	-1.1%
Domestic Insurance	0	0	0	N/A	2,254	1,600	654	40.9%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	70,356	76,700	(6,344)	-8.3%	485,382	485,100	282	0.1%
Alcoholic Beverage	5,027	4,600	427	9.3%	39,761	36,100	3,661	10.1%
Liquor Gallonage	5,818	5,500	318	5.8%	35,262	33,800	1,462	4.3%
Estate	2	0	2	N/A	7	0	7	N/A
Total Tax Receipts	2,574,964	2,338,900	236,064	10.1%	15,788,776	14,972,400	816,376	5.5%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,215,721	902,957	312,764	34.6%	6,671,546	6,574,948	96,598	1.5%
Earnings on Investments	9,078	9,252	(174)	-1.9%	20,960	18,737	2,223	11.9%
License & Fees	2,475	3,305	(830)	-25.1%	16,042	15,059	984	6.5%
Other Income	10,719	10,911	(192)	-1.8%	165,140	101,268	63,872	63.1%
ISTV'S	224,214	0	224,214	N/A	225,901	0	225,901	N/A
Total Non-Tax Receipts	1,462,207	926,426	535,781	57.8%	7,099,589	6,710,011	389,578	5.8%
<b>TOTAL REVENUES</b>	<b>4,037,171</b>	<b>3,265,326</b>	<b>771,845</b>	<b>23.6%</b>	<b>22,888,365</b>	<b>21,682,411</b>	<b>1,205,954</b>	<b>5.6%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	51,600	30,362	21,238	69.9%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	51,600	30,362	21,238	69.9%
<b>TOTAL SOURCES</b>	<b>4,037,171</b>	<b>3,265,326</b>	<b>771,845</b>	<b>23.6%</b>	<b>22,939,965</b>	<b>21,712,773</b>	<b>1,227,192</b>	<b>5.7%</b>



2/7/2022

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	JANUARY FY 2022	JANUARY FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	1,046,701	922,126	124,575	13.5%	6,577,605	6,018,089	559,516	9.3%
Auto Sales & Use	134,951	130,058	4,893	3.8%	1,093,020	1,016,997	76,023	7.5%
Subtotal Sales & Use	1,181,652	1,052,184	129,469	12.3%	7,670,625	7,035,086	635,539	9.0%
Personal Income	1,152,796	1,059,028	93,768	8.9%	6,068,764	6,129,730	(60,966)	-1.0%
Corporate Franchise	10	(1,024)	1,034	101.0%	530	5,802	(5,272)	-90.9%
Financial Institutions Tax	54,092	40,094	13,998	34.9%	2,296	20,147	(17,851)	-88.6%
Commercial Activity Tax	87,056	60,145	26,910	44.7%	1,036,525	835,420	201,105	24.1%
Petroleum Activity Tax	0	0	0	N/A	3,628	2,062	1,566	75.9%
Public Utility	55	240	(185)	-77.1%	69,989	51,019	18,969	37.2%
Kilowatt Hour	24,537	26,607	(2,070)	-7.8%	178,700	179,137	(437)	-0.2%
Natural Gas Distribution	61	170	(109)	-64.3%	18,611	19,387	(775)	-4.0%
Foreign Insurance	(6,498)	278	(6,776)	-2434.4%	176,442	176,775	(334)	-0.2%
Domestic Insurance	0	16	(16)	-98.4%	2,254	840	1,414	168.4%
Other Business & Property	0	0	0	N/A	0	59	(59)	N/A
Cigarette and Other Tobacco	70,356	72,067	(1,711)	-2.4%	485,382	502,185	(16,803)	-3.3%
Alcoholic Beverage	5,027	4,406	620	14.1%	39,761	35,726	4,035	11.3%
Liquor Gallonage	5,818	5,631	187	3.3%	35,262	34,402	860	2.5%
Estate	2	0	2	N/A	7	12	(5)	-42.6%
Total Tax Receipts	2,574,964	2,319,843	255,121	11.0%	15,788,776	15,027,791	760,985	5.1%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,215,721	1,086,155	129,566	11.9%	6,671,546	7,658,343	(986,796)	-12.9%
Earnings on Investments	9,078	14,984	(5,906)	-39.4%	20,960	32,559	(11,600)	-35.6%
License & Fee	2,475	2,462	13	0.5%	16,042	18,000	(1,957)	-10.9%
Other Income	10,719	10,093	626	6.2%	165,140	92,958	72,182	77.6%
ISTV'S	224,214	1,000	223,214	22312.3%	225,901	1,090	224,812	20629.0%
Total Non-Tax Receipts	1,462,207	1,114,695	347,512	31.2%	7,099,589	7,802,949	(703,360)	-9.0%
<b>TOTAL REVENUES</b>	<b>4,037,171</b>	<b>3,434,537</b>	<b>602,633</b>	<b>17.5%</b>	<b>22,888,365</b>	<b>22,830,740</b>	<b>57,625</b>	<b>0.3%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	51,600	85,026	(33,426)	-39.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	51,600	85,026	(33,426)	-39.3%
<b>TOTAL SOURCES</b>	<b>4,037,171</b>	<b>3,434,537</b>	<b>602,633</b>	<b>17.5%</b>	<b>22,939,965</b>	<b>22,915,767</b>	<b>24,199</b>	<b>0.1%</b>

## DISBURSEMENTS

January GRF disbursements, across all uses, totaled \$3.2 billion and were \$322.0 million (11.1%) above estimate. This variance was primarily attributable to above estimate disbursements in Medicaid. On a year-over-year basis, January total uses were \$547.1 million (20.5%) higher than those of the same month in the previous fiscal year, with an increase in Medicaid largely responsible for the difference. Year-over-year variances from the estimate by category are provided in the table below.

Category	Description	Year-Over-Year Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$550.7	20.7%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	-\$3.6	-37.4%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>\$547.1</b>	<b>20.5%</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. January disbursements for this category totaled \$754.4 million and were \$97.8 million (14.9%) above estimate. This variance was primarily attributable to above estimate disbursements in the Foundation Funding – All Students line item due to the implementation of the new school funding formula for community schools and joint vocational school districts. This implementation was originally estimated to occur in October but was delayed due to complexities of programming the new formula. The funding formula is calculated on an annualized basis but is disbursed in 12 proportional payments for these schools. The January 14 foundation payment was the seventh payment of fiscal year 2022 meaning community schools and joint vocational school districts should have received 58.3% of the annual amount for each formula category. As a result of this methodology, the January 14 foundation payment included categorical funding increases owed to schools for the July through January foundation payments. This variance was partially offset by below estimate spending in the Pupil Transportation line item as a data error that caused overspending in an earlier traditional district foundation payment was corrected in the January 21 foundation payment. Expenditures for the school foundation program totaled \$735.1 million and were \$94.8 million (14.8%) above estimate.

Year-to-date disbursements were \$5.6 billion, which were \$375.8 million (7.2%) above estimate. On a year-over-year basis, disbursements in this category were \$6.6 million (-0.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$784.0 million (16.4%) higher than the same point in fiscal year 2021. The year-to-date variances are due to the implementation of the new school funding formula and an additional foundation payment occurring year-to-date in fiscal year 2022 compared to fiscal year 2021.

## Higher Education

January disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$192.2 million and were \$1.3 million (-0.7%) below estimate. This variance was primarily attributable to spending in the Choose Ohio First, War Orphans and Severely Disabled Veterans' Children, and Ohio College Opportunity Grant Scholarship programs, which were \$6.6 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 because Memorandum of Understanding (MOUs), which are necessary prior to disbursement of funds, were executed later than anticipated and payments for the previous quarters were made in January and disbursements were above estimate by a total of \$5.5 million.

Year-to-date disbursements were \$1.4 billion and were \$27.6 million (-1.9%) below estimate. On a year-over-year basis, disbursements in this category were \$16.3 million (9.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$77.9 million (5.9%) 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.

January disbursements in this category totaled \$9.3 million and were \$1.1 million (13.2%) above estimate. Year-to-date disbursements were \$62.2 million and were \$4.0 million (-6.0%) below estimate. On a year-over-year basis, disbursements in this category were \$1.4 million (18.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$13.1 million (26.5%) higher than at the same point in fiscal year 2021.

## Medicaid

*Note: Medicaid enrollment and spending estimates included in this report are based on projections made in July at the start of fiscal year 2022. These projections assumed the federally declared public health emergency through December 2021. Therefore, the estimates assumed the receipt of additional federal reimbursement and the suspension of routine eligibility redeterminations only for the July-December period of fiscal year 2022. However, the federal public health emergency has been extended into April 2022 and with it the additional federal reimbursement and the suspension of eligibility redeterminations; both are now in effect for the January-June period of fiscal year 2022. This will result in deviations from both the fiscal and enrollment estimates.*

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

January GRF disbursements for the Medicaid Program totaled \$1.7 billion and were \$262.0 million (18.2%) above estimate and \$500.6 million (41.8%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled \$9.7 billion and were \$36.8 million (-0.4%) below estimate, and \$1.2 billion (-11.1%) below disbursements for the same point in the previous fiscal year.

The monthly GRF variance was primarily attributable to the timing and use of non-GRF funds and above estimate enrollment, both of which were directly attributable to the continuation of the public health emergency, which this report's estimates assumed would end December 31, 2021. The continued receipt of 6.2 percent in additional federal reimbursement, which resulted from federal legislation associated with the public health emergency, effected monthly GRF estimates in January and will continue to do so through the remainder of fiscal year 2022. The Department will continue to evaluate the use of both GRF and non-GRF resources in funding the program under these new circumstances. Enrollment will exceed monthly estimates for the remainder of the fiscal year as this report's estimates were developed in July, again with the assumption that routine eligibility redeterminations would resume early in the third quarter of state fiscal year 2022, upon the cancellation of the federally declared public health emergency. This estimated continual variance will increase spending in the managed care and fee-for-service programs. Partially offsetting the variance were lower than estimated managed care rates, which took effect in January and will continue to reduce managed care costs through the fiscal year. Additionally, non-enrollment related payments continued to be delayed and are unlikely to be disbursed as originally estimated.

January all-funds disbursements for the Medicaid Program totaled \$3.1 billion and were \$204.1 million (7.1%) above estimate, and \$690.3 million (29.0%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled \$19.9 billion and were \$742.4 million (-3.6%) below estimate, and \$1.6 billion (8.5%) above disbursements for the same point in the previous fiscal year.

The January all-funds variance was primarily attributable to above estimate spending in the managed care program where spending was \$263.7 million (13.7%) above estimate due primarily to delays in supplemental public health emergency hospital payments to managed care plans; these payments were expected to disburse in December but were delayed to January. Additionally, administration related expenses were above estimate, primarily attributable to the timing of IT related invoices. This variance was partially offset by a delayed payment in the Care Innovation and Community Progress Program (CICIP); the payment was estimated to occur in January but will now occur in February. The year-over-year monthly variance was primarily attributable to the increased costs associated with higher caseloads and the delayed disbursement of the supplemental public health emergency hospital payments.

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

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

	<u>Jan. Estimate</u>	<u>Jan. Actual</u>	<u>Variance</u>	<u>Variance %</u>
GRF	\$1,437.5	\$1,699.5	\$262.0	18.2%
Non-GRF	\$1,432.6	\$1,374.7	-\$57.9	-4.0%
All Funds	\$2,870.1	\$3,074.2	\$204.1	7.1%

#### Enrollment

Total January enrollment was 3.35 million, which was 20,507 (0.6%) above estimate and approximately 218,400 (7.0%) above enrollment for the same period last fiscal year. As noted above, enrollment will continue to be reported above estimate for the remainder of fiscal year 2022 as this report's estimates assumed the end of the federal public health emergency in December 2021 followed by the resumption of redeterminations early in the third quarter of state fiscal year 2022. Year-to-date average monthly enrollment was 3.3 million and was approximately 1,730 (0.1%) above estimate.

January enrollment by major eligibility category was: Covered Families and Children (CFC), 1.84 million; Group VIII Expansion, 868,200; and Aged, Blind and Disabled (ABD), 500,250.

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

#### **Health and Human Services**

This category includes non-debt service GRF expenditures by the following state agencies: Ohio Department of Job and Family Services, Ohio Department of Health, Ohio Department of Aging, Ohio Department of Developmental Disabilities, Ohio Department of 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.

January disbursements in this category totaled \$125.2 million and were \$21.1 million (-14.4%) below estimate. Year-to-date disbursements were \$897.2 million and were \$153.2 million (-14.6%) below estimate. On a year-over-year basis, disbursements in this category were \$16.4 million (15.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$56.7 million (6.8%) higher than at the same point in fiscal year 2021.

#### Department of Health

January disbursements for the Department of Health totaled \$9.8 million and were \$2.0 million (-17.0%) below estimate. This variance was primarily attributable to disbursements in the Help Me Grow line item, which was \$1.2 million below estimate, due to lower-than-expected requests for reimbursement from county program providers.

### Department of Job and Family Services

January disbursements for the Department of Job and Family Services totaled \$48.4 million and were \$18.1 million (-27.2%) below estimate. This variance was primarily attributable to the Early Care and Education line item, which was \$14.8 million below estimate due to the timing of one week of childcare provider payments, which will be paid in February instead of January, as expected. The Family and Children Services line item was \$2.1 million below estimate due in large part to the counties requesting less of their Kinship Support Payments and Social Services allocation as anticipated. The Temporary Assistance for Needy Families (TANF) State Maintenance of Effort line item was \$2.1 million below estimate due to the Ohio Works First payments and cash assistance caseloads being lower than anticipated this year.

This variance was partially offset by the Program Operations line item which was \$2.1 million above estimate due primarily to receiving invoices in January for the Statewide Automated Child Welfare Information System when they were anticipated to be received in previous months.

### Department of Mental Health and Addiction Services

January disbursements for The Department of Mental Health and Addiction Services totaled \$54.2 million and were \$0.6 million (1.1%) above estimate. This variance was primarily attributable to disbursements in the Hospital Services line item, which was \$1.8 million above estimate due to higher than anticipated payments to Ohio Pharmacy Services and other administrative expenses. This variance was also attributable to disbursements in the Addiction Services Partnership with Corrections line item, which was \$1.1 million above estimate due to the timing of some payments, which were made earlier than anticipated. The variance was partially offset by disbursements in the Continuum of Care line item, which was \$1.9 million below estimate due to the delay of some payments to later months.

## **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.

January disbursements in this category totaled \$259.5 million and were \$15.1 million (-5.5%) below estimate. Year-to-date disbursements were \$1.6 billion and were \$133.1 million (-7.6%) below estimate. On a year-over-year basis, disbursements in this category were \$27.4 million (11.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$111.0 million (7.3%) higher than at the same point in fiscal year 2021.

### Office of the Attorney General

January disbursements for the Office of the Attorney General totaled \$11.8 million and were \$10.9 million (-48.1%) below estimate. This variance was primarily attributable to disbursements in the Law Enforcement Reimbursement Training Pilot Program line item, which was \$10.7 million below estimate. While the new program was developed in the first half of the fiscal year, spending was not as strong as originally projected for January.



### Department of Public Safety

January disbursements for the Department of Public Safety totaled \$4.4 million and were \$2.5 million (-36.6%) below estimate. This variance was primarily attributable to the Security Grants and Justice Program services lines items, which were \$1.8 million and \$913,764 below estimate, respectively, due to the timing of grant reimbursements.

### Department of Rehabilitation and Correction

January disbursements for the Department of Rehabilitation and Correction totaled \$193.1 million and were \$6.7 million (3.6%) above estimate. This variance was primarily attributable to disbursements in the Institution Medical Services line item, which was \$5.1 million above estimate due to the timing of a payment to The Ohio State University for medical services. This variance is also attributable to disbursements in the Institutional Operations line item, which was \$3.0 million above estimate. The department implemented OhioBuys, the State of Ohio's online purchasing system, in the beginning of fiscal year 2022. The increased efficiency in process lead to this month's positive variance offsetting underspending in previous months.

### Department of Youth Services

January disbursements for the Department of Youth Services totaled \$22.7 million and were \$6.6 million (-22.6%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was \$6.5 million below estimate due to the timing of county subsidy payments for the Competitive and Targeted RECLAIM programs and the timing of payments to Community Correctional Facilities resulting from late payment submissions from the facilities.

### Public Defender Commission

January disbursements for the Public Defender Commission totaled \$10.9 million and were \$1.1 million (-9.5%) below estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was \$1.1 million below estimate due to the timing of county reimbursement payments.

## **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.

January disbursements in this category totaled \$46.9 million and were \$4.3 million (-8.3%) below estimate. Year-to-date disbursements were \$316.3 million and were \$42.3 million (-11.8%) below estimate. On a year-over-year basis, disbursements in this category were \$31,000 (-0.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$51.6 million (19.5%) higher than at the same point in fiscal year 2021.

### Department of Administrative Services

January disbursements for the Department of Administrative Services totaled \$7.4 million and were \$4.4 million (140.8%) above estimate. This variance was primarily attributable to the State Agency Support Services line item, which was \$4.5 million above estimate due to the timing of rent payments.

### Department of Transportation

January disbursements for the Department of Transportation totaled \$1.4 million and were \$6.2 million (-81.9%) below estimate. This variance was primarily attributable to the Public Transportation – State line item, which was \$6.1 million below estimate due to supplier issues with bus deliveries for the Transit Preservation Partnership Program.

### **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. There were no property tax reimbursements in the month of January, and none were estimated. Year-to-date reimbursements totaled \$913.1 million and were \$9.6 million (-1.0%) below estimate.

### **Debt Service**

January payments for debt service were \$119.3 million and were \$800,000 (-0.7%) below estimate for the month. Year-to-date debt service payments were \$1.0 billion and were \$4.6 million (-0.5%) below estimate for the year. Debt service payments are currently \$364.3 million (56.0%) over this point last fiscal year due to successful debt restructuring which lowered 2021 payments below typical levels.

### **Transfers Out**

January transfers out totaled \$6.0 million and were \$3.6 million (151.7%) above estimate. Year-to-date transfers out totaled \$3.0 billion and were \$29.3 million (1.0%) above estimate. The monthly variance was attributable to a \$6.0 million transfer made to the IT Development Fund which occurred in January instead of March as originally planned.

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL JANUARY	ESTIMATED JANUARY	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	754,408	656,590	97,817	14.9%	5,561,530	5,185,773	375,756	7.2%
Higher Education	192,213	193,506	(1,293)	-0.7%	1,396,535	1,424,140	(27,605)	-1.9%
Other Education	9,272	8,189	1,083	13.2%	62,228	66,210	(3,983)	-6.0%
Medicaid	1,699,498	1,437,472	262,026	18.2%	9,653,533	9,690,285	(36,752)	-0.4%
Health and Human Services	125,210	146,333	(21,123)	-14.4%	897,243	1,050,439	(153,195)	-14.6%
Justice and Public Protection	259,475	274,545	(15,070)	-5.5%	1,626,102	1,759,211	(133,109)	-7.6%
General Government	46,899	51,158	(4,259)	-8.3%	316,254	358,565	(42,311)	-11.8%
Property Tax Reimbursements	0	0	0	N/A	913,053	922,665	(9,612)	-1.0%
Debt Service	119,262	120,062	(800)	-0.7%	1,014,457	1,019,088	(4,631)	-0.5%
<b>Total Expenditures &amp; ISTV's</b>	<b>3,206,236</b>	<b>2,887,855</b>	<b>318,381</b>	<b>11.0%</b>	<b>21,440,935</b>	<b>21,476,377</b>	<b>(35,442)</b>	<b>-0.2%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	6,042	2,400	3,642	151.7%	2,979,663	2,950,400	29,263	1.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>6,042</b>	<b>2,400</b>	<b>3,642</b>	<b>151.7%</b>	<b>2,979,663</b>	<b>2,950,400</b>	<b>29,263</b>	<b>1.0%</b>
<b>Total Fund Uses</b>	<b>3,212,278</b>	<b>2,890,255</b>	<b>322,023</b>	<b>11.1%</b>	<b>24,420,598</b>	<b>24,426,777</b>	<b>(6,179)</b>	<b>0.0%</b>

2/7/2022

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JANUARY FY 2022	JANUARY FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
Primary and Secondary Education	754,408	761,004	(6,596)	-0.9%	5,561,530	4,777,494	784,036	16.4%
Higher Education	192,213	175,897	16,316	9.3%	1,396,535	1,318,670	77,865	5.9%
Other Education	9,272	7,836	1,436	18.3%	62,228	49,175	13,053	26.5%
Medicaid	1,699,498	1,198,892	500,605	41.8%	9,653,533	10,856,316	(1,202,783)	-11.1%
Health and Human Services	125,210	108,765	16,445	15.1%	897,243	840,498	56,746	6.8%
Justice and Public Protection	259,475	232,038	27,437	11.8%	1,626,102	1,515,067	111,035	7.3%
General Government	46,899	46,930	(31)	-0.1%	316,254	264,643	51,611	19.5%
Property Tax Reimbursements	0	(4)	4	N/A	913,053	904,345	8,708	1.0%
Debt Service	119,262	124,176	(4,915)	-4.0%	1,014,457	650,140	364,317	56.0%
<b>Total Expenditures &amp; ISTV's</b>	<b>3,206,236</b>	<b>2,655,535</b>	<b>550,702</b>	<b>20.7%</b>	<b>21,440,935</b>	<b>21,176,348</b>	<b>264,587</b>	<b>1.2%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	6,042	9,645	(3,603)	-37.4%	2,979,663	444,870	2,534,793	569.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>6,042</b>	<b>9,645</b>	<b>(3,603)</b>	<b>-37.4%</b>	<b>2,979,663</b>	<b>444,870</b>	<b>2,534,793</b>	<b>569.8%</b>
<b>Total Fund Uses</b>	<b>3,212,278</b>	<b>2,665,180</b>	<b>547,098</b>	<b>20.5%</b>	<b>24,420,598</b>	<b>21,621,218</b>	<b>2,799,380</b>	<b>12.9%</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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