Ohio | Office of Budget and Management

MONTHLY FINANCIAL REPORT

March 10, 2021

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

FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report

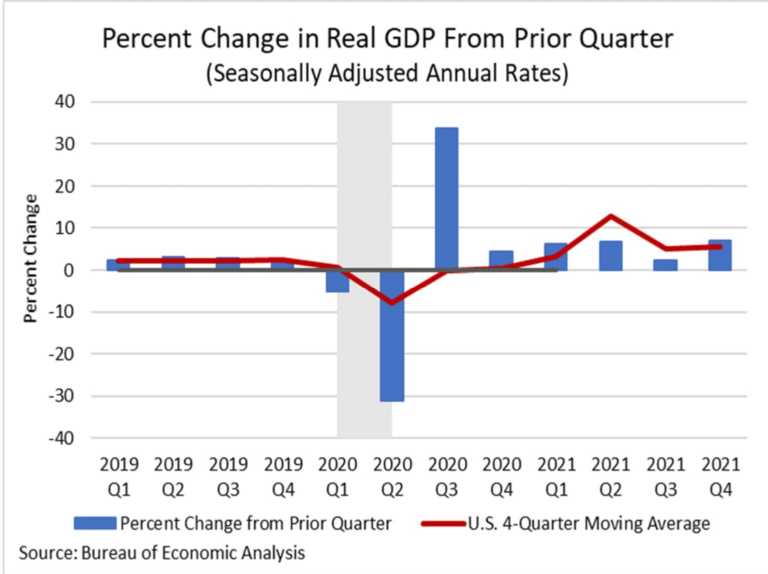
Report Overview:

GRF non-auto sales and use tax collections in February totaled $717.4 million and were $11.1 million (1.6%) above the estimate. There has been a positive monthly variation from estimate ever since September. Since then, 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 $285.9 million (4.1%) above estimate.

February GRF personal income tax receipts totaled $302.0 million and were $184.8 million (157.6%) above the estimate. This represents the second-largest dollar variance in this fiscal year, behind only January's $188.0 positive variance. For the year-to-date, revenue is $669.1 million (11.7%) above estimate. Income tax collections have exceeded estimate every month this year.

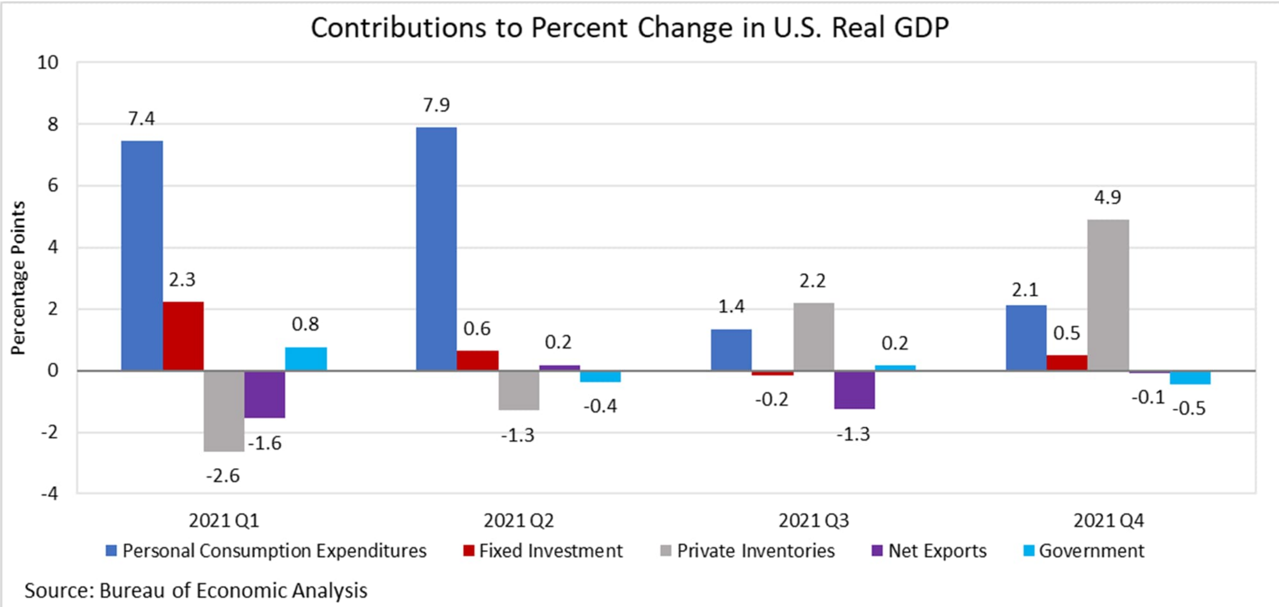
February GRF revenues from the CAT were $45.8 million (12.1%) above the estimate. For the year to date, the source is $119.9 million (8.9%) above estimate. Because of strong revenue performance in both January and February, the CAT is $35.9 million (7.5%) above estimate for the current quarter to date.

ECONOMIC ACTIVITY



According to the Bureau of Economic Analysis (BEA)'s 'second' estimate, **Real Gross Domestic Product (GDP)** expanded in the fourth quarter of calendar year 2021 at an annualized rate of 7.0 percent, up 0.1 percentage points from the 'advance' estimate last month. Fourth quarter gains largely reflected a robust recovery due to an increase in exports and strong consumer spending, in addition to evidence that some businesses were able to build back inventories.

The fourth quarter increase in real GDP resulted from growth in private inventories (4.9 percentage points), personal consumption expenditures (2.1 percentage points) and fixed investments (0.5 percentage points). These increases were partially offset by decreases in government expenditures (-0.5 percentage points) and net exports (-0.1 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 March 2, 2022, the national index was at 91.6 percent. Ohio's index was 2.2 percentage points ahead of that at 93.8. On average in January, Ohio's index score was 92.4, 0.2 percentage points above the national average.

The **Federal Reserve's Beige Book** evaluates current economic conditions across its 12 districts. According to the March 2, 2022, report, the economy in the Fourth District, which includes Ohio, continued to grow, although at a more modest pace than in recent weeks. Overall demand for business and consumer goods and services remained strong; however, the spread of the omicron variant constrained sales in food services and retail. Many contacts reported no change in their outlooks for calendar year 2022 and continue to forecast strong sales. Looking ahead, most respondents don't expect supply chain normalization to occur until later in the year, and potentially into 2023. However, some respondents indicated that despite labor shortages continuing, it was slightly easier to hire workers.

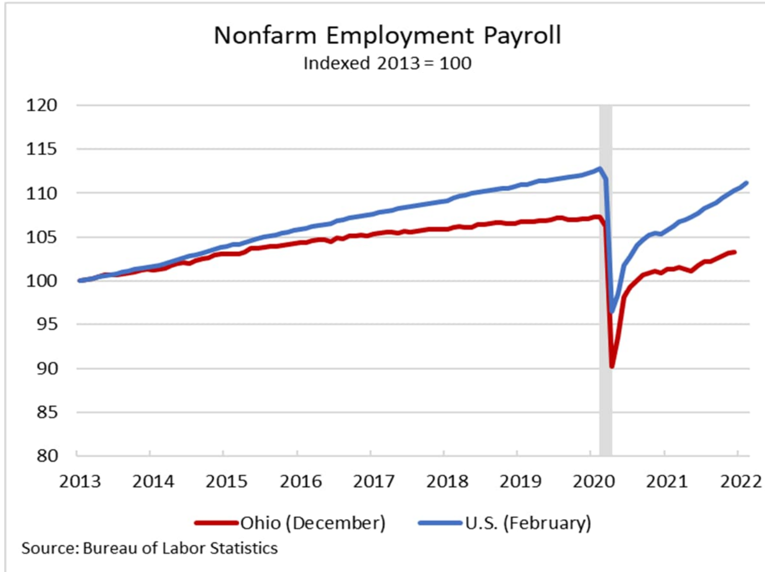
The Conference Board's composite **Leading Economic Index** (LEI) is designed to reveal patterns in economic data by smoothing the volatility of its 10 individual components. In January, the LEI decreased 0.3 percent to 119.6 from the revised December 2021 value of 120.0. This was the first decrease in the index in the last eleven months. Six of the ten components of the index improved, but large negative contributions from consumer expectations for business conditions and average weekly initial claims for unemployment insurance pushed the overall index down in January. For the six-month period ending in January, the LEI increased 2.6 percent, and seven out of the ten components increased during that period. The Conference Board is still forecasting economic expansion and activity for the remainder of the first quarter of calendar year 2022.

The war in Ukraine, along with financial sanctions and export controls imposed on Russia, are exacerbating global supply chain issues. The cancellation of flights in the area put additional pressure on cargo capacity, and there has been a reduction in access to commodities like platinum, sunflower oil, and steel. Additionally, Russia's invasion of Ukraine will likely put upward pressure on inflation due to Russia's role in the global energy markets. The steep rise in oil prices over recent weeks may continue to lead to further increases in prices at the gas pump. Despite the uncertainty created by the war, it is expected that the Federal Reserve will increase interest rates in the coming months to help mitigate inflation. As such, the consensus among forecasters is for minimal growth during the first quarter of 2022.

Source	Date	1st Quarter 2022 Annualized GDP Forecast
IHS Markit GDP Tracker	03/03/22	1.0%
Federal Reserve Bank of Atlanta (GDPNow)	03/01/22	0.0%
Moody's Analytics High Frequency GDP Model	03/01/22	0.5%
Federal Reserve Bank of Philadelphia Survey of Forecasters	02/11/22	1.8%
Wells Fargo	02/09/22	0.7%
Conference Board	02/09/22	2.2%

Employment

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased 678,000 jobs in February. Employment was up 15.2 million from April 2020 but remained below the nation's February 2020 pre-pandemic level by 2.1 million (1.4%). Notable gains were widespread over the month, led by leisure and hospitality, professional and business services, health care, and construction.



In February, **leisure and hospitality** jobs rose by 179,000. Within this industry, notable job gains were in food services and drinking places (124,000) and the accommodations industry (28,000). Since February 2020, employment in the leisure and hospitality industry decreased by 1.5 million jobs (9.0%).

Professional and business services employment increased by 95,000 jobs in February and was above February 2020 levels by 596,000 (2.8%). Employment gains were led by temporary help services (36,000), management of companies and enterprises (12,000), management and technical consulting services (10,000) and scientific research and development services (8,000).

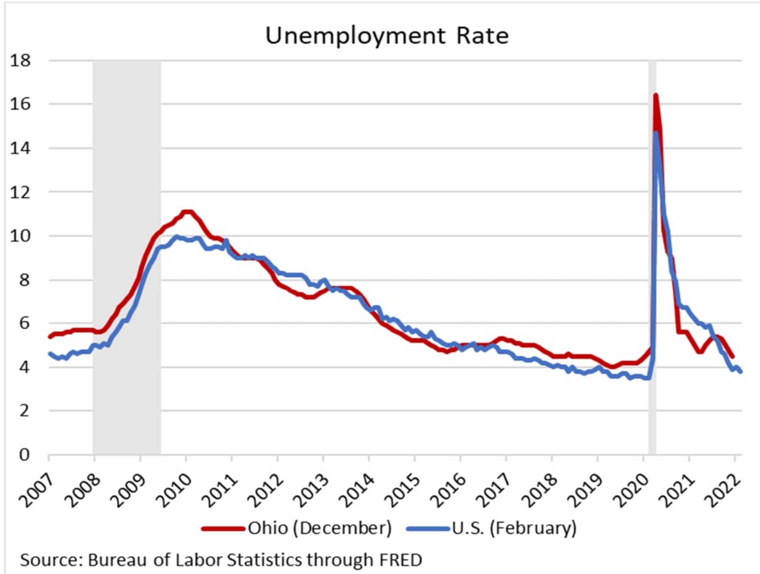
Employment in **health care** rose by 64,000 jobs in February but was below February 2020 levels by 306,000 jobs (-1.9%). Within this industry there were notable job gains in home health care services (20,000) and offices of physicians (15,000).

Construction employment increased by 60,000 jobs in February but was 11,000 (-0.1%) lower than in February 2020. In February 2022, approximately three-fourths of the gains in this industry were in specialty trade contractors, with increases in both the residential (24,000) and nonresidential (20,000) components.

The **national labor force participation rate** in February was 62.3 percent. This changed little over the month with an increase of 0.1 percentage points from the January rate. The **employment population ratio** in February 2022 increased to 59.9 percent, an increase of 0.2 percentage points. Both measures remain below their February 2020 levels of 63.4 percent and 61.2 percent, respectively.

The Bureau of Labor Statistics undergoes benchmarking process to reduce error in the state and local employment data each year. This process delayed the release of the January 2022 employment data until March 14, 2022. As such, the latest employment data for Ohio are from December 2021. **Ohio's nonfarm payroll employment** increased by 8,800 jobs to 5.4 million between November and December.

The Bureau of Labor Statistics reported that the national **unemployment rate** decreased 0.2 percentage points to 3.8 percent between January and February. The number of **unemployed persons** decreased 243,000 to 6.3 million. Despite both measures being substantially lower than their April 2020 highs, they remained above February 2020 levels by 0.3 percentage points and 553,000 individuals, respectively.



When examined by race, the unemployment rate for all demographics declined in February. The unemployment rates for those who identify as Asian and those who identify as Hispanic decreased the most by 0.5 percentage points to 3.1 percent and 4.4 percent respectively. The rate for individuals who identify as Black decreased by 0.3 percentage points to 6.6 percent. Individuals who identify as White declined the least by 0.1 percentage points to 3.3 percent. In February, the unemployment rate for teenagers declined 0.6 percentage points to 10.3 percent. The unemployment rate for men decreased 0.3 percentage points to 3.5 percent and the rate for women remained unchanged at 3.6 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 11,000 to 963,000 in February. The number of unemployed people who were on **temporary layoff** decreased in February by 71,000 to 888,000 but remained 780,000 persons higher than in February 2020. The number of people with **permanent job losses** decreased 47,000 to 1.6 million but was 1.3 million higher than in February 2020. The number of unemployed **re-entrants**, those who previously worked but were not in the labor force prior to beginning their job search decreased 12,000 to 1.9 million.

The number of unemployed individuals who were **jobless less than 5 weeks** declined by 286,000 to 2.1 million, accounting for 40.0 percent of total unemployment. Individuals who were **jobless 5 to 14 weeks** increased 193,000 to 1.8 million and encompassed 28.7 percent of those unemployed. Those **jobless 15 to 26 weeks** decreased 81,000 to 735,000. In February, individuals who were **long-term unemployed**, jobless 27 weeks or more, increased by 11,000 to 1.7 million. This measure remained 581,000 higher than in February 2020. In February, the long-term unemployed accounted for 27.1 percent of total unemployment.

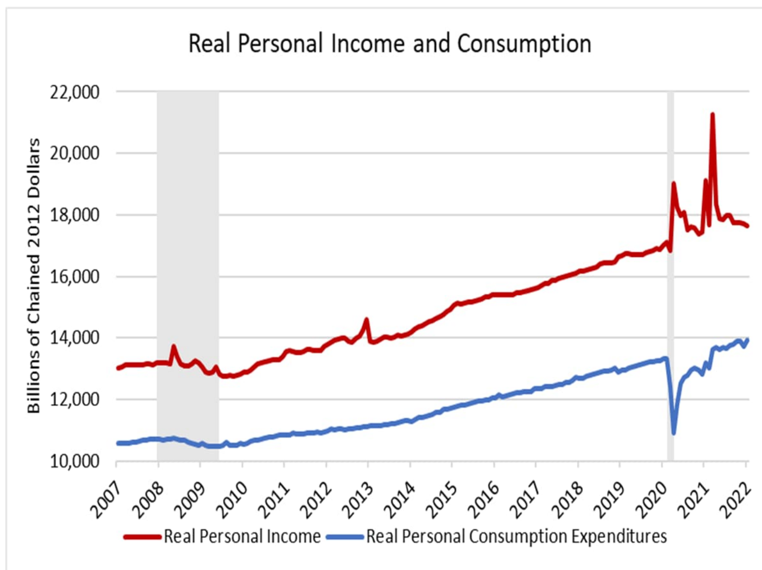
The number of **people not in the labor force who currently want a job** declined by 349,000 to 5.4 million in February and was up 359,000 since February 2020. These are individuals who want a job but are not counted as unemployed because they were not actively looking for work over the last four weeks or were unavailable to take a job for a variety of reasons including caring for children or other family members.

The **Conference Board's Employment Trends Index** aggregates eight different labor market indicators. The index increased 1.0 point from January's revised number to 119.2 in February 2022. The rise in the index was due to positive contributions from seven of the eight components; the largest positive contributor was Industrial Production, followed by Job Openings. The senior economist at the Conference Board, Frank Steemers, suggested that hiring and retention remain significant challenges that are not expected to ease in the foreseeable future. The labor market remains tight as the unemployment rate is below four percent and anticipated to approach three percent by the end of this year. A tight labor market will likely continue to propel wage growth as employers try to fill vacant positions.

The **Ohio unemployment rate** decreased to 4.5 percent in December 2021, a 0.2 percentage point drop compared to the November rate. The unemployment rate for January 2022 is not yet available for Ohio due to the benchmarking process. During the week ending February 26, 2022, a total of 10,799 initial unemployment claims were filed. During the same period, 59,232 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 270 employees of potential future layoffs and closures during the remainder of March, 167 in April 2022, and 21 in May.

Consumer Income and Consumption

According to the Bureau of Economic Analysis, **personal income** marginally increased by $9.0 billion in January 2022, and has increased in seven of the last eight months. Gains in January were mainly due to increases in compensation of employees of $60.9 billion (0.5%) and personal income receipts on assets of $9.5 billion (0.3%). The increase within compensation of employees was led by an increase in wages and salaries of $49.9 billion (0.3%). Gains in personal income were partially offset by a decrease in government social benefits, of $51.8 billion (1.3%), reflecting the end of the Child Tax Credit advance payments.



Personal consumption expenditures, a measure of national consumer spending for goods and services, increased 2.1 percent between December 2021 and January 2022. Spending on goods increased by 5.2 percent in January. Overall spending on durable goods increased 9.7 percent, which can be primarily attributed to increases in motor vehicles and parts (13.3%), furnishings and durable household equipment (8.6%) and recreational goods and vehicles (8.5%). Spending on nondurable goods increased by 2.6 percent, primarily led by clothing and footwear (5.6%). Services spending increased 0.5 percent in January, with housing and utilities representing the largest contributor to the increase (1.3%). 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)

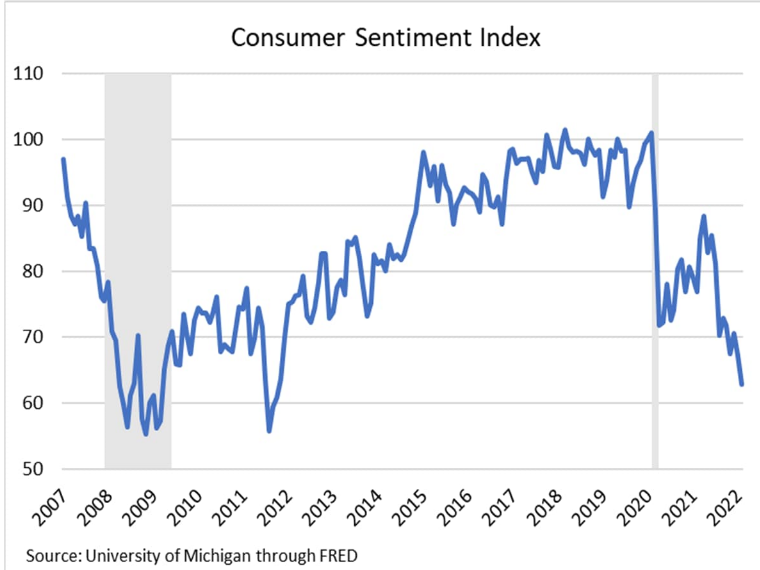
	December 2021	January 2022	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Real Personal Consumption Expenditures	$13,714,062	$13,918,860	1.5%	5.4%	4.6%
Durable Goods	$2,079,083	$2,256,599	8.5%	2.1%	24.3%
Motor vehicles and parts	$552,256	$623,237	12.9%	-1.5%	18.1%
Furnishings and durable household equipment	$471,242	$501,169	6.4%	-3.7%	16.1%
Recreational goods and vehicles	$786,508	$846,030	7.6%	7.4%	37.8%
Other durable goods	$329,485	$340,778	3.4%	11.0%	28.1%
Nondurable goods	$3,340,133	$3,402,213	1.9%	4.6%	13.0%
Clothing and footwear	$477,455	$499,031	4.5%	9.1%	20.1%
Gasoline and other energy goods	$440,343	$427,477	-2.9%	11.1%	-2.3%
Other nondurable goods	$1,283,472	$1,322,170	3.0%	5.1%	15.6%
Services	$8,466,041	$8,471,397	0.1%	6.4%	-0.8%
Health care	$2,260,897	$2,263,497	0.1%	5.6%	-0.9%
Food services and accommodations	$857,058	$844,595	-1.5%	20.0%	-1.8%
Financial services and insurance	$893,330	$897,771	0.5%	3.1%	5.8%
Other services	$1,091,345	$1,093,402	0.2%	6.3%	-4.3%

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

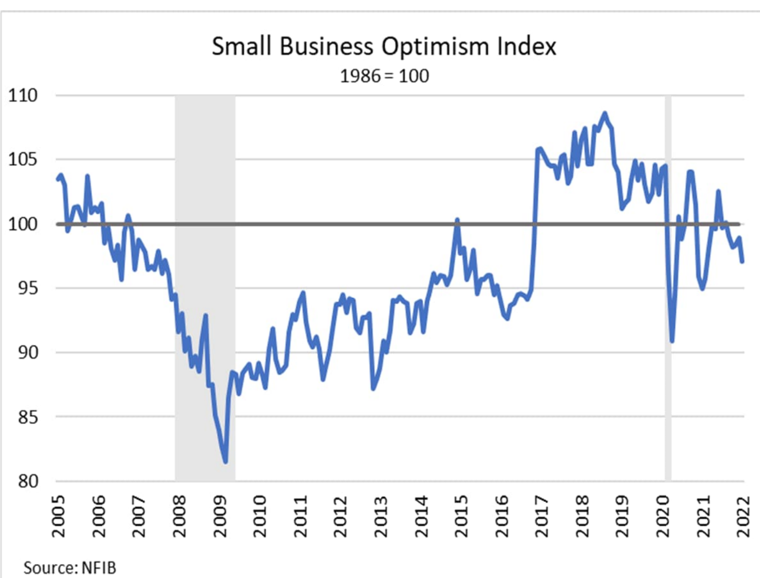
Personal savings was $1.2 trillion in January 2022, a decrease of 21.6 percent ($322.3 billion) compared to December 2021 and was 9.5 percent below the January 2020 level. Personal savings as a percentage of disposable income, the **personal savings rate**, was 6.4 percent, a decrease of 1.8 percentage points between December 2021 and January 2022.

The Bureau of Labor Statistics computes the consumer price index to measure the average change in prices paid by consumers for goods and services over time. The **Consumer Price Index for All Urban Consumers** (CPI) increased 0.6 percent in January, which followed a 0.6 percent increase in December 2021. The 'all items' index increased 7.5 percent over the last 12 months, the largest 12-month increase since February 1982. The index for used cars and trucks increased 1.5 percent in January after increasing 3.3 percent in December and increased 40.5 percent over the last 12 months. Additionally, the index for 'all items less food and energy' increased 0.6 percent in January and has increased 6.0 percent over the last 12 months.

Results from the University of Michigan's **Survey of Consumers** indicated that consumer sentiment decreased in February for the second month in a row. The Consumer Sentiment Index decreased 4.4 points to 62.8 in February from 67.2 in January 2022. This was a 6.5 percent decrease from January and was 18.2 percent below February 2021. The Current Economic Conditions Index decreased 3.8 points to 68.2. This was a 5.3 percent decrease from January and a 20.9 percent decrease from February 2021. The Consumer Expectations Index decreased 4.7 points to 59.4 in February. This was a 7.3 percent decrease from January to February and was 16.0 percent below February 2021. The decrease in sentiment was largely attributed to a lack of confidence in government economic policies, declines in personal finances due to inflation, a widespread awareness of interest rates rising and negative views of the long-term prospects for the economy.



The **Conference Board's Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, declined in February for the second month in a row. Confidence in February was at 110.5, down 0.6 percentage points from January's revised value of 111.1. The **Conference Board's Present Situation Index**, which measures consumers' current assessment of business and labor market conditions, increased by 0.6 percentage points from 144.5 in January to 145.1 in February. The **Conference Board's Expectation Index** examines consumer short-term outlook for the economy. The index declined in February to 87.5, a decrease of 1.3 percentage points from January's revised value. The Conference Board expects short-term economic growth to moderate through the first half of 2022, as consumer spending and confidence will be challenged by persistently rising prices.



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 1.8 percentage points to 97.1 in January.

Of the 10 components that comprise this index, seven declined, one improved and two were unchanged. Inflation was reported as the single most important problem by 22.0 percent of respondents, a 19-point increase from January 2021. Qualified labor shortages continued to be an issue in January, as 47.0 percent of small business owners reported having job openings they could not fill during the current period, a decrease of 2.0 points from December. As a result, the percentage of owners reporting that they raised worker compensation was at a 48-year record high.

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." Airline travel increased 5.5 percent in February compared to January 2022. Total travel throughput in February 2022 was 19.7 percent lower than in February 2020 and was 15.6 percent lower in February 2022 compared to February 2019.

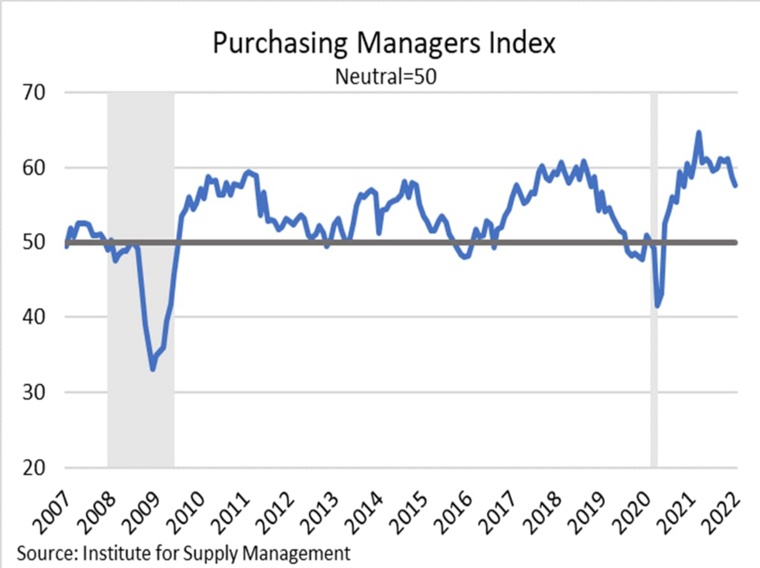
For the week ending February 26, 2022, **STR**, a company that provides analytics and data on the hospitality sector, reported the hotel occupancy rate was 62.2 percent, 4.7 percent below the comparable week in 2019. The average daily rate for a hotel room was $143.83, up 13.1 percent from the comparable week in 2019. Revenue per available room was $89.45, which was 7.7 percent higher than the equivalent week in 2019.

Commercial vehicle miles traveled on the Ohio turnpike in February increased 8.3 percent compared to the same period in 2021 and increased 16.5 percent compared to the same month in 2019. **Passenger vehicle miles traveled** in February increased 12.0 percent compared to the same period in 2021 but decreased 13.3 percent compared to the same period in 2019. **Total revenue** on the Ohio turnpike was 11.0 percent higher in February compared to the same period in 2021 and increased 13.1 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** increased 1.4 percent in January 2022, following a revised decrease of 0.1 percent in December. The January 2022 index was 4.1 percent higher compared to January 2021.

The **manufacturing production index** increased 0.2 percent in January 2022 to 100.7 and was 2.5 percent above the January 2021 level. Overall production of nondurable goods increased 2.8 percent and production of durable goods was unchanged from December 2021 to January 2022. Nationally, seven of the top 10 industries relevant to Ohio's manufacturing sector increased production and three decreased between December and January. The largest increases were in machinery (1.0%), food, beverage, and tobacco products (1.0%), aerospace and miscellaneous transportation products (0.8%) and electrical equipment, appliances, and component products (0.7%). These increases were partially offset by decreases in petroleum and coal products (-1.5%), motor vehicles and parts (-0.9%) and fabricated metal products (-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 economy is generally expanding, while below 50 percent it is generally contracting. In February, the PMI for the United States increased 1.0 percentage point compared to January to 58.6, indicating an overall expansion of the manufacturing economy for the 21st month in a row following a contraction in April 2020.

The New Orders Index for February was at 61.7 percent, increasing 3.8 percentage points from January. The Backlog of Orders Index increased 8.6 percentage points to 65.0 percent, and the Employment Index decreased 1.6 percentage points to 52.9 percent. Respondents remained optimistic in February due to a decline in labor related difficulties from the omicron variant and higher than anticipated consumption as new orders and order backlogs grew, however, higher than normal quits were a potential challenge.

Of the 18 industries tracked by the Manufacturing ISM® Report on Business, 16 industries reported growth between January and February 2022. Of the industries most important to Ohio's manufacturing sector, all 10 industries reported growth or remained the same in February, led by transportation equipment, machinery, primary metals, and electrical equipment.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effects of supply chain challenges and rising costs in February. A source in the transportation equipment industry reported, "Demand for transportation equipment remains strong. Supply of transportation services continues to be a major issue for the supply chain." Additionally, a respondent in the machinery industry reported, "We have seen year-over-year revenue growth of about 10 percent due to markets coming back. However, in the automotive area, the microchip shortage is causing slowness in growth."

Construction

The U.S. Census Bureau estimated **total construction spending** in January 2022 to be at a seasonally adjusted annual rate of $1.7 trillion, a 0.8 percent increase from the revised December 2021 estimate. The January estimate was 8.2 percent above that of January 2021 and 9.7 percent above January 2020.

Private sector construction in January 2022 was at a seasonally adjusted annual rate of $1.3 trillion. This was 1.5 percent above the revised December 2021 estimate and was 11.0 percent above January 2021. Residential construction in January increased 1.3 percent from the revised December estimate and was 13.4 percent above January 2021. Nonresidential construction increased 1.8 percent in January 2022 from the revised December estimate and was 7.3 percent above January 2021.

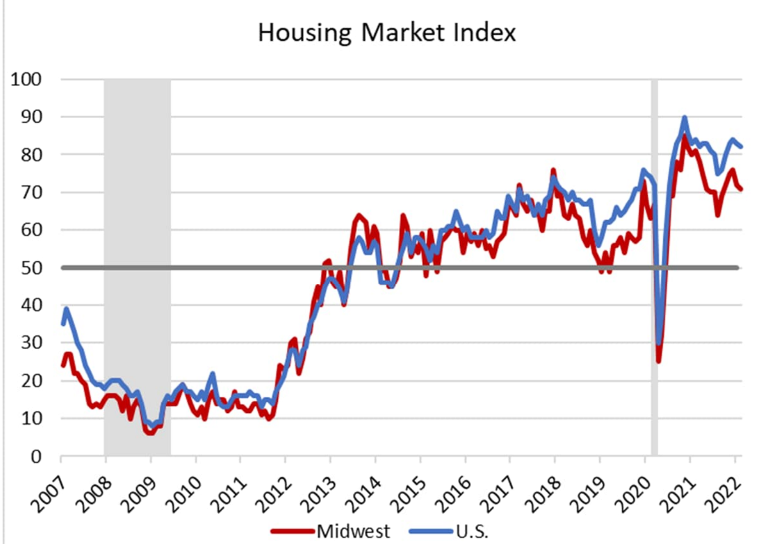
Public sector construction spending in January 2022 was at a seasonally adjusted annual rate of $350.7 billion. This was 0.6 percent above the revised December estimate but was 1.3 percent below the January 2021 rate. Spending in January on education construction was virtually the same as December 2021's revised rate and was 9.9 percent below January 2021. Highway construction spending in January 2022 was 0.1 percent below the revised December 2021 rate but was 5.2 percent above January 2021.

Nationally, the number of privately-owned housing units approved for building permits increased 0.5 percent between December 2021 and January 2022 and were 0.6 percent above January 2021. In Ohio, building permits for privately-owned units increased 8.4 percent in January 2022 and were 37.8 percent above the number of permits issued in January 2021. Nationally, privately-owned housing starts decreased 4.1 percent in January compared to December and were 0.8 percent above the January 2021 rate. Privately-owned housing starts in the Midwest decreased 37.7 percent between December and January and were 4.3 percent below January 2021 levels. Nationally, privately-owned housing completions decreased 5.2 percent from December 2021 to January 2022 and were 6.1 percent below the January 2021 rate. In January, privately-owned housing completions in the Midwest decreased 21.2 percent and were 23.4 percent below the January 2021 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In January 2022, new home sales decreased 4.5 percent from the revised December rate to an estimated 801,000 sales and were 19.3 percent below the January 2021 estimate. In the Midwest, new home sales decreased 3.7 percent between December 2021 and January 2022 and were 37.1 percent below the January 2021 level. The preliminary national median sales price in January was $423,300, a 7.0 percent increase from the revised median price in December and an increase of 13.4 percent compared to January 2021.

Existing home sales, as reported by the National Association of Realtors increased 6.7 percent in January 2022 from December 2021. January's existing home sales reached 6.5 million housing units, a 2.3 percent decrease from January 2021. Available inventory in January 2022 totaled 860,000 units, a 2.3 percent decrease from December and was 16.5 percent lower than January 2021. Prices throughout January 2022 increased nationwide, as the median sale price of all existing homes rose 15.4 percent from a year ago to $350,300. January 2022 was the 119th continuous month of year-over-year increases in existing median home sales prices. Sales in the Midwest increased 4.1 percent from December to January 2022 and the average price for a home in the Midwest was $245,900, a 7.8 percent increase from January 2021. According to the **Ohio Realtors**, activity in the Ohio housing market marginally increased during the month of January, as home sales increased 0.9 percent compared to January 2021.The average sale price was $228,636 in January 2022, an 8.4 percent increase compared to January 2021.

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 February 2022 to 82.0 from a revised 83.0 in January. In the Midwest, the HMI decreased 1.0 points in February to 71.0 from a revised 72.0 in January.



Source: National Association of Home Builders

REVENUES

GRF tax revenues exceeded the estimate by $264.3 million (16.1%) during February. Total fiscal year-to-date tax revenue now exceeds the estimate by $1.1 billion (6.5%). Most of the accumulated positive variance has occurred over the last three months, accounting for 68.8 percent of the total year to date variance. The personal income tax had this month's largest positive tax revenue variance, exceeding its estimate by $184.8 million (157.6%). There were no significant negative tax revenue variances in February. Tax revenues for the month remained nearly even with last year, increasing by $4.5 million (0.2%).

Aggregate (tax and non-tax) GRF receipts and transfers totaled $2.8 billion in February and were $506.7 million (21.8%) above estimate. As noted above, tax revenues were $264.3 million (16.1%) above estimate. Non-tax receipts were $241.7 million (35.6%) above estimate and transfers were $750,000 above estimate. For the year-to-date, tax revenues, non-tax receipts, and transfers are all above estimate as shown in the table below.

Category	**Includes:**	**YTD Variance (millions)**	**% Variance**
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$1,080.6	6.5%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$631.3	8.5%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$22.0	72.4%
TOTAL REVENUE VARIANCE:		**$1,733.9**	**7.2%**
Non-federal revenue variance		**$1,397.9**	**8.3%**
Federal grants variance		**$336.0**	**4.6%**

For February, total receipts and transfers were $538.0 million (23.5%) above the previous year. Tax receipts increased by $4.5 million (0.2%) and non-tax receipts increased by $532.7 million (137.1%). For the year-to-date, tax receipts are $765.5 million (4.5%) above last year and non-tax receipts are $170.7 million (-2.1%) below the prior year. Transfers are $32.7 million (-38.4%) below last year on a year-to-date basis.

During February, the source with the largest year-over-year increase was Federal grants, at $530.3 million (139.0%) above last year. The next-largest increases were commercial activity tax at $49.1 million (13.0%), non-auto sales tax at $30.7 million (4.5%), and foreign insurance tax at $17.5 million (15.0%). The largest declines were experienced by personal income tax at $80.5 (-21.1%) million and financial institutions tax at $14.5 million (-19.1%).

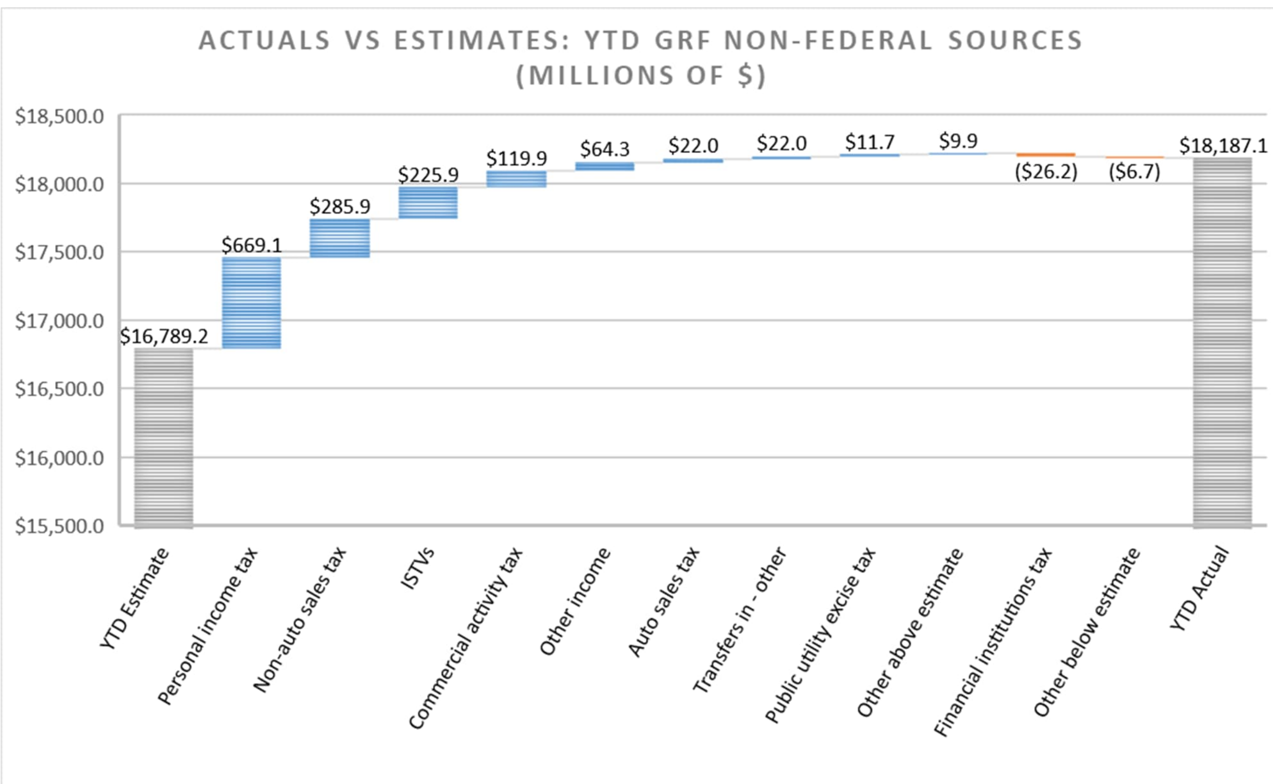
The table below shows that sources above estimate (a positive variance of $514.5 million) in February outweighed the size of sources below estimate (a negative variance of $7.8 million), resulting in a $506.7 million net positive variance from estimate.

GRF Revenue Sources Relative to Monthly Estimates – February 2022
($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Federal grants	$239.4	Kilowatt-hour tax	($3.1)
Personal income tax	$184.8	Alcoholic beverage tax	($2.5)
Commercial activity tax	$45.8	Other sources below estimate	($2.2)
Financial institutions tax	$13.4		
Non-auto sales	$11.1		
Auto sales tax	$9.1		
Public utility excise tax	$4.0		
Natural gas distribution tax	$3.4		
Other sources above estimate	$3.5		
Total above	**$514.5**	**Total below**	**($7.8)**

(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 below 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 $1.4 billion.



Non-Auto Sales Tax

GRF non-auto sales and use tax collections in February totaled $717.4 million and were $11.1 million (1.6%) above the estimate. There has been a positive monthly variation from estimate each month starting in September. Since then, 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 $285.9 million (4.1%) above estimate.

February revenue increased on a year-over-year basis although at a more modest pace than in recent months: revenue grew by $30.7 million (4.5%) from last February, while December and January grew by 11.8 percent and 13.5 percent, respectively. Year-to-date revenue is now $590.2 million (8.8%) above fiscal year 2021. The elevated nature of such growth becomes more apparent when compared to growth over the past decade. This year's growth rate over the first eight months has exceeded all such preceding years, 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 even grown at a faster pace than the 6.8 percent growth rate experienced during the first eight months of fiscal year 2015, which was enhanced by the September 2013 increase of the state sales tax rate.

The current data released 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 an 8.6 percent year-over-year increase in national non-seasonally adjusted sales during January 2022. In comparison, year-over-year growth in Ohio all-funds non-auto sales tax revenue was 12.8 percent during January.

Expanding the time frame, U.S. retail sales for the primarily taxable non-auto categories increased by 13.1 percent during July through January compared to the prior year; Ohio all-funds non-auto sales tax revenue increased by 11.2 percent during that time frame. The MARTS data also indicate that January sales increased from the previous month: based on seasonally adjusted figures, January 2022 sales for the above-indicated retail categories grew at a 6.5 percent rate from December. However, this follows a 5.1 percent decline in December from November.

The U.S. Census Bureau's recently released Advance Quarterly Services Report provides additional information on consumption. Although most consumer and business services are not subject to Ohio sales tax, lodging and food sold for on-premises consumption are two significant taxable activities not reflected in the MARTS totals cited above. The data show that July-December 2021 sales for the combined Accommodations and Food Services industries (excluding limited-service eating places, which are predominantly exempt from Ohio sales tax since most of their sales are via carryout) grew by 65.9 percent relative to the pandemic-suppressed July-December 2020 period, but by a more modest 10.4 percent relative to the pre-pandemic July-December 2019 period. In comparison, according to data from Ohio sales tax returns, tax collections from businesses in those two industries increased by 64.4 percent during July-November 2021 relative to 2020 but declined by 0.1 percent relative to 2019 (November 2021 represents the most recent month for which data is available).

Auto Sales Tax

February auto sales tax revenues were $123.8 million, performing $9.1 million (7.9%) above the estimate. This source is $22.0 million (1.8%) above the estimate for the fiscal year. Revenues were $2.7 million (2.3%) above last February, and for the year are $78.7 million (6.9%) above the previous year.

Although the new vehicle market continues to be adversely impacted by supply chain issues, February's seasonally adjusted vehicle sales figure shows signs of recovery. According to the U.S. Department of Commerce Bureau of Economic Analysis, national new light vehicle sales in February reached 14.1 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 represents an 11.7 percent decline from a year ago and a 6.4 percent decline from January. Nonetheless, it is only the second time in six months in which sales have reached the 14.0 million level. On an unadjusted basis, February unit sales were at a modest 1.1 million units but were 6.2 percent above January. Meanwhile, new vehicle transaction prices remain considerably higher than a year ago, while growth momentum has subsided: TrueCar, Inc. estimates that the average transaction price for new vehicles was $43,776 in February, up 14.7 percent relative to last February but down 0.9 percent from January (following a 1.2 percent decline in January from December).

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during February to be 3.2 million, not annualized and not seasonally adjusted, up 8.0 percent from last month and down 9.0 percent from last year. As with new vehicles, prices have been the source of growth for the used vehicle market during the current period: the Moody's Analytics used vehicle price index (a measure of wholesale vehicle prices) in February 2022 was 46.3 percent higher than the prior year, and 0.8 percent above January.

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

February GRF personal income tax receipts totaled $302.0 million and were $184.8 million (157.6%) above the estimate. This represents the second-largest dollar variance in this fiscal year, behind only January's $188.0 million positive variance. For the year-to-date, revenue is $669.1 million (11.7%) above estimate. Income tax collections have exceeded estimate every month this fiscal year. On a year-over-year basis, February income tax collections declined by $80.5 million (-21.1%). Year-to-date revenue for fiscal year 2022 is $141.5 million (-2.2%) below the prior year, a function of a substantial shift in revenue from fiscal year 2020 to fiscal year 2021 caused by the due date for annual tax returns and certain estimated payment tax returns being extended to July 2020.

Since fiscal year 2001, February has consistently produced the lowest amount of income tax revenue of any month. The reason is the combination of relatively high refunds paid during the month and relatively low collections from non-withholding tax components. As evidence of February's low revenue yield, during fiscal years 2010 through 2019 (excluding 2020 and 2021 due to the extension of tax return filing dates), February accounted for an average 2.8 percent of annual personal income tax revenue. The next lowest month, March, averaged 5.7 of revenue. The outsized influence of refunds in February means that even a modest variance from refund expectations can produce a substantial percentage variance in total personal income tax revenue.

Refunds accounted for the large majority of February's income tax revenue variance from estimate. They were $173.8 million (-25.6%) below estimate for the month. For the elapsed filing season (January and February), refund payments are $220.7 million (-26.9%) below estimate. Although they performed below expectations, refunds were still $112.5 million (28.6%) above last February. The IRS did not open last year's filing season until February 12 (considerably later than normal) which likely accounted for some of the notable decline in refunds experienced early last calendar year. This February's refunds were anticipated to be much higher than last year, assuming a normalized initiation of the filing season as well as effects of the tax year 2021 rate reductions. As it happens, the number of refunds issued in January and February was 12.1 percent below prior year, while the dollar value of refunds increased by 39.2 percent. The filing season is still rather early, and it is quite possible that some, if not all, of the as-yet unrealized January and February refund volume will be made up beginning next month.

Withholding collections were $26.8 million (3.4%) above estimate in February. For the fiscal year-to-date, the withholding component exceeds estimate by $238.7 million (3.7%). Withholding has exceeded estimate in every month since September. Withholding was $54.9 million (7.2%) above last year during February and is $443.2 million (7.1%) above last year for the fiscal year to date. February collections were impacted by the three-percent reduction in employer withholding tax rates that took effect in September 2021. After adjusting for this change, withholding collections for February 2022 would have been an estimated $80.0 million (10.5%) higher than last year. Fiscal year-to-date collections are an estimated $600.8 million (9.7%) higher than the previous year after adjusting for the withholding tax rate reduction.

February is not a significant month for other collection categories. However, some context for several of the categories may be useful. Although quarterly estimated payments were $12.7 million (-47.6%) below estimate in February, they are $123.0 million (20.8%) above estimate for the fiscal year. Over the April 2021 to February 2022 period, a time frame that reflects estimated payment collections for calendar year 2021, this component has exceeded estimate by $169.6 million (18.3%) and has grown by $187.8 million (20.7%) from the prior year.

Annual return payments in February were $2.3 million (-14.8%) below estimate. This component is now $75.7 million (51.3%) above estimate for the fiscal year. Although the filing season is still quite early and it is too soon to draw any meaningful conclusions about annual return payment performance for tax year 2021, this component is nonetheless $13.3 million (54.1%) above estimate over the last two months.

The two remaining tax collection categories – trust payments and other payments – were $4.0 million (57.5%) above estimate for February and are $11.2 million (14.2%) above estimate for the fiscal year.

FEBRUARY PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Actual February	Estimate February	$ Var	Actual Feb-2022	Actual Feb-2021	$ Var Y-over-Y
Withholding	$814.7	$787.9	$26.8	$814.7	$759.8	$54.9
Quarterly Est.	$13.9	$26.6	($12.7)	$13.9	$28.3	($14.3)
Annual Returns & 40 P	$13.2	$15.5	($2.3)	$13.2	$18.4	($5.2)
Trust Payments	$1.3	$1.0	$0.3	$1.3	$4.2	($2.9)
Other	$9.6	$5.9	$3.7	$3.7	$5.9	$3.7
Less: Refunds	($505.6)	($679.4)	$173.8	($505.6)	($393.1)	($112.5)
Local Distributions	($45.1)	($40.3)	($4.8)	($45.1)	($41.0)	($4.1)
Net to GRF	$302.0	$117.2	$184.8	$302.0	$382.5	($80.5)

(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)

February GRF revenues from the CAT were $45.8 million (12.1%) above the estimate. For the year to date, the source is $119.9 million (8.9%) above estimate. CAT revenue in February was $49.1 million (13.0%) above last year and fiscal year-to-date revenue is $250.2 million (20.6%) 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 $216.3 million (17.4%) producing a compound average annual growth rate of 8.3 percent.

Most CAT revenue emanates from quarterly tax payments, so it is also suitable to analyze the CAT revenue stream in quarterly segments. Because of strong revenue performance in both January and February, the CAT is $35.9 million (7.5%) above estimate for the current quarter to date. Since only $15.4 million is anticipated for March, revenues are expected to exceed the quarter's total estimate. The variance for the third quarter of fiscal year 2022 is likely to be consistent with variances observed during the two preceding quarters, when revenues exceeded estimate by 8.1 percent and 7.5 percent during the first quarter and second quarter, respectively.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $921.1 million and were $241.7 million (35.6%) above estimate for the month of February. For the year-to-date, non-tax receipts totaled $8.0 billion and were $631.3 million (8.5%) above estimate.

Nearly all the monthly variance in non-tax receipts was in the Federal Grants category, which was $239.4 million (35.6%) above estimate. Year-to-date Federal Grants revenue is now $336.0 million (4.6%) above estimate. Roughly 40 percent of the monthly variance, $96 million, was attributable to the Enhanced Federal Medical Assistance Percentage continuing in February, 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.

3/10/2022

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**ACTUAL FEBRUARY**	**ESTIMATE FEBRUARY**	**$ VAR**	**% VAR**	**ACTUAL Y-T-D**	**ESTIMATE Y-T-D**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	717,431	706,300	11,131	1.6%	7,295,036	7,009,100	285,936	4.1%
Auto Sales & Use	123,803	114,700	9,103	7.9%	1,216,823	1,194,800	22,023	1.8%
Subtotal Sales & Use	841,234	821,000	20,234	2.5%	8,511,859	8,203,900	307,959	3.8%
Personal Income	301,954	117,200	184,754	157.6%	6,370,718	5,701,600	669,118	11.7%
Corporate Franchise	115	0	115	N/A	644	0	644	N/A
Financial Institutions Tax	61,752	48,400	13,352	27.6%	64,048	90,200	(26,152)	-29.0%
Commercial Activity Tax	425,934	380,100	45,834	12.1%	1,462,459	1,342,600	119,859	8.9%
Petroleum Activity Tax	0	0	0	N/A	3,628	4,000	(372)	-9.3%
Public Utility	33,495	29,500	3,995	13.5%	103,484	91,800	11,684	12.7%
Kilowatt Hour	26,391	29,500	(3,109)	-10.5%	205,091	208,000	(2,909)	-1.4%
Natural Gas Distribution	16,287	12,900	3,387	26.3%	34,898	33,900	998	2.9%
Foreign Insurance	134,409	134,100	309	0.2%	310,851	312,500	(1,649)	-0.5%
Domestic Insurance	57	0	57	N/A	2,311	1,600	711	44.4%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	60,469	62,500	(2,031)	-3.2%	545,852	547,600	(1,748)	-0.3%
Alcoholic Beverage	2,638	5,100	(2,462)	-48.3%	42,399	41,200	1,199	2.9%
Liquor Gallonage	4,020	4,200	(180)	-4.3%	39,282	38,000	1,282	3.4%
Estate	0	0	0	N/A	7	0	7	N/A
Total Tax Receipts	1,908,754	1,644,500	264,254	16.1%	17,697,530	16,616,900	1,080,630	6.5%
NON-TAX RECEIPTS								
Federal Grants	911,887	672,470	239,417	35.6%	7,583,433	7,247,418	336,016	4.6%
Earnings on Investments	0	0	0	N/A	20,960	18,737	2,223	11.9%
License & Fees	8,329	6,505	1,823	28.0%	24,371	21,564	2,807	13.0%
Other Income	874	413	461	111.7%	166,013	101,680	64,333	63.3%
ISTV'S	11	0	11	N/A	225,913	0	225,913	N/A
Total Non-Tax Receipts	921,101	679,388	241,713	35.6%	8,020,690	7,389,399	631,291	8.5%
TOTAL REVENUES	**2,829,855**	**2,323,888**	**505,967**	**21.8%**	**25,718,220**	**24,006,299**	**1,711,921**	**7.1%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	750	0	750	N/A	52,350	30,362	21,988	72.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	750	0	750	N/A	52,350	30,362	21,988	72.4%
TOTAL SOURCES	**2,830,605**	**2,323,888**	**506,717**	**21.8%**	**25,770,570**	**24,036,661**	**1,733,909**	**7.2%**

Table 2

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	FEBRUARY FY 2022	FEBRUARY FY 2021	$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	717,431	686,701	30,730	4.5%	7,295,036	6,704,789	590,246	8.8%
Auto Sales & Use	123,803	121,078	2,725	2.3%	1,216,823	1,138,075	78,748	6.9%
Subtotal Sales & Use	841,234	807,778	33,455	4.1%	8,511,859	7,842,864	668,995	8.5%
Personal Income	301,954	382,487	(80,534)	-21.1%	6,370,718	6,512,218	(141,500)	-2.2%
Corporate Franchise	115	16	99	622.3%	644	5,817	(5,173)	-88.9%
Financial Institutions Tax	61,752	76,290	(14,537)	-19.1%	64,048	96,437	(32,389)	-33.6%
Commercial Activity Tax	425,934	376,861	49,073	13.0%	1,462,459	1,212,282	250,178	20.6%
Petroleum Activity Tax	0	0	0	N/A	3,628	2,062	1,566	75.9%
Public Utility	33,495	28,111	5,384	19.2%	103,484	79,130	24,353	30.8%
Kilowatt Hour	26,391	28,076	(1,685)	-6.0%	205,091	207,213	(2,123)	-1.0%
Natural Gas Distribution	16,287	16,411	(124)	-0.8%	34,898	35,798	(899)	-2.5%
Foreign Insurance	134,409	116,876	17,534	15.0%	310,851	293,651	17,200	5.9%
Domestic Insurance	57	0	56	19526.7%	2,311	840	1,471	175.1%
Other Business & Property	0	0	0	N/A	0	59	(59)	N/A
Cigarette and Other Tobacco	60,469	61,461	(992)	-1.6%	545,852	563,647	(17,795)	-3.2%
Alcoholic Beverage	2,638	5,659	(3,021)	-53.4%	42,399	41,385	1,014	2.4%
Liquor Gallonage	4,020	4,205	(185)	-4.4%	39,282	38,607	675	1.7%
Estate	0	0	0	N/A	7	12	(5)	-42.6%
Total Tax Receipts	1,908,754	1,904,231	4,523	0.2%	17,697,530	16,932,022	765,508	4.5%
NON-TAX RECEIPTS								
Federal Grants	911,887	381,563	530,324	139.0%	7,583,433	8,039,906	(456,472)	-5.7%
Earnings on Investments	0	0	0	N/A	20,960	32,559	(11,600)	-35.6%
License & Fee	8,329	6,408	1,920	30.0%	24,371	24,408	(37)	-0.2%
Other Income	874	433	441	101.7%	166,013	93,391	72,622	77.8%
ISTV'S	11	2	9	402.9%	225,913	1,092	224,821	20587.1%
Total Non-Tax Receipts	921,101	388,407	532,694	137.1%	8,020,690	8,191,356	(170,666)	-2.1%
TOTAL REVENUES	**2,829,855**	**2,292,638**	**537,217**	**23.4%**	**25,718,220**	**25,123,378**	**594,842**	**2.4%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	750	0	750	N/A	52,350	85,026	(32,676)	-38.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	750	0	750	N/A	52,350	85,026	(32,676)	-38.4%
TOTAL SOURCES	**2,830,605**	**2,292,638**	**537,967**	**23.5%**	**25,770,570**	**25,208,404**	**562,166**	**2.2%**

DISBURSEMENTS

February GRF disbursements, across all uses, totaled $2.6 billion and were $59.3 million (2.3%) above estimate. This variance was primarily attributable to above estimate disbursements in Medicaid. On a year-over-year basis, February total uses were $467.1 million (21.9%) 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)	$467.1	21.9%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$0	N/A
TOTAL DISBURSEMENTS VARIANCE:		**$467.1**	**21.9%**

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. February disbursements for this category totaled $627.7 million and were $99.0 million (-13.6%) below estimate. This variance was primarily attributable to below estimate disbursements in the Foundation Funding – All Students, Student Assessment, Pupil Transportation, and Special Education Enhancements line items. Disbursements in the Foundation Funding – All Students line item were $70.3 million below estimate as foundation payments for traditional districts were less than anticipated due to a normally occurring reconciliation process driven by changes in student enrollment. Disbursements from the Student Assessment line item were $16.7 million below estimate due to timing of payments for assessment invoices which are now expected to disburse in March. Disbursements from the Pupil Transportation line item were $9.3 million below estimate as payments for pupil transportation and special education transportation were less than anticipated offsetting prior months of overspending. Underspending is expected to continue in the Pupil Transportation line item as the annualized payments for these line items are now less than estimates. Disbursements in the Special Education Enhancements line item were $1.7 million below estimate as payments to county boards of developmental disabilities and payments for preschool education were less than anticipated. Underspending is expected to continue in the Pupil Transportation and Special Education Enhancements line items as the annualized payments for these line items are now less than estimates.

Year-to-date disbursements were $6.2 billion, which were $276.8 million (4.7%) above estimate. On a year-over-year basis, disbursements in this category were $192.6 million (-23.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $591.4 million (10.6%) higher than the same point in fiscal year 2021. The year-over-year variance is due to one fewer foundation payment occurring year-to-date in fiscal year 2022 compared to fiscal year 2021.

Higher Education

February disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $225.0 million and were $5.6 million (-2.4%) below estimate. This variance was primarily attributable to disbursements in the Choose Ohio First Scholarship and Ohio College Opportunity Grant line items, which were $5.2 million below estimate due to lower-than-expected requests for reimbursement from higher education institutions. This variance was also attributable to disbursements in the Commercial Truck Driver Student Aid Program line item, which was $1.3 million below estimate due to the new program still being established and implemented. This variance was partially offset by increased spending in multiple programs because Memorandum of Understanding (MOUs), which are necessary prior to disbursement of funds, were executed later than anticipated. Payments which were expected to be made in previous quarters were made in February, and disbursements were above estimate by a total of $1.0 million.

Year-to-date disbursements were $1.6 billion, which was $33.2 million (-2.0%) below estimate. On a year-over-year basis, disbursements in this category were $12.2 million (-5.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $65.7 million (4.2%) 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.

February disbursements in this category totaled $5.5 million and were $19,000 (0.3%) above estimate. Year-to-date disbursements were $67.8 million and were $4.0 million (-5.5%) below estimate. On a year-over-year basis, disbursements in this category were $1.0 million (21.7%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $14.0 million (26.1%) 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 assume 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 now in effect for the February-June period of fiscal year 2022. This will result in deviations from both the fiscal and enrollment estimates found in this report.

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

February GRF disbursements for the Medicaid Program totaled $1.3 billion and were $199.5 million (18.0%) above estimate and $690.6 million (112.4%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled $10.9 billion and were $162.6 million (1.5%) above estimate, and $512.4 billion (-4.5%) 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, which was directly attributable to the continuation of the federal public health emergency. The Department will continue to evaluate the use of both GRF and non-GRF resources in funding the program under these new circumstances. Partially offsetting the variance were lower than estimated managed care rates, which took effect in January. The lower rates will continue to at least partially offset the higher costs associated with elevated caseloads through the remaining months of fiscal year 2022. Also offsetting the variance was below estimate spending in the fee-for-service program, which was $51.3 million (-13.6%) below estimate due to lower than anticipated enrollment and due to general underutilization within the program. There is some evidence that recent peaks in Covid cases have disrupted the utilization of some services, for example, hospital services for elective procedures – a more thorough analysis is needed to confirm. Finally, non-enrollment related payments continue to be below estimate due to underutilization. Underspending attributable to these payments is likely to continue through the fiscal year.

February all-funds disbursements for the Medicaid Program totaled $2.7 billion and were $102.8 million (-3.6%) below estimate, and $356.8 million (15.1%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled $22.6 billion and were $846.3 million (-3.6%) below estimate, and $1.9 billion (9.3%) above disbursements for the same point in the previous fiscal year.

The February all-funds variance was primarily attributable to below estimate spending in the managed care program where spending was $111.1 million (-5.8%) below estimate due primarily to lower than anticipated managed care rates. While spending in this program overall was below estimate, the GRF was more heavily utilized during February as indicated above. The below estimate enrollment and underutilization in the fee-for-service program also contributed to the all-funds variance. Partially offsetting the variance was a $119.8 million Health Care Assurance Program (HCAP) payment. This portion of the HCAP payment was tied to changes at the federal level and was originally estimated to occur earlier in fiscal year 2022 but was delayed – this is the final HCAP payment of the fiscal year.

The year-over-year variance was primarily attributable to the increased costs associated with higher caseloads. Additionally, spending on administration, which was limited in the previous fiscal year due to the pandemic, increased as projects have been continued and as positions have been filled.

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

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

	Feb. Estimate	Feb. Actual	Variance	Variance %
GRF	$1,105.5	$1,305.1	$199.5	18.0%
Non-GRF	$1,714.6	$1,412.2	-$302.4	-17.6%
All Funds	$2,820.1	$2,717.3	-$102.8	-3.6%

Enrollment

Total February enrollment was 3.36 million, which was 28,300 (1.0%) above estimate and approximately 211,500 (7.0%) above enrollment for the same period last fiscal year. As noted above, enrollment will continue to be above estimate for the remainder of fiscal year 2022 because budget estimates assumed the end of the public health emergency in December 2021 followed by the restart of eligibility redeterminations beginning early in the third quarter of the state fiscal year. Year-to-date average monthly enrollment was 3.30 million and was approximately 2,640 (0.1%) above estimate.

February enrollment by major eligibility category was: Covered Families and Children, 1.84 million; Group VIII Expansion, 874,400; and Aged, Blind and Disabled (ABD), 499,600.

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

February disbursements in this category totaled $121.1 million and were $13.7 million (-10.2%) below estimate. Year-to-date disbursements were $1.0 billion and were $166.9 million (-14.1%) below estimate. On a year-over-year basis, disbursements in this category were $16.6 million (15.9%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $73.3 million (7.8%) higher than at the same point in fiscal year 2021.

Department of Developmental Disabilities

February disbursements for the Department of Developmental Disabilities totaled $2.4 million and were $468,874 (24.8%) above estimate. This variance was primarily attributable to disbursements in the Multi System Youth line item, which was $1.1 million (415.0%) above estimate due primarily to the timing of one-time subsidy payments to county boards of developmental disabilities for the provision of respite and other services and supports for youth with complex behavioral needs. The timing of disbursement for this funding was unknown when estimates were developed as this funding is part of a new initiative. The Department awarded funding for 46 proposals across the state and will use this information in the formation of fiscal year 2023 estimates.

Department of Health

February disbursements for the Department of Health totaled $7.5 million and were $3.3 million (-30.7%) below estimate. This variance was primarily attributable to disbursements in the Help Me Grow line item, which was $1.3 million below estimate due to lower-than-expected requests for reimbursement from home visiting service providers. Providers are currently conducting virtual visits, which tend to be lower in cost than in-person visits and continue to serve the same number of families.

Department of Job and Family Services
February disbursements for the Department of Job and Family Services totaled $72.4 million and were $11.8 million (-14.0%) below estimate. This variance was primarily attributable to disbursements in the Temporary Assistance for Needy Families (TANF) State Maintenance of Effort line item which were $11.0 million below estimate due to the quarterly TANF Maintenance of Effort spending by counties not being paid until March. Disbursements in the Program Operations line item were $5.6 million below estimate due to not receiving invoices from contract support and maintenance agreement vendors as anticipated. Disbursements in Child Support-Local line item were $1.1 million below estimate due to counties requesting less of their Child Support allocation for February that what was anticipated. The variance was partially offset by disbursements in the Early Care and Education line item which were $7.7 million above estimate due to the timing of one week of weekly childcare provider payments, which were paid in February instead of January, as expected.

Department of Mental Health and Addiction Services
February disbursements for The Department of Mental Health and Addiction Services totaled $29.0 million and were $538,973 (1.9%) above estimate. This variance was primarily attributable to disbursements in the Hospital Services line item, which were $2.8 million (14%) above estimate. This variance was due to previous months expenditures for Pharmacy Services, which were paid in February, as well as increased payroll and other operational costs. The increase in operational costs will offset in future months and are not expected to impact the total spending for the fiscal year. This variance was also attributable to disbursements in the Prevention and Wellness line item, which were $1.3 million above estimate due to payments to community behavioral health boards. Not all payments were disbursed in January as anticipated and were instead disbursed this month. The second semi-annual payment is expected to be made in April. This variance was partially offset by disbursements in the Addiction Services Partnership with Corrections line item, which was $1.3 million (-45%) below estimate due to greater than anticipated payments made in January, as reported in the last monthly financial report.

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.

February disbursements in this category totaled $182.0 million and were $1.9 million (-1.0%) below estimate. Year-to-date disbursements were $1.8 billion and were $135.0 million (-6.9%) below estimate. On a year-over-year basis, disbursements in this category were $28.2 million (18.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $139.2 million (8.3%) higher than at the same point in fiscal year 2021.

Office of the Attorney General
February disbursements for the Office of the Attorney General totaled $18.2 million and were $7.7 million (73.2%) above estimates. This variance was primarily attributable disbursements in the Law Enforcement Reimbursement Training Pilot Program line item, which was $6.9 million above estimate. The new program was developed in the first half of the fiscal year and spending is now catching up to projections for the year.

Department of Public Safety
February disbursements for the Department of Public Safety totaled $5.3 million and were $641,454 (13.7%) above estimate. This variance was primarily attributable to the Security Grants line item, which was $2.2 million above estimate due to the timing of security grant disbursements for non-profits and places of worship. This variance was partially offset by the Justice Program Services and Local Disaster Assistance line items, which were $688,767 and $321,062 below estimate, respectively, due to the timing of grant reimbursements.

Department of Rehabilitation and Correction
February disbursements for the Department of Rehabilitation and Correction totaled $127.9 million and were $328,040 (-0.3%) below estimate. This variance was primarily attributable to disbursements in the Institutional Medical Services line item, which was $5.4 million below estimate due to low facility populations leading to lower medical costs. This variance was offset by disbursements in the Institutional Operations line item, which was $6.2 million above estimate due to the timing of large facility maintenance projects and payments for large security equipment purchases.

Department of Youth Services
February disbursements for the Department of Youth Services totaled $11.7 million and were $1.2 million (11.4%) above estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was $1.5 million above estimate due to payments for items received later than expected and the timing of payments for the Behavioral Health Juvenile Justice initiative and to Community Correctional Facilities (CCFS). Most payments to CCFs were expected to be paid in January, but due to late payment submissions by the facilities, some payments were made in February.

Public Defender Commission
February disbursements for the Public Defender Commission totaled $1.2 million and were $11.0 million (-90.2%) below estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was $11.0 million below estimate due to the timing of county reimbursement payments. This variance is expected to be offset in the coming months.

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.

February disbursements in this category totaled $28.8 million and were $8.6 million (-23.0%) below estimate. Year-to-date disbursements were $345.0 million and were $50.9 million (-12.9%) below estimate. On a year-over-year basis, disbursements in this category were $571,000 (2.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $52.2 million (17.8%) higher than at the same point in fiscal year 2021.

Department of Administrative Services

February disbursements for the Department of Administrative Services totaled $1.4 million and were $1.5 million (-50.8%) below estimate. This variance was primarily attributable to the State Agency Support Services line item, which was $1.7 million below estimate due to the timing of rent payments.

Department of Transportation

February disbursements for the Department of Transportation totaled $2.9 million and were $4.4 million (-60.1%) below estimate. This variance was primarily attributable to the Public Transportation – State line item, which was $3.8 million below estimate due to supplier issues with bus deliveries for the Transit Preservation Partnership Program, and the Airport Improvements – State line item, which was $414,830 below estimate due to airport project delays.

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

Debt Service

February payments for debt service were $101.7 million and were $2.6 million (2.6%) above estimate for the month. Year-to-date debt service payments were $1.1 billion and were $2.1 million (-0.2%) below estimate for the year. Debt service payments are currently $299.2 million (36.6%) over this point last fiscal year due to debt restructuring lowering 2021 payments below typical levels.

Transfers Out

There were no transfers out in the month of February though a $14.0 million transfer was planned. Year-to-date transfers out totaled $3.0 billion and were $15.3 million (0.5%) above estimate. The monthly variance was attributable to a $14.0 million transfer to the Targeted Addiction Program Fund occurring earlier in the fiscal year than initially estimated.

3/10/2022

Table 3

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

Functional Reporting Categories Description	MONTH ACTUAL FEBRUARY	MONTH ESTIMATED FEBRUARY	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE YTD ACTUAL	YEAR-TO-DATE YTD ESTIMATE	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	627,672	726,650	(98,978)	-13.6%	6,189,202	5,912,424	276,778	4.7%
Higher Education	225,000	230,638	(5,638)	-2.4%	1,621,535	1,654,778	(33,243)	-2.0%
Other Education	5,541	5,522	19	0.3%	67,768	71,732	(3,964)	-5.5%
Medicaid	1,305,082	1,105,536	199,546	18.0%	10,958,615	10,795,821	162,794	1.5%
Health and Human Services	121,063	134,765	(13,702)	-10.2%	1,018,306	1,185,204	(166,897)	-14.1%
Justice and Public Protection	182,041	183,942	(1,901)	-1.0%	1,808,144	1,943,154	(135,010)	-6.9%
General Government	28,773	37,344	(8,571)	-23.0%	345,027	395,909	(50,881)	-12.9%
Property Tax Reimbursements	0	0	0	N/A	913,053	922,665	(9,612)	-1.0%
Debt Service	101,661	99,098	2,563	2.6%	1,116,118	1,118,186	(2,069)	-0.2%
Total Expenditures & ISTV's	**2,596,833**	**2,523,495**	**73,338**	**2.9%**	**24,037,768**	**23,999,872**	**37,896**	**0.2%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	14,000	(14,000)	N/A	2,979,663	2,964,400	15,263	0.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**14,000**	**(14,000)**	**N/A**	**2,979,663**	**2,964,400**	**15,263**	**0.5%**
Total Fund Uses	**2,596,833**	**2,537,495**	**59,338**	**2.3%**	**27,017,431**	**26,964,272**	**53,159**	**0.2%**

3/10/2022

Table 4

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

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**FEBRUARY FY 2022**	**FEBRUARY FY 2021**	**$ VAR**	**% VAR**	**ACTUAL FY 2022**	**ACTUAL FY 2021**	**$ VAR**	**% VAR**
Primary and Secondary Education	627,672	820,260	(192,588)	-23.5%	6,189,202	5,597,754	591,448	10.6%
Higher Education	225,000	237,189	(12,189)	-5.1%	1,621,535	1,555,859	65,676	4.2%
Other Education	5,541	4,552	989	21.7%	67,768	53,727	14,041	26.1%
Medicaid	1,305,082	614,529	690,553	112.4%	10,958,615	11,470,845	(512,230)	-4.5%
Health and Human Services	121,063	104,478	16,585	15.9%	1,018,306	944,976	73,330	7.8%
Justice and Public Protection	182,041	153,829	28,212	18.3%	1,808,144	1,668,897	139,247	8.3%
General Government	28,773	28,203	571	2.0%	345,027	292,846	52,181	17.8%
Property Tax Reimbursements	0	(1)	1	N/A	913,053	904,344	8,709	1.0%
Debt Service	101,661	166,729	(65,068)	-39.0%	1,116,118	816,869	299,249	36.6%
Total Expenditures & ISTV's	**2,596,833**	**2,129,769**	**467,064**	**21.9%**	**24,037,768**	**23,306,117**	**731,651**	**3.1%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	2,979,663	444,870	2,534,793	569.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**0**	**0**	**N/A**	**2,979,663**	**444,870**	**2,534,793**	**569.8%**
Total Fund Uses	**2,596,833**	**2,129,769**	**467,064**	**21.9%**	**27,017,431**	**23,750,987**	**3,266,444**	**13.8%**

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)

July 1, 2021 Beginning Cash Balance*	**4,721,518.9**
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
Total Sources Available for Expenditures & Transfers	**41,319,668.2**
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
Total Estimated Uses	**38,567,921.2**
FY 2022 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**2,751,747.0**

***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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