February 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:

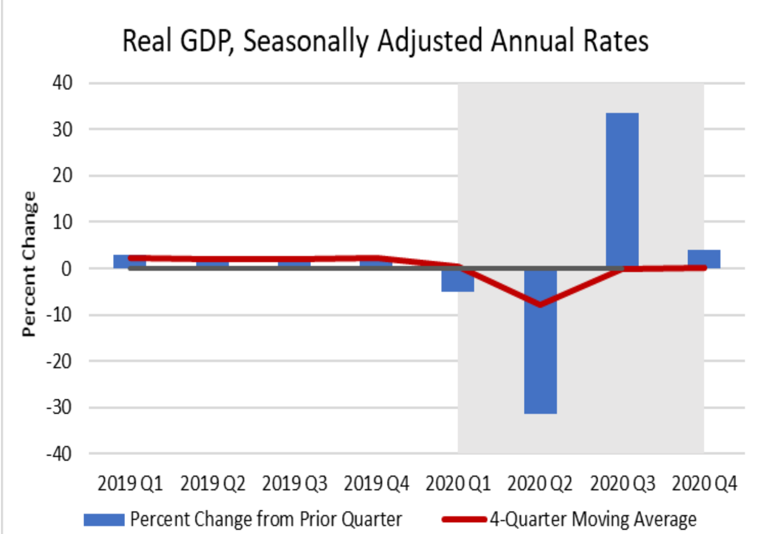
The Ohio unemployment rate decreased to 5.5 percent in December, a 0.2 percentage point drop compared to the November rate. During the week ending January 23, 2021, 47,786 initial unemployment claims were filed. This was an 82.6 percent decline from the peak week in March 2020 when 274,288 initial claims were filed.

January GRF personal income tax receipts totaled $1.1 billion and were $71.5 million (7.2%) above estimate. On a year-over-year basis, January income tax collections were $78.5 million (8.0%) above January 2020 collections. The overage was primarily attributable to timing effects – refund payments were lower-than-expected in January due to the Internal Revenue Services' delay in the opening of income tax filing season.

GRF non-auto sales and use tax collections in January totaled $922.1 million and were $31.5 million (3.5%) above the estimate. Across the first seven months of the fiscal year, revenues are now $282.6 million (4.9%) above estimate; actual revenue has exceeded estimate in six of these months.

30 East Broad Street, 34th Floor, Columbus, Ohio 43215 | 614.466.4034 | obm.ohio.gov | @Ohio_OBM

Economic Activity



Source: Bureau of Economic Analysis

According to the Bureau of Economic Analysis (BEA)'s advance estimate **Real Gross Domestic Product (GDP)** expanded in the fourth quarter of the calendar year at an annualized rate of 4.0 percent. This expansion reflects both the continued economic recovery from the sharp declines in the first and second quarters, and the challenges the nation faces due to the ongoing pandemic.

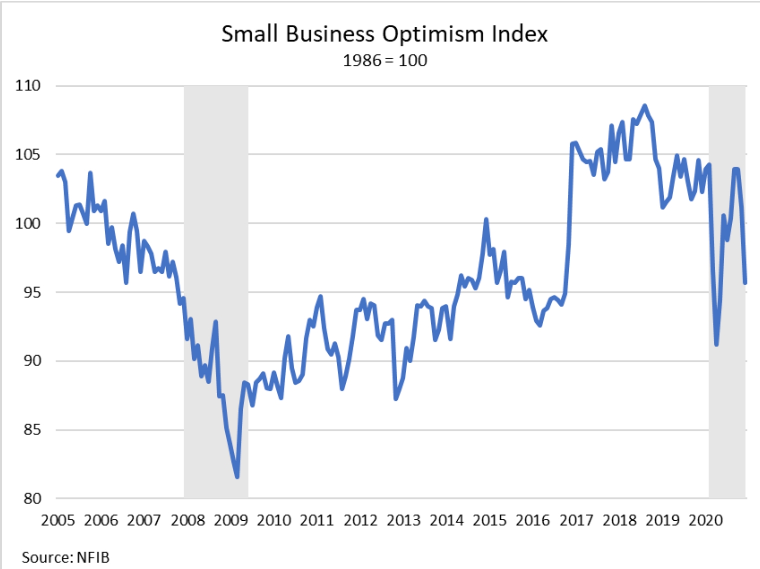
The massive swings in the economy in the second and third quarters made it harder to assess the overall impact of the COVID-19 pandemic on the economy until the end of the year. However, with the completion of 2020, it is now estimated that the economy contracted 3.5 percent in 2020, the first decline since the Great Recession and the largest decline since just after World War II.

The fourth-quarter increase in real GDP resulted from growth in exports (2.0%), nonresidential fixed investment (1.7%), personal consumption expenditures (1.7%), residential fixed investment (1.3%), and private inventory investment (12.0%). These increases were partially offset by decreases in state and local government spending (-0.4%) and federal government spending (-0.4%). Imports, which are included in the above categories and then subtracted in a separate category, decreased, effectively adding to other categories by a total of 3.5 percent.

Moody's Analytics and CNN created the **Back-to-Normal Index** to track the economic recovery. The national index combines 37 indicators of economic activity, including the 25 traditional economic indicators used in their 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 3, 2021, the national index was at 81.8 percent, while Ohio's index was 2.5 percentage points above at 84.3 percent. Both indices increased substantially from their low points at the end of April; however, in recent months, growth seems to have reached a plateau.

The Conference Board's composite **Leading Economic Index** (LEI) is an index designed to reveal patterns in economic data by smoothing the volatility of its ten individual components. In December, the LEI increased 0.3 percent to reach 109.5 following similar increases between September and November. While there was a large negative contribution due to the increase in initial unemployment claims, this was principally offset by positive contributions from the new orders for manufacturing, stock prices, and building permits. The declining rate of growth in the LEI over the last six months, suggests that the U.S. economy may be growing at a significantly slower rate than earlier in the year. However, the overall growth in the LEI during the second half of the calendar year (6.5%) recovered most of the losses from the first half of 2020 (7.7%).

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 national index declined 5.5 points to 95.9 in December, bringing the index below the 47-year historic average of 98.0, and only 4.9 percent above the pandemic low point in April. Nine of the ten index components declined. However, this one-month decline was primarily driven by the outlook of sales and business conditions. Owners expecting better business conditions over the next six months declined 24 points since December, to a net -16.0 percent. Small business owners cite concerns about the changing economic policies of the new administration, and the increased spread of COVID-19 that has caused new mandated closures in some parts of the nation.

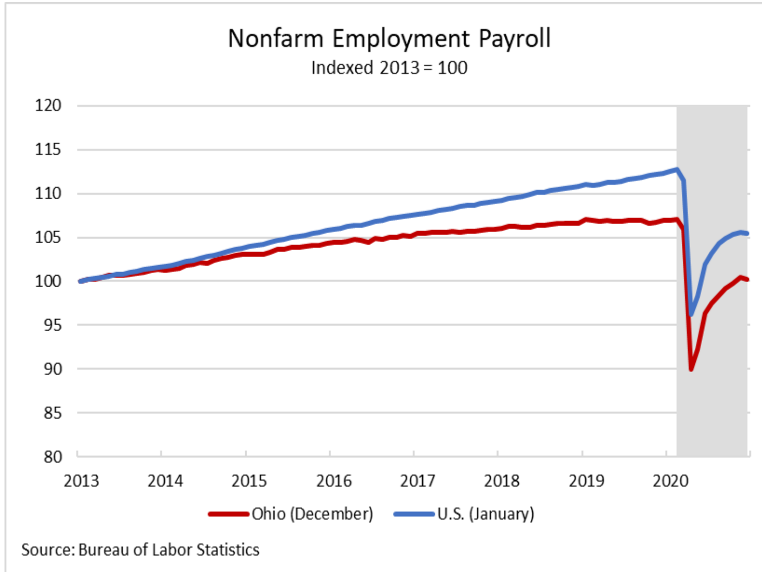


The Ohio economy showed signs of expansion in December. The **state-level coincident economic index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased 0.5 percent between November and December, and 1.5 percent over the last three months. For comparison, the U.S. coincident index increased 0.1 percent between November and December, and 1.2 percent over the last three months. Between November and December, the indexes increased in 36 states, decreased in 12 and remained stable in two. This resulted in a one-month diffusion index of 48. Between October and December, the indexes increased in 46 states and decreased in four states, for a three-month diffusion index of 84.

The consensus among forecasters is for modest growth in the first quarter of calendar year 2021. Although there is continued uncertainty regarding the course of the virus and its secondary impacts, there are signs that federal stimulus has spurred on consumption in January. Most economists expect growth between 4.0 and 4.8 percent (see table below) during the first quarter of 2021, with greater increases during the rest of the year.

Source	**Date**	**1st Quarter Annualized GDP Forecast**
Federal Reserve Bank of Atlanta (GDPNow)	2/05/21	4.6%
Federal Reserve Bank of New York (NowCast)	2/05/21	6.8%
IHS Markit GDP Tracker	2/1/21	3.1%
Moody's Analytics High Frequency GDP Model	2/03/21	4.8%
Wells Fargo	1/13/21	4.0%
Conference Board	1/13/21	3.5%
Wall Street Journal Survey	1/01/21	4.3%

Employment



The U.S. Bureau of Labor Statistics reported that total **nonfarm payroll employment** had a slight increase of 49,000 jobs in January. This follows a decline in nonfarm employment in December. The impacts of the coronavirus pandemic and containment efforts are continuing to affect the labor market. Nonfarm employment was below its February 2020 level by 9.9 million, or 6.5 percent. Within nonfarm employment, there were gains in professional and business services along with public and private education. These gains were offset by losses in leisure and hospitality, health care, retail trade and in transportation and housing.

In January **professional and business services** increased by 97,000 jobs largely because of gains in temporary help services. Employment in professional and business services is down 825,000 jobs from February 2020. **Local government education** (49,000), **state government education** (36,000), and **private education** (34,000) also increased in January. Jobs continued to increase in **wholesale trade** (14,000) but it remained 263,000 below its February 2020 level. Employment in **mining** increased by 9,000 but since hitting a peak in January 2019 mining is down 133,000.

These gains were partially offset by employment in **leisure and hospitality**, which decreased by 61,000 after a substantial decline in December of 536,000. Over the past two months employment in leisure and hospitality declined 597,000 and since February it is down 3.9 million (22.9%). Food service and drinking places employment continued its decline (-19,000). Employment in **retail trade** decreased 38,000, after increasing in December by 135,000 jobs. Retail trade remains lower than its February level by 383,000 jobs. **Health care** lost 30,000 jobs in January and since February employment is down by 542,000. In January, employment in **transportation and warehousing** declined by 28,000 and is 164,000 below February 2020. After eight months of increases jobs in **manufacturing** (-10,000) and **construction** (-3,000) changed little between December and January.

The **national labor force participation** rate and **employment-population ratio** had little change in January. The labor force participation rate decreased 0.1 percentage point to 61.4 percent but is 1.9 percentage points below its February level. The employment population ratio decreased 0.1 percentage points to 57.5 percent and is 3.6 percentage points lower than in February 2020.

Ohio nonfarm payroll employment decreased 0.2 percent from November to December, essentially staying stable at 5.2 million jobs. With this small monthly decrease, nonfarm employment was down 6.3 percent from December 2019. Sectors with the greatest job losses between November and December included leisure and hospitality (-9,200); education and health services (-6,200); government (-5,000); manufacturing (-1,100); and professional and business services (-1,000). These losses were partially offset by job gains in trade, transportation, and utilities (8,600); financial activities (2,100). Employment in all sectors remained below December 2019 levels due to the economic effects of the pandemic.

The Bureau of Labor Statistics reported that the national **unemployment rate** fell by 0.4 percentage points to 6.3 in January. The number of **unemployed individuals** decreased to 10.1 million. Despite both measures being lower than their highs in April they remain above their February pre pandemic levels (3.5 percent and 5.7 million, respectively).

When the unemployment rate is broken down by demographic, most unemployment rates had small changes in January. The unemployment rate for individuals who identify as Asian increased 0.7 percentage points to 6.6 percent, the unemployment rate for those who identify as Black stayed the same at 9.2 percent, those who identify as Hispanic decreased 0.7 percentage points to 8.6 percent, and for those who identify as White it decreased 0.3 percentage points to 5.7 percent. In January, the unemployment rate for adult men and adult women dropped slightly to 6.0 percent for both groups. The unemployment rate in January decreased by 1.2 percentage points for teenagers to 14.8 percent. All other age groups showed little change from their December rates.

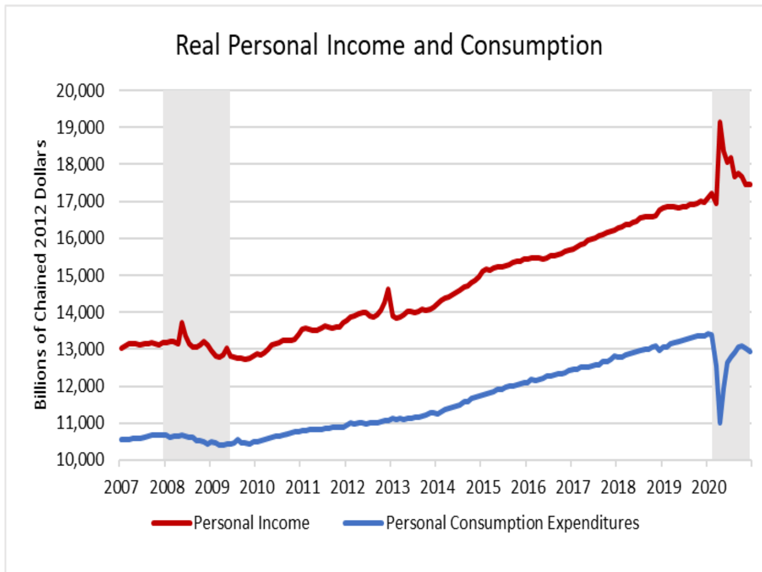
Of those people that were unemployed, the number of individuals that were on **temporary layoff** decreased by 293,000 in January to 2.7 million. This was down substantially from its high in April of 18.0 million and is 2.0 million higher than its February level. The number of people with **permanent job losses** increased by 130,000 jobs to 3.5 million in January and remained 2.2 million higher than in February 2020. The number of unemployed reentrants, those who have previously worked but were not in the labor force prior to beginning their job search, decreased 287,000 to 2.0 million.

The number of unemployed individuals who were **jobless less than 5** weeks decreased by 626,000 to 2.3 million individuals. Those who were **jobless 5 to 14 weeks** increased by 306,000 to 2.5 million individuals. Those **jobless 15 to 26 weeks** decreased by 226,000 to 1.3 million individuals. Unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, increased by 67,000 to 4.0 million, accounting for 39.5 percent of the total unemployed.

The number of people **not in the labor force who currently want a job** decreased 374,000 to 7.0 million but remained 1.9 million higher than in 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 4 weeks or were unavailable to take a job for a variety of reasons including caring for children or other family members.

The **Ohio unemployment rate** decreased to 5.5 percent in December, a 0.2 percentage point drop compared to the November rate. During the week ending January 23, 2021, 47,786 initial unemployment claims were filed. This was an 82.6 percent decline from the peak week in March 2020 when 274,288 initial claims were filed. Continued claims in Ohio decreased substantially between the peak of 777,214 in April and the week ending January 23, 2021, in which 160,366 individuals filed continued claims. However, 117,736 people filed for an extension of benefits during the same week; these individuals were unemployed for 27 or more weeks. As of February 4, 2021, the Ohio Department of Job and Family Services received Worker Adjustment and Retraining Notification (WARN) Act notices warning 343 employees of potential future layoffs and closures in February and 239 in March.

Consumer Income and Consumption



Nationally, **personal income** increased by $116.6 billion (0.6%) in December. This increase was mainly a result of an increase in compensation, personal dividend income and government social benefits. This was partially offset by a decrease in proprietors' income. Compensation increased by $60.0 billion (0.5%) in December, mainly contributed by increases in wages and salaries in service producing industries. Personal dividend income increased by $58.3 billion (4.6%) in December. Government social benefits increased $85.0 billion (2.3%). This is due to a rise of $40.2 billion (14.3%) in unemployment insurance benefits because of an increase in Pandemic Unemployment Compensation. The Coronavirus Response and Relief Supplemental Appropriations Act reinstated supplemental weekly payments to unemployed recipients. In addition, "other" social benefits increased by $34.7 billion (5.6%) because of an upsurge in payments to nonprofit institutions from the Provider Relief Fund. Both farm and nonfarm proprietors' income decreased because of a decline in loans to businesses within the Paycheck Protection Program. Nonfarm proprietors' income decreased by $70.0 billion (-4.3%). Farm proprietors' income decreased by $8 billion (-10.0%) due to a decline in payments within the Coronavirus Food Assistance Program.

Real personal consumption expenditures, a measure of national consumer spending for goods and services, decreased 0.6 percent ($79.8 billion) between November and December. This change resulted from a decrease of $71.9 billion in spending for goods, primarily driven by a decline in durable goods and nondurable goods. This decrease was partially offset by a rise in expenditures for motor vehicles and parts. Spending for services decreased $17.6 billion, which was driven by a decline in spending for food services and accommodations along with health care spending. An increase in spending for household utilities partially offset the decline in services.

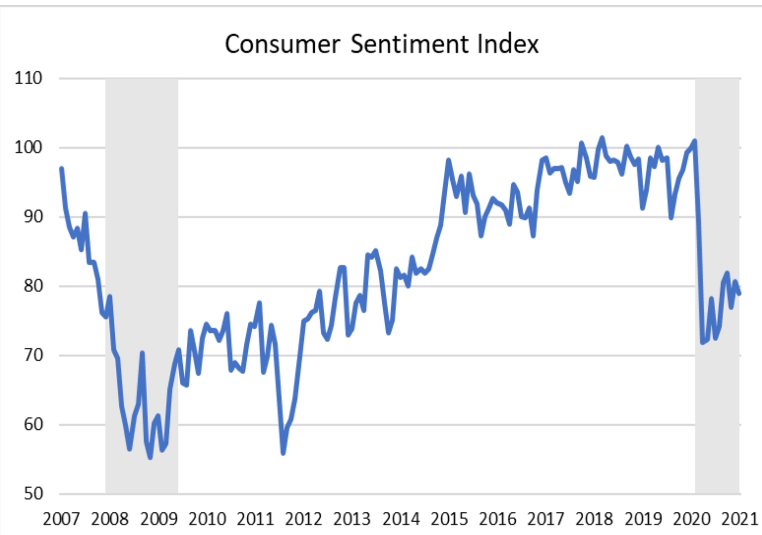
Personal savings increased 6.8 percent in December compared to November, marking the first month of an increase since April 2020. Personal savings remained above the February level by 71.2 percent. Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 13.7 percent, an increase of 0.8 percentage points between November and December.

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

	November 2020	December 2020	1-Month Percent Change	12-Month Percent Change
Durable Goods	$2,021,069	$1,994,255	-1.3%	9.5%
Motor vehicles and parts	$569,149	$586,131	3.0%	8.0%
Recreational goods and vehicles	$749,506	$711,493	-5.1%	15.6%
Nondurable goods	$3,155,456	$3,110,192	-1.4%	3.4%
Food and beverages purchased for off-premises consumption	$1,057,897	$1,038,130	-1.9%	5.1%
Clothing and footwear	$410,900	$399,654	-2.7%	-4.6%
Gasoline and other energy goods	$396,287	$393,679	-0.7%	-9.0%
Services	$7,995,037	$7,977,430	-0.2%	-7.2%
Food services and accommodations	$667,922	$638,362	-4.4%	-25.0%
Transportation services	$331,073	$335,180	1.2%	-25.1%
Recreation services	$339,694	$339,821	0.0%	-33.1%

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

The latest University of Michigan's **Surveys of Consumers** results indicated that consumer sentiment decreased in January, although it remained mostly unchanged in the later part of the month. The Consumer Sentiment Index decreased 1.7 points to 79.0. This was a 2.1 percent decrease from December and a 20.8 percent decline compared to January 2020. The Current Economic Conditions Index decreased 3.3 points to 86.7. This was a 3.7 percent decrease from December and a 24.2 percent decline compared to January 2020. The Consumer Expectations Index decreased 0.6 points to 74.0. This was a 0.8 percent decline from December and an 18.2 percent decline compared to January 2020. Despite the decreases consumers economic expectations have remained relatively stable.



Source: University of Michigan through FRED

The Conference Board's **Consumer Confidence Index**, which reflects consumer attitudes and buying intentions increased after having decreased in the three prior months. In January, consumer confidence increased 2.2 percentage points to 89.3 up from December's revised value of 87.1. The Conference Board's **Present Situation Index**, which measures consumers' current assessment of business and labor market conditions, decreased by 2.8 percentage points, from 87.2 in December to 84.4 in January. The Conference Board's **Expectation Index** examines consumers short term outlook for the economy. In January it increased to 5.5 percentage points to 92.5. Consumers view of current day conditions continued to decline in January as COVID-19 has continued to surge in some areas of the country. Consumer appraisal of the economy and jobs over next six months has improved.

The travel and hospitality industries continue to face significant challenges due to the pandemic. The Transportation Security Administration (TSA) tracks how many travelers go through TSA checkpoints as "throughput". Total travel throughput remains significantly lower than last year, January 2021 compared to January 2020 is 61.9 percent lower. Despite increases in travel in December, January 2021 throughput declined 10.6 percent from December 2020.

For the week ending January 30, 2021, STR, a company that provides analytics and data on the hospitality sector, reported an occupancy rate of 40.4 percent, a 29.6 percent decline compared to the same week in 2020. The average daily rate earned for an occupied room declined 29.8 percent compared to the same week in 2019. Revenue per available room also declined 50.6 percent in a year-over-year comparison.

Commercial vehicle miles traveled on the Ohio turnpike in January 2021 increased 10.2 percent compared to January 2020 and increased 2.4 percent from December 2020. However, passenger vehicle miles traveled in January 2021 decreased 8.1 percent from January of last year and decreased 5.8 percent from December 2020.

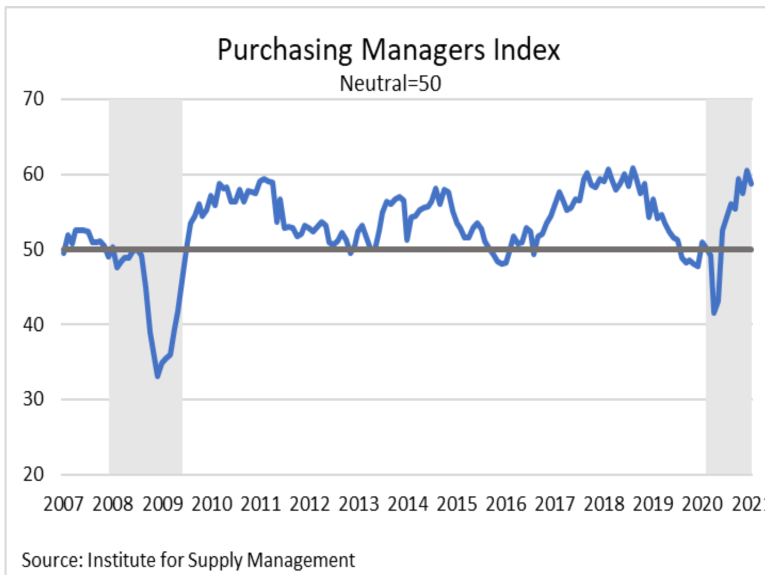
Industrial Activity

The Industrial Production Index, produced by the Board of Governors of the Federal Reserve System, is an indicator that measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. **Total industrial production** increased 1.6 percent between November and December. The index recovered more than half of its pandemic decline but remained 3.3 percent below its pre-pandemic reading in February and 3.6 percent below December 2019.

For the eighth consecutive month, **manufacturing production** increased. Production rose in December 2020 by 0.9 percent but remained 2.8 percent below December 2019 levels. The durable goods manufacturing industry index increased by 1.5 percent in December, while the index for nondurable goods production increased 0.9 percent. The output of utilities increased 6.2 percent in December as demand for heating rose after a warm November.

Most of the manufacturing industries that are most relevant to Ohio made small gains nationally in December when compared to November. The largest gain was in the production of plastics and rubber parts, which increased by 3.2 percent in December. Additional gains were made in primary metal manufacturing and aerospace and miscellaneous transportation equipment production, which both increased 2.5 percent. The production of machinery goods increased by 2.1 percent, electrical equipment and appliances increased by 1.8 percent, petroleum and coal increased by 1.5 percent, the chemical manufacturing industry increased by 1.1 percent and the productivity of fabricated metals products increased by 0.6 percent. These gains were partially offset by losses in motor vehicles and parts, which decreased by 1.6 percent in December. The production food, beverage and tobacco products stayed the same between November and December.

Produced by the Institute for Supply Management (ISM), the **Purchasing Managers Index** (PMI) measures expansions and contractions of the manufacturing economy. A PMI score reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent it is generally contracting. In January, the PMI for the United States decreased to 58.7 percent, compared to the revised value of 60.5 in December 2020. This indicated an overall expansion of the economy for the eighth month in a row after the significant contraction between March and May.



The new orders index decreased 6.4 percentage points to 61.1 percent and the production index was up 4.0 percentage points to 60.7 percent. The backlog of orders index rose 0.6 percentage points to 59.7 percent. The employment index expanded 3.1 percentage points to 51.5. Overall, these changes provide evidence that manufacturing sector and the economy continued to grow after the rapid decline in the spring; however, at a slower rate than in prior months.

Of the 18 industries tracked by the Manufacturing ISM® *Report on Business*, 16 reported growth between December and January. Of the top ten industries most important to Ohio manufacturing only the petroleum and coal products industry reported contraction.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggest that demand is up, but labor and supplies are a potential problem. A source in the primary metals industry reported "[b]usiness is improving, but we are still struggling with a shortage of available labor." Additionally, a respondent in the transportation equipment industry noted "very strong demand with limitations in supply to meet increased demand."

Construction

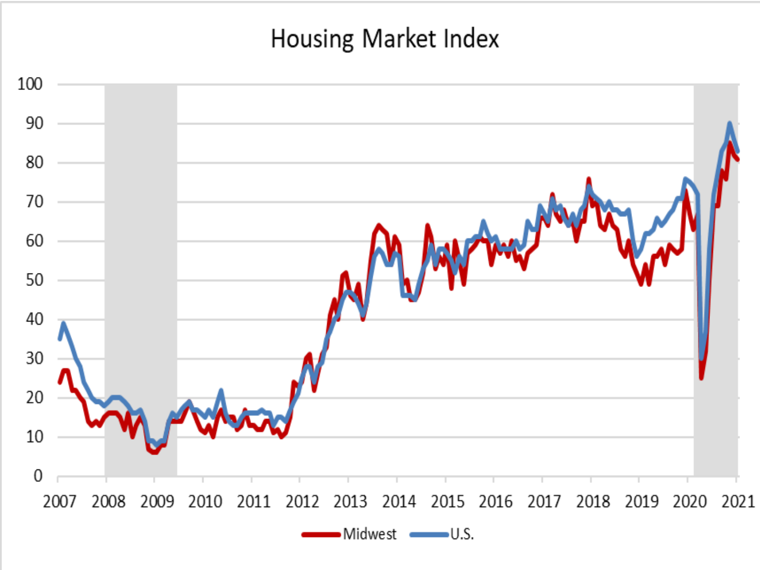
The U.S. Census Bureau estimated **total construction spending** in December to be at a seasonally adjusted annual rate of $1.5 billion, which was a 1.0 percent increase from the revised November estimate. The December estimate was 5.7 percent above that of December 2019. Residential construction increased 3.1 percent and nonresidential construction decreased 1.7 percent between November and December.

Public sector construction spending in December was at a seasonally adjusted annual rate of $352.8 billion, a 0.5 percent increase compared to the revised November estimate. In December, educational construction was 0.6 percent above November 2020 levels, and 4.5 percent above December 2019. Spending in December on highway construction was 0.9 percent above November, and 3.9 percent above December 2019. Public safety spending was 2.7 percent lower in December than November but remained 27.7 percent above December 2019 levels.

Nationally, the number of privately-owned housing units approved increased 4.2 percent between November and December and were 17.0 percent above December 2019 levels. In Ohio, building permits for privately owned units increased 54.3 percent between November and December 2020, and were 77.5 percent above permits issued in December 2019. Nationally, privately-owned housing starts in December increased 5.8 percent compared to November and were 5.2 percent above the December 2019 level. Midwest privately-owned housing starts increased 32.1 percent from November and increased 5.5 percent from December 2019. Nationally, privately-owned housing completions increased 15.9 percent in December and were 8.0 percent above the December 2019 rate. December privately-owned housing completions in the Midwest increased 15.7 percent compared to November and were 38.1 percent above the December 2019 level.

The National Association of Home Builders reported newly built single-family home sales in December increased 1.6 percent to 842,000. In addition, new home sales in 2020 increased 18.8 percent compared to 2019 and in the Midwest, sales increased 24.2 percent. Higher home prices are stemming from a rise in lumber and building material costs along with a lack of inventory.

Existing home sales, as reported by the National Association of Realtors, increased in December, and reached their highest level since 2006. Sales increased 0.7 percent in December to a seasonally adjusted rate of 6.8 million housing units in December and an increase of 22.2 percent from a year ago. Available inventory in December totaled 1.07 million units, this is down 1.39 million units from a year ago. Home prices have increased due to a low level of home supply. Sales in the Midwest remained unchanged in December at an annual rate of 1.59 million. However, existing home sales increased 26.2 percent from December 2019. According to the Ohio Realtors, activity in the Ohio housing market increased 4.3 percent in 2020 compared to 2019. The Ohio housing market rose 18.4 percent from December 2019. The average home price in Ohio in December was $217,825, a 14.3 percent increase compared to December last year.



The Housing Market Index (HMI) from the National Association of Home Builders (NAHB) and Wells Fargo takes the pulse of the single-family housing market and asks the respondents to rate market conditions for the sale of new homes at the present time and in the next six months. Nationally the HMI decreased in January to 83.0 from 86.0 in December, a 3.5 percent decline. This is the second month of decreases in the index. Despite the decline, this index remains high compared to the history of the series. Builder confidence has fallen due to limited housing supply, limited availability of building materials such as lumber and a shortage in skilled labor. Supply side constraints are creating a shortage of new homes on the market. In the Midwest, HMI decreased by 1.2 percent, from 82.0 to 81.0 in December.

REVENUES

January demonstrated another positive tax revenue outcome relative to expectations. The month produced an $81.3 million positive variation from estimated tax revenues; this represents a 3.6 percent overage, which is a rate close to the 3.7 percent year-to-date positive variation. Unlike prior months, the personal income tax provided the largest positive variation mostly due to lower-than-expected refund payments. Once again, non-auto sales tax and auto sales tax revenues performed above expectations. The tax source with the poorest performance was the financial institutions tax, a result entirely due to the unpredictable timing of that source. The commercial activity tax displayed the next lowest performance, mostly traced to larger than expected tax credits.

January total GRF receipts totaled $3.4 billion and were $77.2 million (2.3%) above estimate. Tax revenues were $81.3 million (3.6%) above estimate. Non-tax receipts were $4.2 million (-0.4%) below estimate. For the year to date, tax revenues are above estimate, non-tax receipts are below estimate, and transfers are over estimate as shown in the table below.

Category	**Includes:**	**YTD Variance**	**% Variance**
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$539.1	3.7%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($626.5)	-7.4%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$7.1	9.1%
TOTAL REVENUE VARIANCE:		**($80.3)**	**-0.3%**
Non-federal revenue variance		**$577.0**	**3.9%**
Federal grants variance		**($657.4)**	**-7.9%**

For January, revenues and transfers were $165.5 million (5.1%) above the previous year. Tax receipts increased by $23.2 million (1.0%) while non-tax receipts grew by $142.4 million (14.7%). For the year-to-date, tax receipts are $1.1 billion (7.6%) above last year and non-tax receipts are $1.3 billion (20.2%) over the prior year. Transfers are $9.4 million (12.5%) above last year on a year-to-date basis.

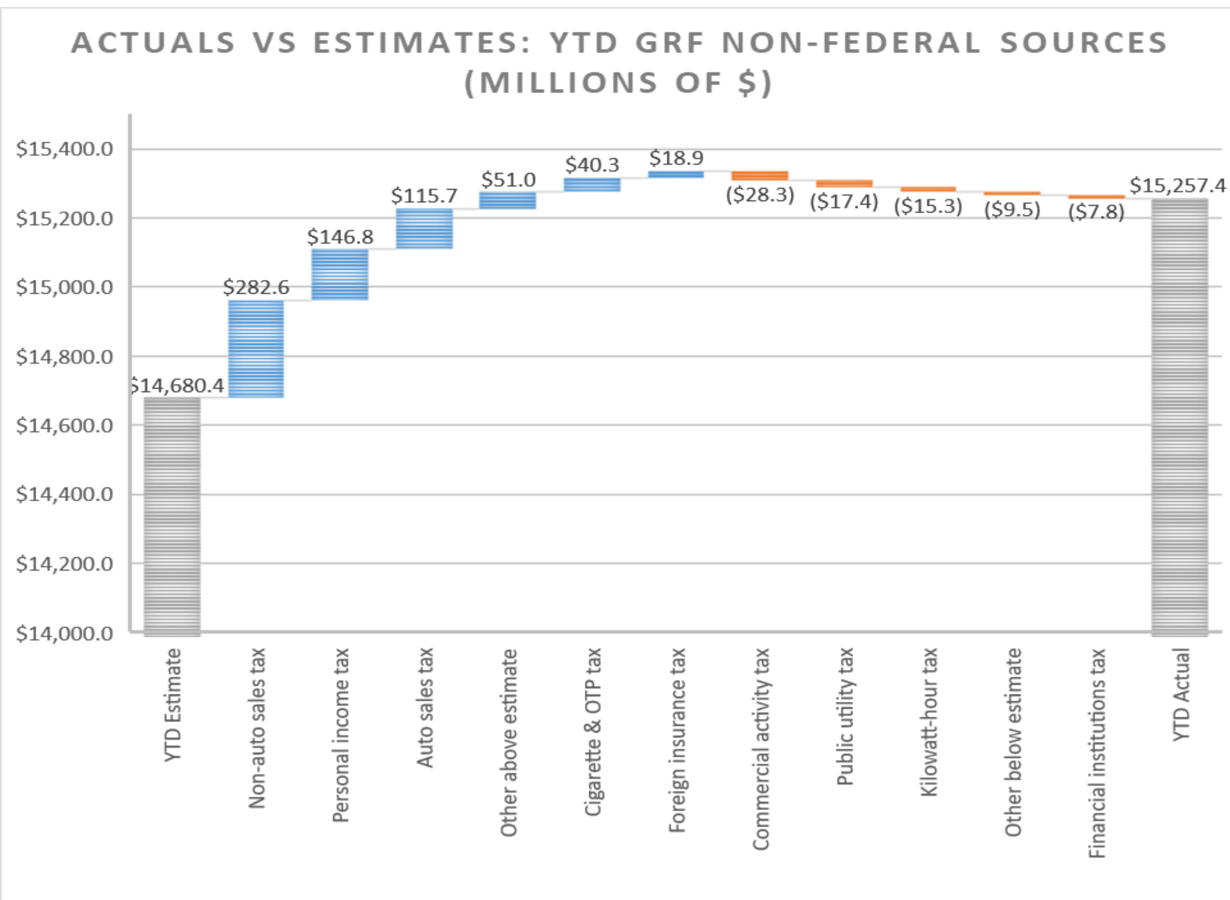
During January, the source with the largest year-over-year increase was personal income tax, at $78.5 million (8.0%) above last year. The next-largest increases were other income at $7.5 million (290.2%), non-auto sales tax at $5.3 million (0.6%) and auto sales tax at $4.6 million (3.6%). The largest decline was experienced by the financial institutions tax at $34.5 (-46.2%). The next-largest decline was attributable to commercial activity tax at $23.7 million (-28.2%), followed by earnings on investments at $20.5 million (-57.7%).

The table below shows that sources above estimate (a positive variance of $137.1 million) in January outweighed the size of sources below estimate (a negative variance of $59.9 million), resulting in a $77.2 million net positive variance from estimate.

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

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Personal income tax	$71.5	Federal grants	($21.3)
Non-auto sales tax	$31.5	Financial institutions tax	($18.3)
Auto sales tax	$10.3	Commercial activity tax	($13.3)
Earnings on investments	$10.0	Other sources below estimate	($7.1)
Other income	$7.4		
Other sources above estimate	$6.4		
Total above	**$137.1**	**Total below**	**($59.9)**

(Note: Due to rounding of individual sources, the combined sum of sources above and below estimate may differ slightly from the total variance.)



The preceding chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for fiscal year 2021 to date, with the net difference amounting to $577.0 million. The chart shows that non-auto sales tax accounts for just under one-half of the current non-federal revenue overage.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in January totaled $922.1 million and were $31.5 million (3.5%) above the estimate. Across the first seven months of the fiscal year, revenues are now $282.6 million (4.9%) above estimate; actual revenue has exceeded estimate in six of these months.

January non-auto sales tax revenue was $5.3 million (0.6%) above the prior year, while year-to-date revenue is $310.8 million (5.4%) above fiscal year 2020. Although January's year-over-year growth was modest, because January concludes the three-month holiday retail season used for sales tax revenue analysis purposes (a large share of month sales tax comes from tax on sales that occurred in the previous month thus necessitating the inclusion of January revenue), a better comparison comes from examining relative tax revenues during the holiday season time frame. Accordingly, fiscal year 2021 revenue during the month of November through January exceeded the prior year by $111 million, or 4.3 percent. In comparison, the National Retail Federation reports that retail sales during the 2020 holiday grew by 8.3 percent, considerably higher than the 3.6 percent to 5.2 percent growth the organization expected. The milder growth in non-auto sales tax relative to national retail sales does not imply that Ohio retail sales were weaker than that of the nation: the non-auto sales tax base is broader than retail sales, so the performance of non-retail sectors (namely, taxable services which have generally weakened during the pandemic as well as taxable business-to-business purchases) also contribute to the overall intake of the non-auto sales tax. In fact, fiscal year 2021 holiday season auto sales tax revenue growth was consistent with that of the prior year, wherein fiscal year 2020 growth in the November-January period was $115 million (4.7%).

The year-to-date fiscal year 2021 non-auto sales tax increase above the prior year is partly due to increased collections from marketplace facilitators (MPFs). Ohio first subjected MPFs to the mandatory sales tax collection requirement in October 2019. Not only were there fewer months of revenue from these sellers during fiscal year 2020 (i.e., no collections during the first quarter of the fiscal year), but there has also been a year-to-year increase in revenue from the MPFs in the October-January period of fiscal year 2021. Accordingly, about $120 million of the total year-over-year increase in non-auto sales tax revenue is attributable to higher revenue received from the MPFs (total MPF revenue during the fiscal year-to-date is about $230 million). Conversely, the long-standing federal "grandfather" provision under the Internet Tax Freedom Act – which allowed Ohio and six other states to continue to impose sales tax on internet access services – expired in fiscal year 2021. This change has reduced year-to-date non-auto sales tax revenue by an estimated $94 million. The loss from this new tax policy change mostly offsets the growth in MPF collections.

Non-auto sales tax performance has shown stronger outcomes than typically expected from an economy still in recovery. OBM continues to observe a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods, fostering increased revenue intake. High-frequency data indicate that consumption for major service industries has substantially declined from levels observed in the immediate pre-pandemic period, while certain retail categories have grown at a strong pace. The current "Monthly Event Study of Spending" table issued by the U.S. Department of Commerce's Bureau of Economic Analysis, which uses credit card spending data, continues to indicate significant declines in industries generally not subject to sales tax. The Recreation, Accommodations, Food Services, and Gas Stations categories show declines ranging from -20.0 percent to -52.0 percent in January relative to the levels existing prior to the pandemic. In contrast, retailer segments such as Furniture, Building Materials & Garden Equipment, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 20.0 percent to 42.0 percent in January: the great majority of sales by these retailers are subject to Ohio sales tax.

Auto Sales Tax

January auto sales tax revenues were $130.1 million. This January's numbers come in at $4.6 million (3.6%) above last January; fiscal year-to-date revenue is $90.6 million (9.8%) above fiscal year 2020. Auto sales tax revenue in January was $10.3 million (8.6%) above estimate. This makes eight successive months in which auto sales tax has exceeded estimate.

Based on a seasonally adjusted annual rate (the amount of sales that occurred during the month after being adjusted for seasonal fluctuations and expressed as an annualized total), U.S. new light vehicle unit sales in January reached an estimated 16.6 million units. This represents a 2.5 percent increase from December, and a 1.5 percent decrease from the prior year. TrueCar, Inc. estimates that used vehicle unit sales increased by 1.0 percent in January from the prior year, and by 10.0 percent from December.

The primary cause of the current auto sales tax growth comes from price growth. TrueCar, Inc. estimates that the average transaction value of new vehicle purchases grew by nearly 5.0 percent in January on a year-over-year basis. Moody's Analytics reports that its wholesale price index for used vehicles increased by 15.0 percent in January from the prior year. A price-led increase in auto revenue is consistent with the outcome observed from the Bureau of Motor Vehicles' data from the fourth quarter of calendar year 2020. In that quarter, total taxable sales on titled combined new and used vehicle transactions grew by 7.4 percent from the previous year, while the average transaction value on those transactions increased by 10.1 percent. As long as used vehicle prices remain elevated, auto sales tax revenue growth could continue at its current strong levels.

Personal Income Tax

January GRF personal income tax receipts totaled $1.1 billion and were $71.5 million (7.2%) above the estimate. On a year-over-year basis, January income tax collections were $78.5 million (8.0%) above January 2020 collections.

In January, withholding collections were $28.9 million (3.3%) below estimate. For the year, withholding payments are $14.1 million (-0.3%) below estimate. Withholding declined by $50.9 million (-5.7%) in January compared to last year. However, the year-over-year comparison is limited in usefulness without an adjustment for the fact that there were two extra business days last January. After applying an adjustment for the difference in the number of payment days, it is estimated that employer withholding payments in January would have been essentially the same as last January. Year-to-date withholding collections in fiscal year 2021 are $12.2 million (-0.2%) below fiscal year 2020. However, the comparison should take into account the reduction in employer withholding tax rates that took effect in calendar year 2020. Fiscal year-to-date collections would have grown by 2.5 percent without the rate reduction.

Quarterly estimated payments are a significant source of collections in January since it constitutes the due date month for the calendar year's final quarterly estimated payment. Estimated payments were $35.8 million (15.5%) above estimate in January and are $90.6 million (13.9%) above estimate for the fiscal year-to-date. January estimated payments were $18.2 million (7.4%) above last year. Combined with December, which also reflects calendar year 2020 fourth-quarter collections, the total estimated payments for the quarter were $46.9 million (17.9%) greater than the previous year.

Total collections across all other tax payment components – annual return payments, trust tax payments, and other types of tax payments – were $3.1 million (12.8%) above estimate. For the year to date, these other tax payment components are $5.4 million (0.6%) above estimate.

Refunds did not reach estimate in January, at $62.2 million (-61.7%) below the mark. Refunds are now $79.7 million (-11.0%) below estimate for the year-to-date. Because the IRS does not open its filing season until February 12 (considerably later than normal), many Ohio taxpayers normally expected to file Ohio income tax returns in January did not do so this year. February should see a marked catch-up in refunds.

JANUARY PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	Actual January	Estimate January	$ Var	Actual January-2021	Actual January-2020	$ Var Y-0ver-Y
Withholding	$839.8	$868.7	($28.9)	$839.8	$890.7	($50.9)
Quarterly Est.	$266.2	$230.4	$35.8	$266.2	$248.0	$18.2
Annual Returns & 40 P	$10.7	$6.8	$3.9	$10.7	$7.0	$3.7
Trust Payments	$12.8	$10.5	$2.3	$12.8	$13.6	($0.7)
Other	$3.7	$6.9	($3.2)	$3.7	$6.9	($3.2)
Less: Refunds	($38.6)	($100.8)	$62.2	($38.6)	($151.8)	$113.2
Local Distr.	($35.7)	($35.0)	($0.7)	($35.7)	($34.0)	($1.8)
Net to GRF	$1,059.0	$987.5	$71.5	$1,059.0	$980.5	$78.5

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

Financial Institutions Tax (FIT)

The first estimated payment of the current FIT tax year is due in January and it is therefore a significant collections month for this tax source. Normally the due date is January 31. But because January 31 fell on a weekend, the first estimated FIT payment for tax year 2021 was February 1. Although the estimate anticipated a considerable share of the total estimated payment to be posted in February rather than January, it is difficult to predict the monthly flow of these payments. FIT revenue was $18.3 million (-31.3%) below estimate in January, however revenue information from early February indicates that combined January and February revenue should exceed the estimates for the two months.

Commercial Activity Tax (CAT)

January revenues were $13.3 million (-18.1%) below estimate. For the year to date, the source is $28.3 million (-3.3%) below estimate. In addition, CAT revenue in January was $23.7 million (-28.2%) under last year. Following a quarter in which CAT revenue performed above estimate, January shows potential evidence of a weaker third quarter of fiscal year 2021. Although February revenue will be far greater in absolute magnitude than January and therefore is a more significant month for the quarter (February is the month in which quarterly payments are due), payments in the month preceding the due date can serve as a good bellwether for quarterly performance (During each of the last six quarters, underperformance or overperformance in the first month of the quarter was accompanied by a commensurate outcome – in direction, not magnitude – for that quarter.). Tax refunds (largely due to refundable tax credits) were $9 million higher in January 2021 than the previous year, a higher level of credits than anticipated in the estimate. Therefore, most of the negative variation in January was not due to weakened performance of the underlying tax base (taxable gross receipts). Furthermore, it is possible that some of the credit overage in January could be offset in February. Even if January provides potential signs of a lower than anticipated revenue performance for February and the quarter, that outcome will not be nearly as negative in percentage terms as suggested by the January outcome.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $1.1 billion and were $4.2 million (-0.4%) below estimate for the month of January. This negative variance was driven by the Federal Grants category, which was $21.3 million (-1.9%) below estimate. This variance coincides with lower than projected Medicaid disbursements for the month, discussed in the disbursement section of this report.

Partially offsetting the negative Federal Grants variance was the Earnings on Investments category, which was $10.0 million (199.7%) above estimate, and the Other Income category, which was $7.4 million (281.4%) above estimate. While Earnings on Investments fell $20.5 million (-57.7%) compared to fiscal year 2020, the reduction was not as much as anticipated in our near zero interest rate environment. The positive Other Income variance was caused by delayed racetrack relocation payments, which are usually received in the fall.

2/8/2021

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**ACTUAL JANUARY**	**ESTIMATE JANUARY**	**$ VAR**	**% VAR**	**ACTUAL Y-T-D**	**ESTIMATE Y-T-D**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	922,126	890,600	31,526	3.5%	6,018,089	5,735,500	282,589	4.9%
Auto Sales & Use	130,058	119,800	10,258	8.6%	1,016,997	901,300	115,697	12.8%
Subtotal Sales & Use	1,052,184	1,010,400	41,784	4.1%	7,035,086	6,636,800	398,286	6.0%
Personal Income	1,059,028	987,500	71,528	7.2%	6,129,730	5,982,900	146,830	2.5%
Corporate Franchise	(1,024)	0	(1,024)	N/A	5,802	0	5,802	N/A
Financial Institutions Tax	40,094	58,400	(18,306)	-31.3%	20,147	27,900	(7,753)	-27.8%
Commercial Activity Tax	60,145	73,400	(13,255)	-18.1%	835,420	863,700	(28,280)	-3.3%
Petroleum Activity Tax	0	0	0	N/A	2,062	4,400	(2,338)	-53.1%
Public Utility	240	700	(460)	-65.7%	51,019	68,400	(17,381)	-25.4%
Kilowatt Hour	26,607	27,900	(1,293)	-4.6%	179,137	194,400	(15,263)	-7.9%
Natural Gas Distribution	170	2,600	(2,430)	-93.5%	19,387	25,300	(5,913)	-23.4%
Foreign Insurance	278	(2,800)	3,078	109.9%	176,775	157,900	18,875	12.0%
Domestic Insurance	16	100	(84)	-84.1%	840	2,100	(1,260)	-60.0%
Other Business & Property	0	0	0	N/A	59	0	59	N/A
Cigarette and Other Tobacco	72,067	70,300	1,767	2.5%	502,185	461,900	40,285	8.7%
Alcoholic Beverage	4,406	4,900	(494)	-10.1%	35,726	32,600	3,126	9.6%
Liquor Gallonage	5,631	5,100	531	10.4%	34,402	30,400	4,002	13.2%
Estate	0	0	0	N/A	12	0	12	N/A
Total Tax Receipts	2,319,843	2,238,500	81,343	3.6%	15,027,791	14,488,700	539,091	3.7%
NON-TAX RECEIPTS								
Federal Grants	1,086,155	1,107,438	(21,283)	-1.9%	7,658,343	8,315,700	(657,357)	-7.9%
Earnings on Investments	14,984	5,000	9,984	199.7%	32,559	18,750	13,809	73.6%
License & Fees	2,462	3,777	(1,315)	-34.8%	18,000	13,223	4,777	36.1%
Other Income	10,093	2,647	7,447	281.4%	92,958	81,772	11,186	13.7%
ISTV'S	1,000	0	1,000	N/A	1,090	0	1,090	N/A
Total Non-Tax Receipts	1,114,695	1,118,861	(4,166)	-0.4%	7,802,949	8,429,445	(626,496)	-7.4%
TOTAL REVENUES	**3,434,537**	**3,357,361**	**77,176**	**2.3%**	**22,830,740**	**22,918,145**	**(87,405)**	**-0.4%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	85,026	77,932	7,094	9.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	85,026	77,932	7,094	9.1%
TOTAL SOURCES	**3,434,537**	**3,357,361**	**77,176**	**2.3%**	**22,915,767**	**22,996,077**	**(80,310)**	**-0.3%**

2/8/2021

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**JANUARY FY 2021**	**JANUARY FY 2020**	**$ VAR**	**% VAR**	**ACTUAL FY 2021**	**ACTUAL FY 2020**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	922,126	916,866	5,260	0.6%	6,018,089	5,707,281	310,807	5.4%
Auto Sales & Use	130,058	125,490	4,568	3.6%	1,016,997	926,354	90,643	9.8%
Subtotal Sales & Use	1,052,184	1,042,356	9,828	0.9%	7,035,086	6,633,635	401,450	6.1%
Personal Income	1,059,028	980,483	78,545	8.0%	6,129,730	5,411,725	718,006	13.3%
Corporate Franchise	(1,024)	32	(1,056)	-3252.7%	5,802	85	5,717	6763.2%
Financial Institutions Tax	40,094	74,577	(34,482)	-46.2%	20,147	35,618	(15,471)	-43.4%
Commercial Activity Tax	60,145	83,823	(23,677)	-28.2%	835,420	891,845	(56,424)	-6.3%
Petroleum Activity Tax	0	0	0	N/A	2,062	4,041	(1,979)	-49.0%
Public Utility	240	1,387	(1,147)	-82.7%	51,019	65,832	(14,813)	-22.5%
Kilowatt Hour	26,607	27,906	(1,299)	-4.7%	179,137	193,340	(14,203)	-7.3%
Natural Gas Distribution	170	2,159	(1,989)	-92.1%	19,387	20,453	(1,066)	-5.2%
Foreign Insurance	278	82	196	238.9%	176,775	172,046	4,730	2.7%
Domestic Insurance	16	145	(129)	-89.1%	840	3,971	(3,131)	-78.9%
Other Business & Property	0	0	0	N/A	59	0	59	N/A
Cigarette and Other Tobacco	72,067	74,328	(2,262)	-3.0%	502,185	476,830	25,356	5.3%
Alcoholic Beverage	4,406	4,077	329	8.1%	35,726	31,490	4,236	13.5%
Liquor Gallonage	5,631	5,263	368	7.0%	34,402	31,316	3,086	9.9%
Estate	0	0	0	N/A	12	38	(25)	-67.1%
Total Tax Receipts	2,319,843	2,296,618	23,225	1.0%	15,027,791	13,972,264	1,055,527	7.6%
NON-TAX RECEIPTS								
Federal Grants	1,086,155	930,121	156,034	16.8%	7,658,343	6,318,467	1,339,876	21.2%
Earnings on Investments	14,984	35,435	(20,451)	-57.7%	32,559	76,731	(44,172)	-57.6%
License & Fee	2,462	4,194	(1,732)	-41.3%	18,000	15,498	2,501	16.1%
Other Income	10,093	2,587	7,506	290.2%	92,958	79,929	13,029	16.3%
ISTV'S	1,000	(79)	1,079	1369.1%	1,090	176	914	518.6%
Total Non-Tax Receipts	1,114,695	972,258	142,436	14.7%	7,802,949	6,490,801	1,312,148	20.2%
TOTAL REVENUES	**3,434,537**	**3,268,876**	**165,661**	**5.1%**	**22,830,740**	**20,463,065**	**2,367,675**	**11.6%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	50	(50)	N/A	85,026	75,598	9,429	12.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	50	(50)	N/A	85,026	75,598	9,429	12.5%
TOTAL SOURCES	**3,434,537**	**3,268,926**	**165,611**	**5.1%**	**22,915,767**	**20,538,663**	**2,377,104**	**11.6%**

DISBURSEMENTS

January GRF disbursements, across all uses, totaled $2.7 billion and were $499.2 million (-15.8%) below estimate. This variance was primarily attributable to below estimate disbursements in Medicaid. On a year-over-year basis, January's total uses were $306.1 million (-10.3%) lower than those of the same month in the previous fiscal year, with a decrease 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)	($314.9)	-10.6%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$8.8	10.7%
TOTAL DISBURSEMENTS VARIANCE:		**($306.1)**	**-10.3%**

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

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. January disbursements for this category totaled $761.0 million and were $7.2 million (-0.9%) below estimate. This variance was primarily attributable to below-estimated spending in the EdChoice Expansion, Early Childhood Education, and Pupil Transportation line items. Disbursements for the Early Childhood Education line item were below estimate as payments were shifted to a non-GRF funding source in January. Disbursements for the EdChoice Expansion line item were below estimate due to the timing of payments which may be offset in future months. Disbursements for the Pupil Transportation line item were below estimate to offset prior month overspending. The below-estimated spending was partially offset by the above-estimated disbursements for the Foundation Funding line item as the College Credit Plus payment to colleges for the summer and fall 2020 terms was above estimate.

Expenditures for the school foundation program totaled $715.1 million and were $8.0 million (1.1%) above estimate. Year-to-date disbursements were $4.8 billion, which was $19.2 million (0.4%) above estimate. On a year-over-year basis, disbursements in this category were $50.0 million (-6.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $209.1 million (-4.2%) lower than the same point in fiscal year 2020.

Higher Education

January disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $175.9 million and were $7.2 million (-3.9%) below the estimate for the month. This variance was primarily attributable to spending in the Ohio College Opportunity Grant, Choose Ohio First Scholarship, and National Guard Scholarship Programs that were below monthly estimates by a total of $7.9 million because of lower-than-expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were $1.3 billion, which was $15.5 million (-1.2%) below the estimate. On a year-over-year basis, disbursements in this category were $23.0 million (-11.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $12.5 million (-0.9%) lower than at the same point in fiscal year 2020.

Other Education

This category includes non-debt service GRF expenditures made by the Broadcast Educational Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations.

January disbursements in this category totaled $7.8 million and were $49,000 (-0.6%) below estimate. Year-to-date disbursements were $49.2 million and were $2.1 million (-4.0%) below estimate. On a year-over-year basis, disbursements in this category were $3.6 million (83.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $5.9 million (-10.7%) lower than at the same point in fiscal year 2020.

Medicaid

Note: Medicaid enrollment and spending estimates included in this report are based on projections made in July at the start of fiscal year 2021. Enrollment has continued below this report's estimate throughout the fiscal year driving significant negative variances. Additionally, these projections assume the receipt of additional federal reimbursement associated with the federal pandemic response only for the July-December period, whereas the additional federal reimbursement has now been authorized for the January-June period. In keeping with prior practice, no adjustment will be made to this report's enrollment or spending estimates.

The development of the State's two-year operating budget utilizes updated data and therefore variances reflected in this report are accounted for in the Governor's budget recommendations.

This category includes all Medicaid spending on services and programs supported 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 $1.2 billion and were $459.8 million (-27.7%) below estimate and $242.2 million (-16.8%) below disbursements for the same month in the previous fiscal year.

The January GRF variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs. Additionally, the variance was driven by lower than projected managed care rates, which took effect in January - this will continue to have effects on spending moving forward. The variance from the previous fiscal year was primarily attributable to the timing of the use of non-GRF funding sources.

Year-to-date GRF disbursements totaled $10.9 billion and were $999.0 million (-8.4%) below estimate and $990.3 million (10.0%) above disbursements for the same point in the previous fiscal year. The year-to-date and year-over-year variances were both primarily attributable to enrollment. The program has underspent GRF year-to-date as managed care enrollment in all major eligibility categories remains below the updated post-pandemic enrollment estimate; CFC, Group 8, and ABD/Dual are currently below the updated estimate by 4.6%, 9.4%, and 2.8%, respectively (on a monthly average basis). Additionally, the fee-for-service program's enrollment is 12.2% below estimate. However, despite the variance from the updated monthly estimates, enrollment is increasing month-to-month, and therefore spending is well above last fiscal year.

January all-funds disbursements for the Medicaid Program totaled $2.4 billion and were $399.8 million (-14.4%) below estimate and $68.2 million (-2.8%) below disbursements for the same month in the previous fiscal year. The January all-funds variance was primarily attributable to below estimate enrollment and lower than projected manage care rates as mentioned above. Additionally, there was generally underspending in some administration related categories due primarily to timing. The negative year-over-year variance is attributable to a retrospective managed care rate adjustment payment made during January in fiscal year 2020. Despite fiscal year 2021 spending generally being higher due to the increases in caseload, this payment made in the prior fiscal year was enough to skew the monthly year-over-year variance.

Year-to-date all-funds disbursements totaled $18.3 billion and were $989.0 million (-5.1%) below estimate and $1.8 billion (11.2%) above disbursements for the same point in the previous fiscal year. Again, the year-to-date all funds variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs as well as the lower managed care rates that took effect in January. Additionally, the variance was partially attributable to below estimate spending in administration-related expenses, notably in information technology where some payments have been delayed. The year-over-year variance is primarily attributable to higher costs associated with significant increases in enrollment due to the pandemic; enrollment has increased by approximately 348,100 individuals since January 2019.

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

	Jan. Actual	Jan. Projection	Variance	Variance %
GRF	$1,198.9	$1,658.5	-$459.6	-27.7%
Non-GRF	$1,185.0	$1,125.0	$60.0	5.3%
All Funds	$2,383.9	$2,783.5	-$399.6	-14.4%

Enrollment

Total January enrollment was 3.14 million, which was 398,200 (-11.3%) below the updated post-pandemic estimate and 348,100 (12.5%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.06 million and was 170,600 (-5.3%) below estimate.

January enrollment by major eligibility category was: Covered Families and Children, 1.75 million; Group VIII Expansion, 757,500; and Aged, Blind and Disabled (ABD), 491,700.

**Please note that these data are subject to revision.*

Health and Human Services

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

January disbursements in this category totaled $108.8 million and were $41.0 million (-27.4%) below estimate. Year-to-date disbursements were $840.5 million and were $89.9 million (-9.7%) below estimate. On a year-over-year basis, disbursements in this category were $7.9 million (-6.8%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $18.7 million (-2.2%) lower than at the same point in fiscal year 2020.

Department of Developmental Disabilities

January disbursements for the Department of Developmental Disabilities totaled $3.7 million and were $1.1 million (-23.0%) below estimate. This variance was primarily attributable to below estimate spending in the Early Intervention line item due to timing and normally occurring program fluctuations.

Department of Job and Family Services

January disbursements for the Department of Job and Family Services totaled $43.5 million and were $35.7 million (-45.06%) below estimate. This variance was primarily attributable to the Family and Children Services line item, which was $27.7 million below estimate due to counties receiving their funding for the Child Protective Services allocation in December. This is a quarterly allocation and usually made in the month of each quarter. The third quarter allocation was sent out in December instead of January. The Early Care and Education line item was $3.4 million below estimate because the weekly childcare provider payments have been lower than expected due to the pandemic, which has impacted daycare enrollment and/or attendance. The Program Operations line item was $2.3 million below estimate because invoices from various vendors were not received as anticipated.

Department of Health

January disbursements for the Department of Health totaled $8.0 million and were $132,204 (1.7%) above estimate. This variance was primarily attributed to the Medically Handicapped Children line which was $1.6 million above zero spending due to delayed subsidy payments for December being made in January.

Department of Mental Health and Addiction Services

January disbursements for the Department of Mental Health and Addiction Services totaled $46.7 million and were $3.4 million (-6.8%) below estimate. This variance was primarily attributed to the Criminal Justice Services line which was $2.1 million below estimate due to delay in subsidy payments for the Addiction Treatment Program which will be processed in February, and the Addiction Services Partnership with Corrections line which was $1.1 million below estimate due to timing of subsidy distribution. The variance was partially offset by the Continuum of Care Services line which was $1.8 million above estimate due mostly to an underestimation of third-quarter disbursements.

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 $232.0 million and were $1.8 million (-0.8%) below estimate. Year-to-date disbursements were $1.5 billion and were $62.1 million (-3.9%) below estimate. On a year-over-year basis, disbursements in this category were $3.8 million (-1.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $14.8 million (1.0%) higher than at the same point in fiscal year 2020.

Office of the Attorney General

January disbursements for the Office of the Attorney General totaled $6.9 million and were $1.4 million (-17.0%) below estimate. This variance was primarily attributable to lower than estimated disbursements in the School Safety Training Grants and the Rape Crisis Centers line items.

Department of Youth Services

January disbursements for the Department of Youth Services totaled $20.0 million and were $3.2 million (-14%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item which was $3.1 million lower than the estimate due primarily to the timing of payment for the community correctional facilities and lower facility costs for hospitalizations, supplies, and maintenance.

Department of Rehabilitation and Correction

January disbursements for the Department of Rehabilitation and Correction totaled $176.8 million and were $485,000 (-0.3%) below estimate. This variance was primarily attributable to a variance in the Institutional Operations line item, which was $2.8 million above estimate. This variance was offset by the Institutional Medical Services line item, which was $2.6 million below estimate, and the Halfway House line item which was $1.5 million below estimate which is due to the timing of payments.

Public Defender Commission

January disbursements for the Public Defender Commission totaled $9.9 million and were $5.9 million (146.3%) above estimate. This variance was attributable to disbursements in the County Reimbursement line item which was $5.8 million above estimate due to the timing of county reimbursement payments for the previous month.

General Government

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

January disbursements in this category totaled $46.9 million and were $6.0 million (14.7%) above estimate. Year-to-date disbursements were $264.7 million and were $29.0 million (-9.9%) below estimate. On a year-over-year basis, disbursements in this category were $5.5 million (13.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $1.4 million (0.5%) higher than at the same point in fiscal year 2020.

Department of Administrative Services

January disbursements for the Department of Administrative Services totaled $5.6 million and were $3.4 million (153.1%) above estimate. This variance was attributable to the State Agency Support Services line item, which was $3.6 million above estimate because rent for certain GRF agencies and vacant space in state office buildings was billed later than projected for earlier months in the fiscal year.

Development Services Agency

January disbursements for the Development Services Agency totaled $6.4 million and were $2.8 million (76.4%) above estimate. This variance was primarily attributable to the timing of payments in the Appalachia Assistance line item. Grant payments to the Foundation for Appalachian Ohio were disbursed in January but were originally planned for December.

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. January reimbursements totaled -$4,000 though none were estimated. Year-to-date reimbursements totaled $904.3 million were $29.2 million (-3.1%) below estimate. The negative disbursement in January was the result of a voided warrant, while the year-to-date negative variance is caused by reimbursement requests being lower than originally estimated.

Debt Service

January payments for debt service totaled $124.2 million and were $2.2 million (1.8%) above estimate. Year-to-date expenses in this category total $650.1 million and were $0.1 million (0.0%) below estimate. The monthly variance was primarily caused by a debt service payment for the Bureau of Criminal Investigation Records System occurring in January, rather than February as planned.

Transfers Out

January transfers out totaled $9.6 million though none were estimated. Year-to-date transfers out totaled $444.9 million and were $1.0 million (-0.2%) below estimate. The monthly variance was caused by a transfer to the OAKS Support Organization Fund which was originally planned for later in the fiscal year.

2/8/2021

Table 3

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

Functional Reporting Categories Description	MONTH ACTUAL JANUARY	MONTH ESTIMATED JANUARY	MONTH $ VAR	MONTH % VAR	YTD ACTUAL	YTD ESTIMATE	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	761,004	768,217	(7,213)	-0.9%	4,777,494	4,758,277	19,217	0.4%
Higher Education	175,897	183,090	(7,193)	-3.9%	1,318,670	1,334,211	(15,541)	-1.2%
Other Education	7,836	7,885	(49)	-0.6%	49,175	51,244	(2,069)	-4.0%
Medicaid	1,198,892	1,658,667	(459,775)	-27.7%	10,856,316	11,855,308	(998,992)	-8.4%
Health and Human Services	108,765	149,809	(41,044)	-27.4%	840,504	930,428	(89,923)	-9.7%
Justice and Public Protection	232,038	233,806	(1,768)	-0.8%	1,515,067	1,577,185	(62,118)	-3.9%
General Government	46,930	40,909	6,020	14.7%	264,655	293,637	(28,982)	-9.9%
Property Tax Reimbursements	(4)	0	(4)	N/A	904,345	933,578	(29,233)	-3.1%
Debt Service	124,176	121,968	2,209	1.8%	650,140	650,238	(98)	0.0%
Total Expenditures & ISTV's	**2,655,535**	**3,164,352**	**(508,817)**	**-16.1%**	**21,176,366**	**22,384,107**	**(1,207,740)**	**-5.4%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	9,645	0	9,645	N/A	444,870	445,900	(1,030)	-0.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**9,645**	**0**	**9,645**	**N/A**	**444,870**	**445,900**	**(1,030)**	**-0.2%**
Total Fund Uses	**2,665,180**	**3,164,352**	**(499,172)**	**-15.8%**	**21,621,236**	**22,830,007**	**(1,208,771)**	**-5.3%**

2/8/2021

Table 4

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

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**JANUARY FY 2021**	**JANUARY FY 2020**	**$ VAR**	**% VAR**	**ACTUAL FY 2021**	**ACTUAL FY 2020**	**$ VAR**	**% VAR**
Primary and Secondary Education	761,004	810,985	(49,981)	-6.2%	4,777,494	4,986,544	(209,050)	-4.2%
Higher Education	175,897	198,849	(22,952)	-11.5%	1,318,670	1,331,136	(12,467)	-0.9%
Other Education	7,836	4,276	3,560	83.3%	49,175	55,045	(5,870)	-10.7%
Medicaid	1,198,892	1,441,110	(242,217)	-16.8%	10,856,316	9,865,975	990,341	10.0%
Health and Human Services	108,765	116,664	(7,898)	-6.8%	840,504	859,186	(18,682)	-2.2%
Justice and Public Protection	232,038	235,789	(3,751)	-1.6%	1,515,067	1,500,226	14,842	1.0%
General Government	46,930	41,434	5,495	13.3%	264,655	263,210	1,445	0.5%
Property Tax Reimbursements	(4)	0	(4)	N/A	904,345	905,289	(945)	-0.1%
Debt Service	124,176	121,322	2,854	2.4%	650,140	1,024,647	(374,507)	-36.5%
Total Expenditures & ISTV's	**2,655,535**	**2,970,430**	**(314,895)**	**-10.6%**	**21,176,366**	**20,791,258**	**385,108**	**1.9%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	9,645	821	8,824	1,074.8%	444,870	663,620	(218,750)	-33.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**9,645**	**821**	**8,824**	**1,074.8%**	**444,870**	**663,620**	**(218,750)**	**-33.0%**
Total Fund Uses	**2,665,180**	**2,971,251**	**(306,071)**	**-10.3%**	**21,621,236**	**21,454,878**	**166,358**	**0.8%**

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for fiscal year 2021. Based on the estimated revenue sources for fiscal year 2021 and the estimated fiscal year 2021 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for fiscal year 2021 is estimated to be $296.0 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in fiscal year 2021, nor should it be considered as equivalent to the fiscal year 2021 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
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2021
($ in thousands)
Updated 2/1/21*

July 1, 2020 Beginning Cash Balance**	**1,270,176.7**
Plus FY 2021 Estimated Revenues	24,482,026.0
Plus FY 2021 Estimated Federal Revenues	11,449,300.0
Plus FY 2021 Estimated Transfers to GRF	278,185.0
Total Sources Available for Expenditures & Transfers	**37,479,687.7**
Less FY 2021 Estimated Disbursements***	34,349,421.3
Less FY 2021 Estimated Total Encumbrances as of June 30, 2021	433,671.4
Less FY 2021 Estimated Transfers Out	2,400,571.8
Total Estimated Uses	**37,183,664.6**
FY 2021 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**296,023.1**

*This fund balance projection reflects revenue and disbursement estimates at the time of the introduction of the fiscal year 2022 and 2023 Executive Budget.

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

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

OBM staff that contributed to the development of this report are:
Jason Akbar, Ben Boettcher, Frederick Church, Ariel King, Todd Clark, Adam Damin, Paul DiNapoli, Florel Fraser, Teresa Goodridge, Chris Guerrini, Chris Hall, Sharon Hanrahan, Charlotte Kirschner, Sári Klepacz, Taylor Pair, Steven Peishel, Craig Rethman, Tara Schuler, Jasmine Winston, Melissa Snider, Nick Strahan, Sarah Kelly, Stephen Riester, Natalie Malloy and Luis da Cruz.