

September 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:



Moody's Analytics and CNN created the Back-to-Normal Index to track the economic recovery. As of September 3, 2021, the national index was at 93.1 percent. Ohio's index was 4.3 percentage points ahead of the national index at 97.4. Ohio's average in August was 1.8 percentage points above its average in July, while the national rate increased half as much (0.9 percentage points) during the same timeframe.



Ohio's nonfarm payroll employment increased 0.4 percent to 5.3 million jobs between June and July, the second straight month-over-month increase. Sectors with notable gains between June and July included: leisure and hospitality, professional and business services, trade, transportation, and utilities, educational and health services, and manufacturing.



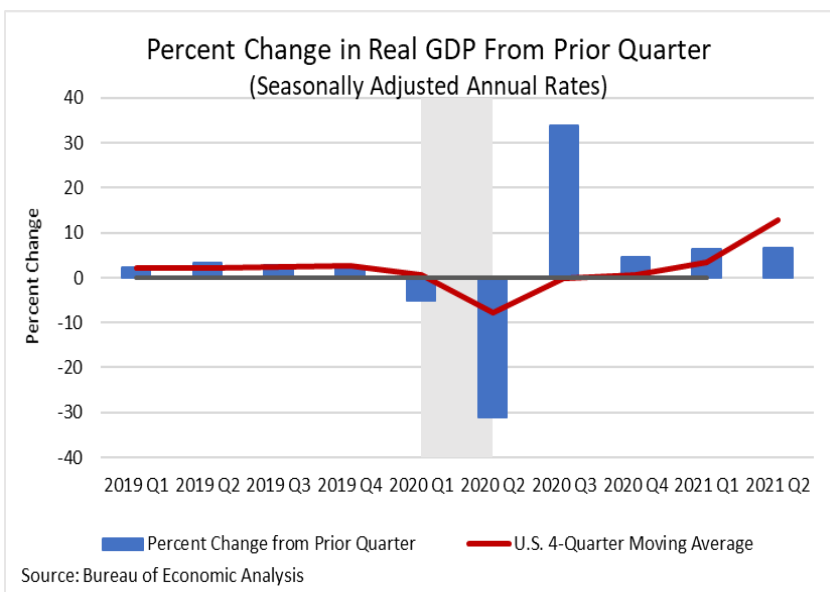
August Commercial Activity Tax revenues were \$8.8 million (2.5%) above estimate. For the year to date, the source is \$28.5 million (6.9%) above estimate. Results observed in the first two months ensure that revenue performance for the entire first quarter of fiscal year 2022 will be stronger than expected.



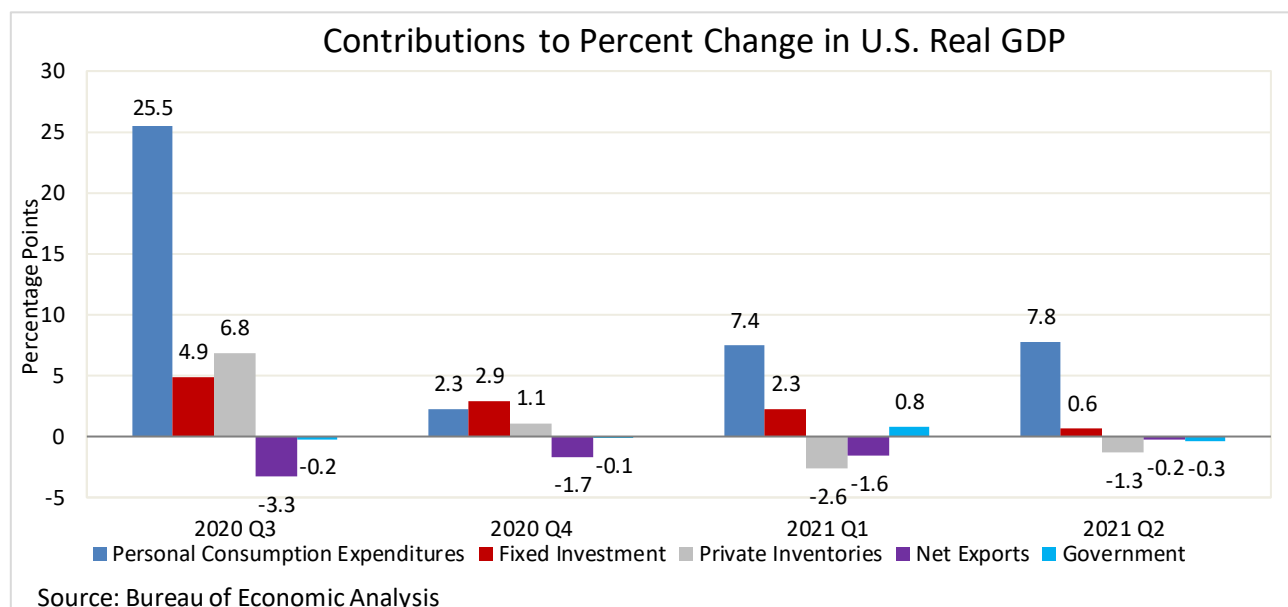
August GRF personal income tax receipts totaled \$766.0 million and were \$24.1 million (3.3%) above the estimate. For the year-to-date, revenue is \$38.2 million (2.7%) above estimate.

Economic Activity

According to the Bureau of Economic Analysis (BEA)'s 'second' estimate, **Real Gross Domestic Product (GDP)** expanded in the second quarter of calendar year 2021 at an annualized rate of 6.6 percent. This is an upward revision of 0.1 percentage points from their 'advance' estimate last month. The second quarter expansion reflected a reopening of many establishments, along with an expansion of capacity, and ongoing federal support related to the pandemic.



Specifically, the second quarter increase in real GDP resulted from growth in personal consumption expenditures (7.8 percentage points) and nonresidential fixed investment (1.2 percentage points). These increases were partially offset by decreases in private inventory investment (-1.3 percentage points), residential fixed investment (-0.6 percentage points), federal government spending (-0.4 percentage points), and net exports (-0.2 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 September 3, 2021, the national index was at 93.1 percent. Ohio’s index was 4.3 percentage points ahead of the national index at 97.4. Ohio’s average in August was 1.8 percentage points above its average in July, while the national rate increased half as much (0.9 percentage points) during the same timeframe.

The **Federal Reserve’s Beige Book** evaluates current economic conditions across its 12 districts. According to the September 8, 2021, report, the economy in the Fourth District, which includes Ohio, continued to see economic growth. Demand continued to grow across a range of industries, but supply constraints remained, particularly for firms in homebuilding, manufacturing and auto dealing. Employment levels rose modestly and while strong consumer demand continued. The prevalence of labor shortages continued as firms increased wages for potential and current employees. Firms remained optimistic that demand will continue to rise in upcoming months, but they were less optimistic that worker shortages will subside. Prices have increased as firms managed the rising costs of labor and materials.

The Conference Board’s composite **Leading Economic Index (LEI)** is an index designed to reveal patterns in economic data by smoothing the volatility of its 10 individual components. In July, the LEI increased 0.9 percent to reach 116.0 with all 10 components of the index increasing. The Leading Economic Index has trended upward since April 2020, this remains consistent with strong economic growth in the second half of the year. Growth is expected to continue but fears surrounding the Delta variant and inflation uncertainties could affect the U.S. economy in the short-term.

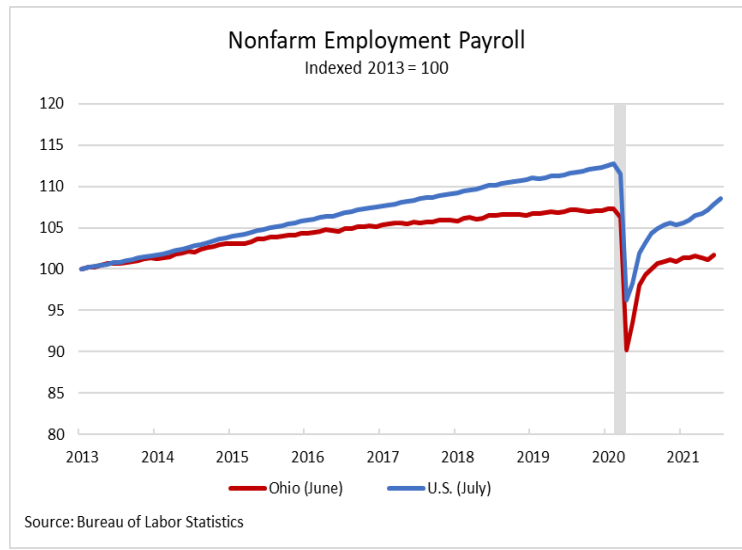
During August, many economists downgraded their forecasts for the third quarter of calendar year 2021. The most recent surge in COVID-19 cases, both in the United States and internationally, increased pressure on supply chain and labor market concerns. Additionally, the ending of the federal unemployment assistance programs and impacts from Hurricane Ida may slow the growth of the economy more than originally anticipated. Even with those additional concerns, the consensus among forecasters is for third quarter growth to be at an annualized rate of between three and four percent, still above the 50-year average quarterly growth of 2.8 percent, but not as robust as predicted a month ago.

Source	Date	3 rd Quarter 2021 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	9/02/21	3.7%
Federal Reserve Bank of New York (NowCast)	8/27/21	3.8%
IHS Markit GDP Tracker	9/03/21	3.4%
Moody’s Analytics High Frequency GDP Model	9/01/21	3.9%
Wells Fargo	8/12/21	6.8%
Conference Board	8/11/21	7.0%

Employment

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased by 235,000 jobs in August. Employment is up 17.0 million from April 2020 but remains below February 2020's pre-pandemic levels by 5.3 million jobs (3.5%). Notable gains were made in professional and business services, transportation and warehousing, private education, manufacturing, and other services.

In August, **professional and business services** jobs rose by 74,000. Employment increased in architectural and engineering services (19,000), as well as in computer systems design and related services (10,000) and in a few additional subsectors as well. Despite gains in employment this sector remained 468,000 jobs lower than in February 2020, with over half within temporary help services (-262,000).



Employment in **transportation and warehousing** increased by 53,000 jobs, bringing employment above its February 2020 level by 22,000 jobs. Employment has been led by couriers and messengers, and warehousing and storage which both added 20,000 jobs in August. In addition, air transportation employment increased by 11,000 jobs, however, transit and ground passenger transportation lost 8,000 jobs which includes school buses drivers.

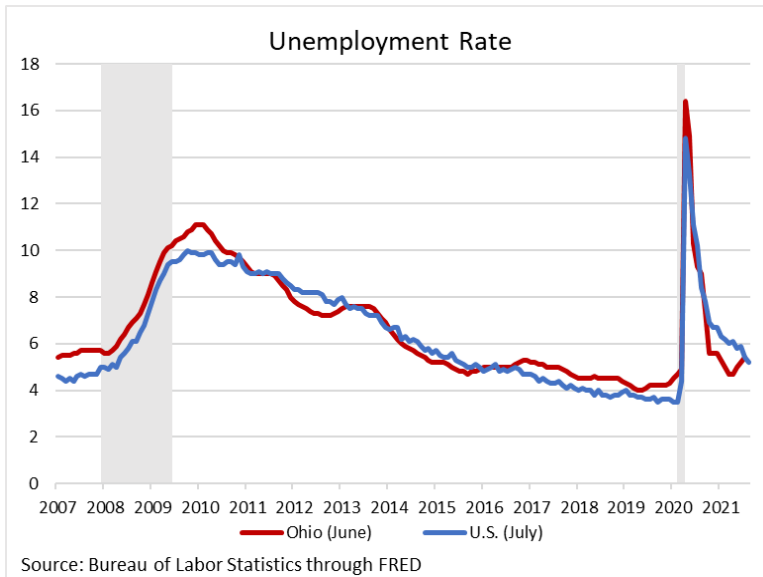
Private education employment rose by 40,000 jobs, however, **state government education** employment declined by 21,000 jobs and **local government education** decreased 6,000 jobs. Changes in public and private employment are challenging to interpret due to the normal seasonal hiring and layoff patterns being distorted due to the pandemic. Since February 2020, employment remains down by 159,000 in private education, 186,000 in state government education, and 220,000 in local government education

In August, **manufacturing** increased by 37,000 jobs but employment remained below February 2020 by 378,000. Within the industry there were job gains in motor vehicles and parts (24,000) and fabricated metal products (7,000).

Other services employment rose by 37,000 jobs but remained 189,000 below February 2020. Employment increased in personal and laundry services by 19,000 and by 9,000 in repair and maintenance services.

The **national labor force participation rate** was unchanged in August at 61.7 percent and has remained between 61.4 percent and 61.7 percent since June 2020. This rate was 1.6 percentage points lower than in February 2020. The **employment-population ratio** increased by 0.1 percentage points in August to 58.5 percent. However, the ratio remained 2.6 percentage points lower than in February 2020.

Ohio's nonfarm payroll employment increased 0.4 percent (19,200) to 5.3 million jobs between June and July, the second straight month-over-month increase. Nonfarm payroll employment was 4.8 percent lower than it was in February 2020. Sectors with notable gains between June and July included: leisure and hospitality (7,900), professional and business services (3,900), trade, transportation, and utilities (3,800), educational and health services (2,900), and manufacturing (2,100). These gains were partially offset by job losses in government (-2,100), and financial activities (-1,000). **Ohio's seasonally adjusted labor force participation rate** in July was 60.5 percent, an increase of 0.3 percentage points from June 2021. The rate remained 3.2 percentage points below February 2020's pre-pandemic level.



The Bureau of Labor Statistics reported that the national **unemployment rate** decreased 0.2 percentage points to 5.2 percent between July and August. The number of **unemployed individuals** decreased by 318,000 to 8.3 million. Despite both measures being substantially lower than their April 2020 highs, they remained above February 2020 levels by 3.5 percentage points and 5.7 million, respectively.

When examined by race, the unemployment rate for three out of the four groups decreased in August. The

unemployment rate for those who identify as Asian decreased by 0.7 percentage points to 4.6 percent. White decreased by 0.4 percentage points to 4.5 percent, and Hispanic or Latino decreased by 0.2 percentage points to 6.4 percent. The unemployment rate for those who identify as Black increased by 0.6 percentage points to 8.8 percent. In August, the unemployment rate for adult women decreased by 0.2 percentage points to 4.8 percent, while the rate for men decreased by 0.3 percentage points to 5.1 percent. The unemployment rate for teenagers increased by 1.6 percentage points to 11.2 percent.

The number of **job leavers**, which is defined as unemployed persons who quit or voluntarily left their previous job and began looking for new employment, decreased by 108,000 to 822,000 in August. The number of unemployed people who were on **temporary layoff** held relatively steady at 1.3 million in August. This was approximately 500,000 higher than in February 2020, but substantially reduced from the high of 18.0 million in April 2020. The number of people with **permanent job losses** fell by 443,000 to 2.5 million but remained 1.2 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, increased by 200,000 to 2.5 million.

The number of unemployed individuals who were **jobless less than 5 weeks** decreased by 174,000 to 2.1 million. Individuals who were **jobless 5 to 14 weeks** increased 205,000 to 2.1 million. Those **jobless 15 to 26 weeks** decreased 10,000 to 1.2 million. In August, unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, decreased 246,000 to 3.2 million. This measure is 2.1 million higher than in February 2020. The number of **people not in the labor force who currently want a job** decreased by 835,000 to 5.7 million people and is up by 700,000 since February

2020. These are individuals who want a job but are not counted as unemployed because they were not actively looking for work over the last four weeks or were unavailable to take a job for a variety of reasons including caring for children or other family members.

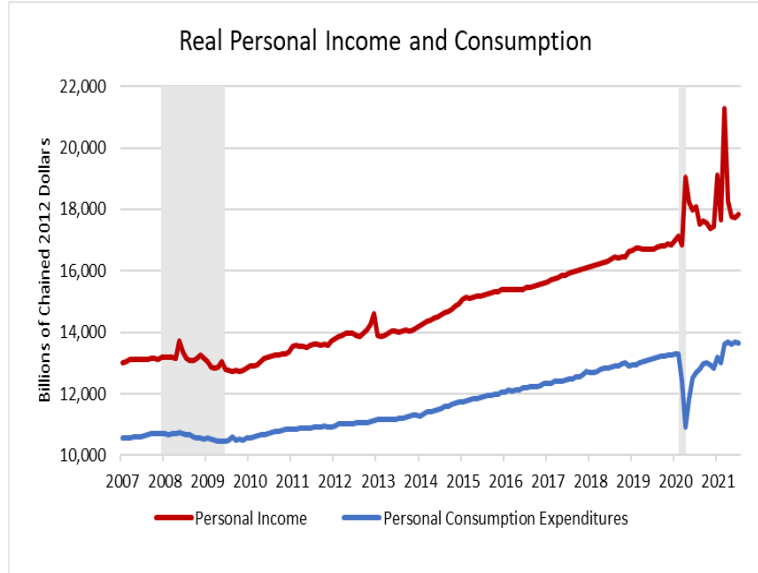
The **State-Level Coincident Index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators - nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index decreased by 0.1 percent between June and July and declined 0.5 percent between April and July 2021. Compared to July 2020 the Ohio index is up 10.7 percent but was down 0.3 percent from July 2019. For comparison, the U.S. coincident index increased 0.8 percent between June and July, and 1.9 percent increase between April and July. From June to July, indices improved in 46 states, declined in one state, and stayed stable in three. The July diffusion index for the U.S. was 90.0 and the three-month diffusion index was 94.0.

The **Conference Board's Employment Trends Index** aggregates eight different labor market indicators. The index increased 0.5 points from July's revised numbers to 109.9 in August marking the sixth consecutive month of increases. The slight increase resulted from an increase in five of the eight components, with the largest increase in the Initial Claims for Unemployment Insurance. Despite nominal growth in the index, the growth rate of the index has slowed in the past two months. This reflects the Delta variant's impact on the economy and the ability for in-person services. The trends of new COVID-19 infections and difficulties in finding employees could hinder employment growth. The Head of the Conference Board Labor Market Institute, Gad Levanon, suggested that severe labor shortages could ease by the end of 2021 as expanded unemployment benefits end and schools reopen, resulting in more workers returning to the labor market. Job growth in September is expected to be subpar but then should resume strong growth in the last quarter of 2021.

The **Ohio unemployment rate** increased 0.2 percentage points to 5.4 percent in July 2021. During the week ending August 28, 2021, a total of 13,740 initial unemployment claims were filed. This was a 95.0 percent decline from the peak week in March 2020 when 274,215 initial claims were filed. Individuals filing continued claims for the week ending August 28, 2021, totaled 55,022, the lowest number since the week ending December 14, 2019. However, an additional 78,944 people filed for extended benefits during the same week; these individuals were unemployed for 26 or more weeks. As of September 2, 2021, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning 150 employees of potential future layoffs and closures in September and 67 in October 2021.

Consumer Income and Consumption

According to the Bureau of Economic Analysis, **personal income** increased \$225.9 billion (1.1%) in July. This is the first month personal income has increased since March. This was mainly due to government social benefits, which increased by \$135.6 billion (3.4%) and compensation of employees, which increased \$109.8 billion (0.9%). Within government social benefits, “other” social benefits increased, however this was partially offset by a decrease in the unemployment insurance category, which decreased by \$52.5 billion. This reflects a decrease in payments from the Pandemic Unemployment Compensation program.



Real personal consumption expenditures, a measure of national consumer spending for goods and services, decreased 0.1 percent between June and July. While spending on goods decreased 1.6 percent, spending on services increased 0.6 percent. The increase in spending on services was widespread across all categories but was led by spending for food services and accommodations which increased by 1.5 percent. Overall spending on durable goods decreased by 2.6 percent, with motor vehicles and parts leading the decline by 3.7 percent. Spending on nondurable goods decreased by 0.9 percent, with the main decrease in clothing and footwear which declined by 1.9 percent. The declines in nondurable goods were offset by an increase in gasoline and other energy goods which increased 0.5 percent. The table below provides additional details on personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates.

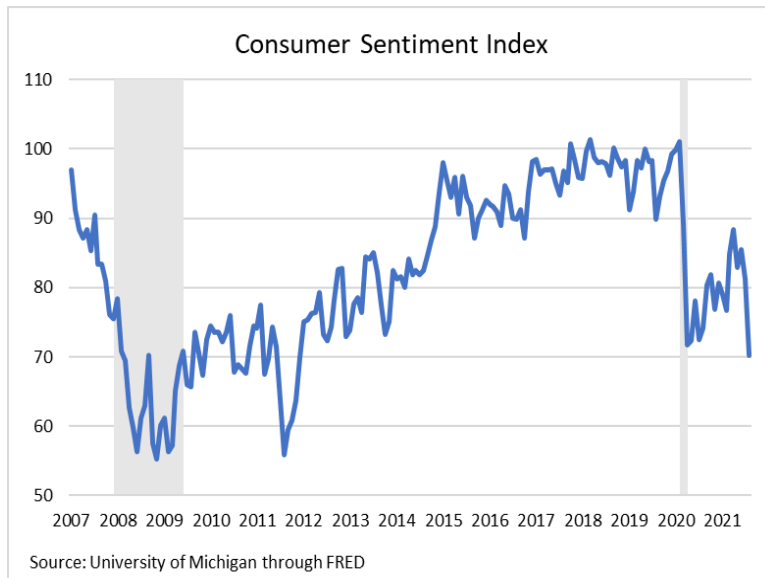
Consumer Spending by Industry, for Select Industries
(In Millions of Chained 2012 dollars)

	June 2021	July 2021	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Durable Goods	\$2,245,184	\$2,186,811	-2.6%	8.5%	24.2%
Motor vehicles and parts	\$632,434	\$609,256	-3.7%	4.8%	16.5%
Recreational goods and vehicles	\$810,315	\$790,518	-2.4%	8.8%	34.6%
Other durable goods	\$340,996	\$333,297	-2.3%	24.2%	30.4%
Nondurable goods	\$3,398,467	\$3,366,256	-0.9%	7.1%	12.0%
Clothing and footwear	\$509,736	\$499,957	-1.9%	19.9%	22.6%
Food and beverages purchased for off-premises consumption	\$1,109,239	\$1,096,465	-1.2%	2.1%	9.6%
Gasoline and other energy goods	\$438,775	\$441,169	0.5%	11.8%	-0.6%
Other nondurable goods	\$1,303,833	\$1,293,118	-0.8%	6.4%	13.9%
Services	\$8,267,751	\$8,319,023	0.6%	7.6%	-1.6%
Food services and accommodations	\$842,477	\$855,335	1.5%	30.5%	-0.3%
Recreation Services	\$410,652	\$415,435	1.2%	23.9%	-17.7%
Transportation services	\$368,598	\$380,757	3.3%	21.2%	-16.8%

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

Personal saving increased 9.7 percent (\$152.6 billion) in July 2021 compared to June. This increase can be attributed to a rise in household income along with the slowed growth in consumer spending. Since spending did not outpace the growth of incomes, personal saving reached \$1.7 trillion. In prior months, personal saving declined due to a decline in government economic impact payments that were received in March alone. Despite the declines in prior months, personal saving remained above the February 2020 level by 23.8 percent (\$332.0 billion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 9.6 percent, an increase of 0.8 percentage points between June and July.

The Bureau of Labor Statistics computes the consumer price index to measure the average change in prices paid by consumers for goods and services over time. The **Consumer Price Index for All Urban Consumers** (CPI) increased 0.5 percent in July, which followed a 0.9 percent increase in June. The ‘all items’ index increased 5.4 percent over the last 12-months, equaling the largest 12-month increase since the period ending in August 2008. The ‘all items’ index has been trending upward since January, when the 12-month change was 1.4 percent. After increasing by at least 7.3 percent in each of the previous three months, the Index for used cars and trucks only increased 0.2 percent. Additionally, the Index for ‘all items less food and energy’ increased 0.3 percent in July after increasing 0.9 percent in June.



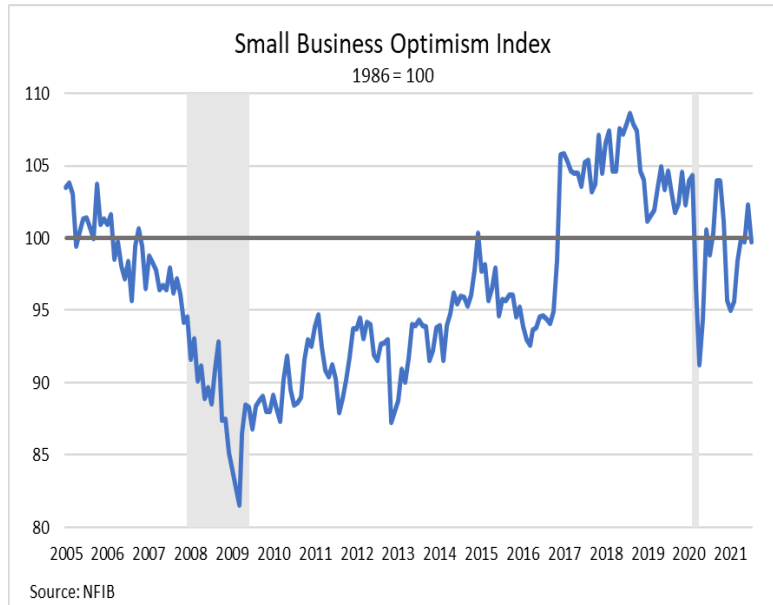
Results from the University of Michigan’s **Surveys of Consumers** indicated that consumer sentiment sharply declined in August following a smaller decrease in July. The Consumer Sentiment Index decreased 10.9 points to 70.3 in August 2021. This was a 13.4 percent decrease from July and a 5.1 percent decrease compared to August 2020. The Current Economic Conditions Index decreased 6.0 points to 78.5. This was a 7.1 percent decrease from July and a 5.3 percent decrease from August 2020. The Consumer Expectations Index decreased 13.9 points to 65.1. This was

a 17.6 percent decrease from July and a decrease of 5.0 percent compared to August 2020. The collapse of consumer confidence in August were driven by concerns with the high prices of vehicles, homes, and household durables goods. Extreme reactions caused by higher inflation, smaller declines in unemployment, the surging Delta variant, and slower wage growth all contributed to the least favorable readings in over a decade. Inflation expectations for the year ahead decreased by 0.1 percentage points in August to 4.6 percent but remain at levels not seen consistently since June 2008.

The **Conference Board’s Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, fell in August following a decrease in July. Consumer confidence in August was at 113.8, down from July’s revised value of 125.1, its lowest level since February 2021. The **Conference Board’s Present Situation Index**, which measures consumers’ current assessment of business and labor market conditions, decreased 9.9 percentage points from 157.2 in July to 147.3 in August. The **Conference Board’s Expectation Index** examines consumer short-term outlook for the economy. The index decreased in August to 91.4, down 12.4 percentage points from July. These decreases in consumer optimism were largely attributed to concerns regarding the Delta variant of COVID-19, as well as rising food and gas prices, albeit to a lesser extent. The Conference Board noted that it was too soon to definitively conclude that August’s decline will lead to consumers restricting their spending in the coming months.

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 2.8 percentage points to 99.7 in July, erasing nearly all of June’s 2.9 point increase.

Of the 10 components that comprise this Index, six declined, three improved, and one remained unchanged. Earning trends declined 8.0 points over the past three months, to a net negative 13.0 percent. The percent of owners raising average selling prices fell one point to a net 46.0 percent. The Uncertainty Index decreased 7.0 points to 76.0, as owners indicated that they were more certain about their views than in previous months. Qualified labor shortages continue to be an issue, as 49.0 percent of small business owners reported having openings that they couldn't fill during the current period, a 48-year record high.



The travel and hospitality industries continue to face significant challenges due to the pandemic and the rise of the delta variant. The **Transportation Security Administration** (TSA) tracks how many travelers go through TSA checkpoints as “throughput.” As summer travel is winding down and the rise of COVID-19, airline travel decreased 9.0 percent in August 2021 compared to July. Total travel throughput in August 2021 was 167.2 percent higher than in August 2020; however, travel was 22.8 percent lower in August 2021 compared to August 2019.

For the week ending August 28, 2021, **STR**, a company that provides analytics and data on the hospitality sector, reported the hotel occupancy rate was 61.0 percent which was 8.4 percent below the comparable week in 2019. The average daily rate for a hotel room was \$131.91, up 3.2 percent from the comparable week. Revenue per available room was \$80.53 and was 5.5 percent lower than the equivalent week in 2019.

Commercial vehicle miles traveled on the Ohio turnpike between August 1-28, 2021 increased 10.0 percent compared to the same period in 2020 and increased 2.8 percent compared to the same period 2019. **Passenger vehicle miles traveled** between August 1-28, 2021 increased 29.7 percent compared to the same period in 2020 and increased 13.6 percent compared to the same period in 2019. **Total revenue** on the Ohio turnpike was 19.9 percent higher between August 1-28, 2021 compared to the same period in 2020 and increased 13.3 percent compared to the same period in 2019.

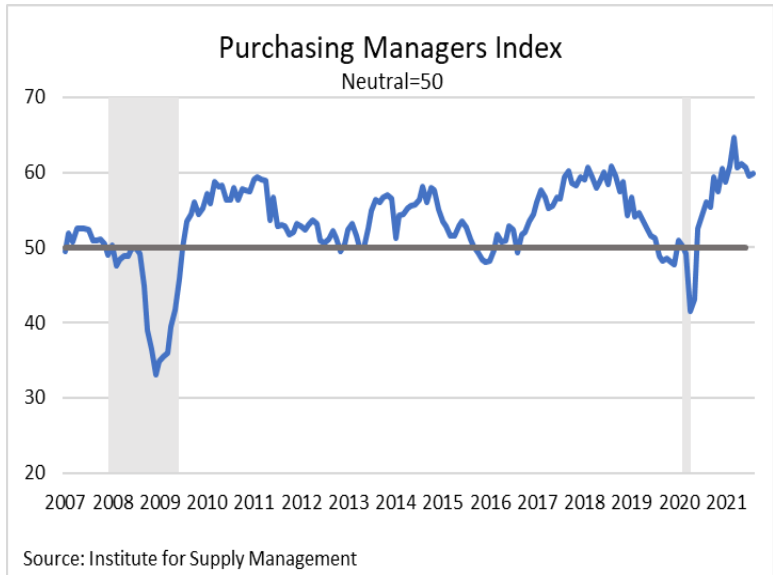
Industrial Activity

The Industrial Production Index, produced by the Board of Governors of the Federal Reserve System is an indicator that measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. Preliminary data released indicated that **total industrial production** increased 0.9 percent in July, following a revised increase of 0.2 percent in June. The July index was 6.6 percent higher compared to July 2020 and remained 0.2 percent below pre-pandemic levels in February 2020.

The **manufacturing production index** rose 1.4 percent in July and was 0.8 percent above its pre-pandemic level. The rise was led by gains in durable goods production (2.4%), while nondurable manufacturing increased at a more modest 0.3 percent. The increase of the durable goods index was driven by an increase in motor vehicles and parts, machinery, plastics and rubber products, and textile and product mills. These gains were partially offset by losses in fabricated metal products, apparel and leather, and petroleum and coal products.

Nationally, manufacturing in eight of the top 10 industries relevant to Ohio’s manufacturing sector increased production in July. The biggest move was seen in motor vehicles and parts, as it increased 11.2 percent following a revised 5.9 percent decrease in June. Other industry increases included: electrical equipment and appliances (2.3%), plastics and rubber products (2.0%), machinery (1.9%), aerospace and other transportation equipment (1.9%), primary metals (1.2%), chemicals (0.2%), and food, beverage, and tobacco products (0.1%). These gains were partially offset by decreases in petroleum and coal products (-0.6%), and fabricated metal products (-0.4%).

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 August, the PMI for the United States increased 0.4 percentage points to 59.9 percent, compared to July, indicating an overall expansion of the manufacturing economy for the 15th month in a row following a contraction in April 2020.



Between June and July, the New Orders Index increased 1.8 percentage points to 66.7 and the Production Index increased 1.6 percentage points to 60.0 percent. The Backlog of Orders Index rose 3.2 percentage points to 68.2 percent. The Employment Index contracted 3.9 percentage points to 49.0 percent. Overall, these indices provided evidence that the manufacturing sector continued to grow. Respondents continued to report an unprecedented struggle to meet increasing levels of demand due to rising prices for commodities, challenges in transporting products, long lead times, supply issues for critical basic materials resulting in short-term shutdowns, and difficulties in filling available positions.

Of the 18 industries tracked by the Manufacturing ISM[®] *Report on Business*, 15 reported growth between July and August. All 10 industries most important to Ohio manufacturing reported growth in the last month, with primary metals and electrical equipment and appliances leading the way.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effects of labor and supply chain shortages in August. A source in the Electrical Equipment, Appliances and Components industry

reported, “Business is strong. Part shortages are our largest business constraint. We cannot fulfill orders to customers in reasonable lead times. Now booking out into 2022, and it will get worse as we hit our cyclical high demand in the fourth quarter.” Additionally, a respondent in the Machinery industry reported, “Customer order backlog continues to climb because we are unable to raise production rates due to supplier parts and manpower challenges. [We] continue to see price increases with key commodities, and logistics is an ongoing challenge that has no end in sight.”

Construction

The U.S. Census Bureau estimated **total construction spending** in July to be at a seasonally adjusted annual rate of \$1.6 billion, which was 0.3 percent above the revised June estimate. The July 2021 estimate was 9.0 percent above that of July 2020 and 22.3 percent above July 2019.

Private sector construction spending in July 2021 was at a seasonally adjusted annual rate of \$1.2 billion. This was 0.3 percent above the revised June estimate and 13.6 percent above the rate of July 2020. Residential construction in July increased 0.5 percent from June and remained 27.0 percent above July 2020. On the other hand, nonresidential construction in July decreased 0.2 percent from the revised June rate and was 3.6 percent below July 2020.

Public sector construction spending in July was at a seasonally adjusted annual rate of \$337.8 billion. This was 0.7 percent above the revised June estimate but 5.1 percent below the July 2020 rate. Spending in July on education construction was 0.5 percent below June’s revised value and remained 6.4 percent below July 2020. Highway construction spending in July was 1.9 percent above the revised June value and was 0.1 percent below July 2020.

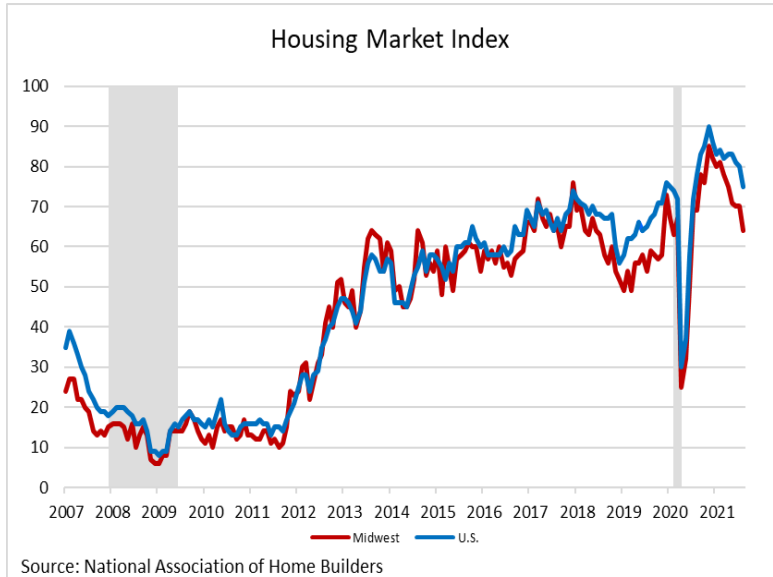
Nationally, the number of privately-owned housing units approved increased 2.3 percent between June and July and were 5.7 percent above July 2020 levels. In Ohio, building permits for privately-owned units declined 13.6 percent in July, and were 11.4 percent below the number of permits issued in July 2020. Nationally, privately-owned housing starts in July decreased 7.0 percent compared to June and were 2.5 percent above the July 2020 rate. Privately-owned housing starts in the Midwest decreased 6.9 percent between June and July, and were 10.5 percent below July 2020 levels. Nationally, privately-owned housing completions increased 5.6 percent in July and were 3.8 percent above the July 2020 rate. In July, privately-owned housing completions in the Midwest increased 3.5 percent and were 17.9 percent above the July 2020 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In July, new home sales increased 1.0 percent to an estimated 708,000, and remained 27.2 percent below the July 2020 estimate. In the Midwest, new home sales decreased 20.2 percent between June and July, and were 44.1 percent below the the July 2020 level. The national median sales price in July was \$390,500. This represented a 5.5 percent increase compared to June 2021 and a 18.4 percent increase compared to July 2020.

Existing home sales, as reported by the National Association of Realtors, increased in July which marked two consecutive months of increases. Sales increased 2.0 percent in July, compared to June at a seasonally adjusted annual rate of 6.0 million housing units. This was an increase of 1.5 percent from the year prior. Available inventory in July rose to 1.3 million units, an increase of 7.3 percent from June but remained 12.0 percent lower than a year ago. Despite the easing of conditions, the lack of inventory continues to hamper home sales, which resulted in a decline in affordable housing along

with fewer starter homes available. The median sale price of all existing homes increased 17.8 percent from a year ago. July 2021 was the 113th continuous month of year-over-year increases in existing median home sales price. Sales in the Midwest increased 3.8 percent in July but sales declined 1.4 percent from a year ago. According to the **Ohio Realtors**, activity in the Ohio housing market slightly decreased during the month of July, as home sales fell 3.8 percent compared to July 2020. The average sale price was \$252,162 in July, a 12.9 percent increase compared to July of 2020.

The **Housing Market Index (HMI)** from the National Association of Home Builders (NAHB) and Wells Fargo takes the pulse of the single-family housing market and asks respondents to rate market conditions for the sale of new homes at the present time and in the next six months. A reading above 80 indicates a strong demand in the housing market. Nationally, the HMI Index decreased 5.0 points in August to 75.0 from a revised 80.0 in July, a 6.3 percent decline. This month-over-month decline was the largest since April 2020 and fell to its lowest point overall since July 2020. The decline in builder confidence stems from a continued shortage of materials, leading to higher prices and sticker shock for some prospective buyers. In the Midwest, the HMI decreased 8.8 percent from 70.0 in July to 64 in August, the lowest reading since June 2020.



REVENUES

August GRF tax revenues were \$15.4 million (0.7%) above estimate and were \$103.1 million (4.6%) above last year. Some of the year-over-year growth is attributable to commercial activity tax (CAT) revenues, which grew by \$77.8 million; such growth reflects recovery from the reduced revenue levels experienced early last fiscal year that were based on business activity occurring in the April-June 2020 period, the most economically severe stage of the pandemic. Remaining tax revenue growth in August came from auto and non-auto sales taxes, which were \$91.3 million over last year's level. The only notable decrease in tax revenue came from the personal income tax (a decline of \$71.9 million), and that was due to resumption in the normal timing of tax receipts as last year's levels were inflated by the extension of the annual tax return and payment due date (with revenue shifted from later months of fiscal year 2020 and into early months of fiscal year 2021).

Aggregate (tax and non-tax) GRF receipts totaled \$3.1 billion in August and were \$141.7 million (-4.3%) below estimate. As noted above, tax revenues were \$15.4 million (0.7%) above estimate. Non-tax receipts were \$157.0 million (-17.2%) below estimate. For the year-to-date, tax revenues are above estimate, non-tax receipts are below estimate, and transfers are above estimate as shown in the table below.

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	\$40.1	0.9%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$148.7)	-5.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$4.9	16.3%
TOTAL REVENUE VARIANCE:		(\$103.7)	-1.5%
Non-federal revenue variance		(\$20.8)	-0.5%
Federal grants variance		(\$82.9)	-3.4%

For August, receipts and transfers were \$330.9 million (-9.6%) below the previous year. Tax receipts increased by \$103.1 million (4.6%), non-tax receipts decreased by \$460.4 million (-37.8%), and transfers increased by \$26.4 million (659.1%). For the year-to-date, tax receipts are \$379.2 million (-8.1%) below last year and non-tax receipts are \$413.1 million (-14.8%) below the prior year. Transfers are \$44.5 million (-55.8%) below last year on a year-to-date basis.

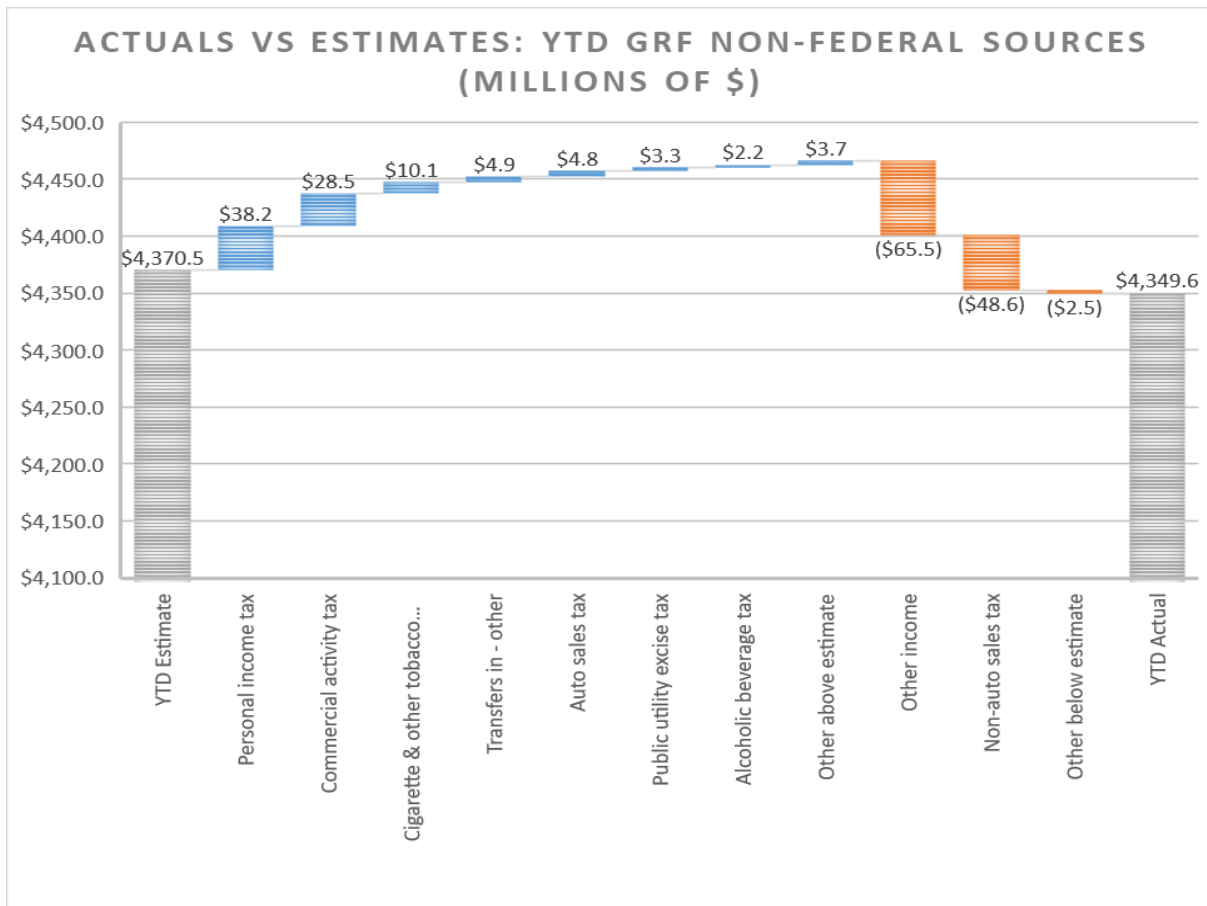
During August, the source with the largest year-over-year increase was commercial activity tax, at \$77.8 million (28.0%) above last year. The next-largest increases were non-auto sales tax at \$67.4 million (8.4%) and auto sales tax at \$23.9 million (15.3%). The largest decline was experienced by Federal grants at \$390.3 million (-34.2%), followed by personal income tax at \$71.9 million (-8.6%) and other income at \$72.0 million (-98.2%).

The table below shows that sources below estimate (a negative variance of \$182.1 million) in August outweighed the size of sources above estimate (a positive variance of \$40.5 million), resulting in a \$141.7 million net negative variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Personal income tax	\$24.1	Federal grants	(\$85.6)
Commercial activity tax	\$8.8	Other income	(\$71.8)
Public utility excise tax	\$3.2	Non-auto sales tax	(\$19.6)
Kilowatt-hour tax	\$2.1	Cigarette & other tobacco products tax	(\$1.6)
Other sources above estimate	\$2.2	Other sources below estimate	(\$3.5)
Total above	\$40.5	Total below	(\$182.1)

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



The preceding chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for fiscal year 2022 to date, with the net difference amounting to -\$20.8 million.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in August totaled \$870.0 million and were \$19.6 million (-2.2%) below estimate. For the fiscal year-to-date, revenues are \$48.6 million (-2.6%) below estimate. August revenue was \$67.4 million (8.4%) above the prior year, while year-to-date revenue is \$65.7 million (3.8%) above fiscal year 2020.

Structural aspects of the sales tax that create timing lags impacted August's GRF revenue outcomes and also occurred to a larger degree in July. August GRF non-auto revenue was net of permissive sales tax distributions, which were based on collections that occurred in June. (Ohio law requires that each county and transit authority imposing a local sales tax is to be provided its appropriate tax distribution in the second month following the end of the month in which payments are made to the state treasury.) Non-auto permissive distributions were \$42.4 million larger in August 2021 than the prior year; they accounted for 21.6 percent of total (all-funds) non-auto sales tax revenue in August compared to 19.6 percent in the prior year. Because of the substantial growth in August's permissive

distributions (due to June’s historic performance compared to the prior year’s pandemic-suppressed collections), this translated into a larger draw against GRF tax revenue in August as compared to last August. Accordingly, an “all-funds” (combined GRF, Public Library Fund, and permissive sales tax distribution funds) measurement of non-auto sales tax revenue provides a more complete view of how the revenue source performed. Using the all-funds figure, non-auto sales tax revenue grew by \$105.9 million (10.3%) in August; it reached a dollar amount (\$1.13 billion) that – although not as high as the record levels attained during the April through July period – was higher than or closely in line with the first nine months of fiscal year 2021.

Evidence continues to show a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods, fostering sales tax revenue intake due to its orientation toward taxation of goods. The current “Monthly Event Study of Spending” table issued by BEA – a high-frequency data series which uses credit card spending data from Fiserv (a major card intermediary company) – continues to indicate significant declines in industries generally not subject to sales tax: Recreation, Accommodations, and Food Services categories show median growth rates ranging from -13.2 percent to -8.8 percent in July relative to pre-pandemic levels. Most retail segments that are predominantly subject to Ohio sales tax continued to display strong growth: Furniture, Building Materials & Garden Equipment, Electronics and Appliance, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 9.4 percent to 39.9 percent in July.

U.S. retail data emanate each month from the U.S. Census, through its Monthly Advance Retail Trade Survey (MARTS) program. During the July 2020-June 2021 period, the MARTS data for retail categories that are predominantly subject to Ohio non-auto sales tax (comprised of companies with NAICS codes 4413, 442, 443, 444, 448, 451, 452, 453, and 454) displayed a year-over-year growth rate of 11.2 percent. In comparison, Ohio sales tax collections from analogous retail categories experienced 17.3 percent growth during the July 2020-June 2021 period (this reflects the most recent available information).

A year-over-year comparison of retail sales from the MARTS data show moderating increases over recent months: for the retail categories listed above (excluding NAICS 4413 which is not available in the most recent month), year-over-year growth of non-seasonally adjusted sales was 11.8 percent in July 2021, while June 2021 showed 15.6 percent growth and May 2021 indicated 18.1 percent growth. This progression is not a surprise, especially given the impaired base year and improvement in retail conditions as consumers emerged and the economy opened back up last summer. Still, month-to-month sales declined in the most recent data release: using seasonally adjusted figures, July 2021 sales for the above-indicated retail categories were 1.4 percent below June’s level.

Auto Sales Tax

August auto sales tax revenues were \$180.3 million and were \$0.7 million (0.4%) above the estimate. For the year-to-date, this source is \$4.8 million (1.3%) above estimate. The source was \$23.9 million (15.3%) above last August. On an all-funds basis, auto sales tax revenue increased by \$30.2 million (15.5%) in August.

The U.S. light vehicle market continues to be highly dynamic, impacted by events and conditions that have unfolded since the onset of the pandemic. A return to market equilibrium is not yet in sight. A brief recapitulation of developments since this spring may be in order. Stoked by federal fiscal

stimulus, strong consumer demand for vehicles occurred just as vehicle production was inhibited by various factors, particularly supply chain (e.g., semiconductor microchip) shortages. This has led to historic increases in average prices; this has been especially true for used vehicles as many consumers otherwise planning to purchase new vehicles have chosen to buy late-model used vehicles. Demand has been sufficiently vigorous to overcome price obstacles and has resulted in very large aggregate sales values, despite supply issues that have inhibited the number of transactions. Private-party (non-retail) sales have also apparently been vibrant and contributed to this result. These dynamics help explain why Ohio GRF auto sales tax revenues remained strong throughout fiscal year 2021, with revenues reaching all-time monthly highs in July 2020 and April 2021 and attaining a record annual total that was 23.6 percent larger than fiscal year 2019 and 23.5 percent larger than fiscal year 2020. Elevated performance continues so far in fiscal year 2022: August had the third-highest amount of GRF auto sales tax revenue on record.

U.S. data over the last several months show new and used vehicle unit sales declining well below the peak levels reached this spring. U.S. new light vehicle sales in August reached an estimated 13.1 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 a 10.3 percent decrease from July and signifies the fourth-straight monthly decline, with a 28.4 percent decrease observed since April. The August figure is 14.4 percent lower than the previous year. August's annualized figure is the lowest level since June 2020. On an unadjusted basis, 1.1 million units were sold in August; this represents a 17.3 percent decline from last August. Cox Automotive reports that new vehicle supply – which reached 70 days of inventory near the beginning of this calendar year – is now at one-half that level and is well below the approximately 60-day and 80-day levels existing at this time in 2020 and 2019, respectively. Computer chip shortages continue to be cited as the major cause of constrained sales.

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during August to be 3.7 million (not annualized and not seasonally adjusted), remaining about level with July and 6.0 percent above last year. Used vehicle supply is continuing to increase although it is still modestly below 2019 levels.

The data also continue to show average prices being considerably elevated from prior-year and pre-pandemic levels. Cox Automotive reports that average listing prices for used vehicles reached \$25,500 at the close of July, surpassing the \$25,000 record reached a month earlier. Moody's Analytics reports that its wholesale price index for used vehicles increased by 25.8 percent in August from the prior year. Meanwhile, new vehicle transaction prices continued to grow in August: TrueCar, Inc. estimates that the average transaction price for new vehicles was \$38,520 in August, up 0.5 percent from July and entailing a 5.9 percent increase relative to last August.

Quarterly data compiled by the Ohio Bureau of Motor Vehicles on Ohio taxable sales of motor vehicles is currently available through the second quarter of calendar year 2021. Last month's edition of this report contains figures from that quarterly data release. OBM will include the third-quarter data in next month's Monthly Financial Report.

Personal Income Tax

August GRF personal income tax receipts totaled \$766.0 million and were \$24.1 million (3.3%) above the estimate. For the year-to-date, revenue is \$38.2 million (2.7%) above estimate. On a year-over-year basis, August income tax collections were \$71.9 million (-8.6%) below August 2020 collections.

Withholding collections nearly matched the estimate, with a variance of \$1.6 million (-0.2%). For the fiscal year to date, it nearly matches the estimate with a positive variance of \$1.0 million (0.1%). Withholding was \$53.7 million (7.2%) above last year. However, a portion of August’s employer withholding increase was due to one additional business day compared to last year, and therefore an additional day of receipts. Approximately \$17 million of the year-over-year increase was due to this; collections would have grown by an estimated 5.0 percent if not for the additional day.

Refunds were the next-largest component for August. This component was \$12.2 million (-27.5%) below estimate and \$20.2 million (-38.5%) lower than last year. However, a comparison with last year is not very illuminating because of the July 15 extended filing date allowed for tax year 2019 tax returns, which resulted in a much higher level of refunds in early fiscal year. For the elapsed (January-August 2021) filing season, refunds have exceeded estimate by \$64.8 million (4.0%). Compared to January-August 2020, refunds this filing season have declined by \$226.2 million (-11.9%).

Local distributions nearly matched the estimate but were \$8.1 million smaller than the prior year. Because this component is almost entirely driven by the size of prior-month total GRF tax revenues, the significant timing-driven decrease in revenue during July 2021 resulted in a similar year-over-year percentage decrease in local distributions in August 2021.

August was a relatively modest month for the remaining income tax components although they all performed above estimate. Quarterly estimated income tax payments were \$3.0 million (25.3%) above estimate; this component is \$0.3 million (-1.0%) below estimate for the fiscal year. Annual return payments were \$8.4 million (195.8%) above estimate and are \$0.7 million (-2.6%) below estimate for the fiscal year. Except for the “other” payment category, collections from these various components were well below last year’s level because last year was inflated by the tax return filing and payment extension mentioned above.

AUGUST PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Actual August	Estimate August	\$ Var	Actual Aug-2021	Actual Aug-2020	\$ Var Y-over-Y
Withholding	\$797.6	\$799.2	(\$1.6)	\$797.6	\$743.9	\$53.7
Quarterly Est.	\$14.9	\$11.9	\$3.0	\$14.9	\$38.6	(\$23.7)
Annual Returns & 40 P	\$12.7	\$4.1	\$8.4	\$12.7	\$123.5	(\$110.8)
Trust Payments	\$1.3	\$0.7	\$0.6	\$1.3	\$22.4	(\$21.1)
Other	\$6.7	\$4.8	\$1.9	\$6.7	\$4.8	\$1.8
Less: Refunds	(\$32.3)	(\$44.5)	\$12.2	(\$32.3)	(\$52.4)	\$20.2
Local Distr.	(\$34.9)	(\$34.5)	(\$0.4)	(\$34.9)	(\$43.0)	\$8.1
Net to GRF	\$766.0	\$741.9	\$24.1	\$766.0	\$837.9	(\$71.9)

(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)

August revenues were \$8.8 million (2.5%) above the estimate. For the year to date, the source is \$28.5 million (6.9%) above estimate. Because the revenue estimate for September is only \$8.3 million, the results observed in the first two months ensure that revenue performance for the entire first quarter of fiscal year 2022 will be stronger than expected. In addition, CAT revenue in August was \$77.8 million (28.0%) above last year. Fiscal year to date revenue is \$109.5 million (33.0%) above the previous year. The exuberant growth is mostly due to the greatly suppressed revenue levels in the first quarter of fiscal year 2021, which reflected the most severe quarterly period of economic activity (April-June 2020) that occurred early in the pandemic.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$756.3 million and were \$157.0 million (-17.2%) below estimate for the month of August. This negative variance was driven by the Federal Grants category, which was \$85.6 million (-10.2%) below estimate. This variance coincides with lower than projected Medicaid disbursements for the month, discussed in the disbursement section of this report.

Also contributing to the negative variance was the Other Income category, which was \$71.8 million (-98.2%) below estimate for the month. This large variance was caused by the timing of the JobsOhio deferred compensation payments from liquor profits. This payment was estimated for August but will occur in September, causing an offsetting positive variance in next month's report.

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL AUGUST	ESTIMATE AUGUST	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	870,002	889,600	(19,598)	-2.2%	1,817,480	1,866,100	(48,620)	-2.6%
Auto Sales & Use	180,272	179,600	672	0.4%	359,285	354,500	4,785	1.3%
Subtotal Sales & Use	1,050,274	1,069,200	(18,926)	-1.8%	2,176,765	2,220,600	(43,835)	-2.0%
Personal Income	766,020	741,900	24,120	3.3%	1,431,654	1,393,500	38,154	2.7%
Corporate Franchise	372	0	372	N/A	408	0	408	N/A
Financial Institutions Tax	418	0	418	N/A	(23)	700	(723)	-103.3%
Commercial Activity Tax	355,841	347,000	8,841	2.5%	441,575	413,100	28,475	6.9%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	34,612	31,400	3,212	10.2%	34,877	31,600	3,277	10.4%
Kilowatt Hour	32,531	30,400	2,131	7.0%	53,430	52,100	1,330	2.6%
Natural Gas Distribution	11,028	13,100	(2,072)	-15.8%	12,874	13,900	(1,026)	-7.4%
Foreign Insurance	0	0	0	N/A	5	300	(295)	-98.3%
Domestic Insurance	(98)	200	(298)	-149.1%	1,614	200	1,414	706.9%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	82,875	84,500	(1,625)	-1.9%	112,244	102,100	10,144	9.9%
Alcoholic Beverage	3,752	4,900	(1,148)	-23.4%	13,533	11,300	2,233	19.8%
Liquor Gallonage	5,250	4,900	350	7.1%	10,194	9,700	494	5.1%
Estate	3	0	3	N/A	3	0	3	N/A
Total Tax Receipts	2,342,878	2,327,500	15,378	0.7%	4,289,152	4,249,100	40,052	0.9%
NON-TAX RECEIPTS								
Federal Grants	750,310	835,911	(85,601)	-10.2%	2,346,378	2,429,251	(82,873)	-3.4%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	4,635	4,282	354	8.3%	5,419	5,830	(411)	-7.0%
Other Income	1,299	73,094	(71,795)	-98.2%	19,683	85,188	(65,505)	-76.9%
ISTV'S	7	0	7	N/A	84	0	84	N/A
Total Non-Tax Receipts	756,252	913,287	(157,035)	-17.2%	2,371,564	2,520,269	(148,705)	-5.9%
TOTAL REVENUES	3,099,130	3,240,787	(141,657)	-4.4%	6,660,715	6,769,369	(108,654)	-1.6%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	30,362	30,362	0	0.0%	35,310	30,362	4,948	16.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	30,362	30,362	0	0.0%	35,310	30,362	4,948	16.3%
TOTAL SOURCES	3,129,493	3,271,150	(141,657)	-4.3%	6,696,026	6,799,732	(103,706)	-1.5%

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	AUGUST FY 2022	AUGUST FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	870,002	802,596	67,406	8.4%	1,817,480	1,751,787	65,693	3.8%
Auto Sales & Use	180,272	156,342	23,930	15.3%	359,285	338,920	20,365	6.0%
Subtotal Sales & Use	1,050,274	958,938	91,336	9.5%	2,176,765	2,090,707	86,058	4.1%
Personal Income	766,020	837,879	(71,858)	-8.6%	1,431,654	2,017,839	(586,185)	-29.1%
Corporate Franchise	372	12	360	3013.8%	408	180	228	126.4%
Financial Institutions Tax	418	385	33	8.5%	(23)	2,390	(2,413)	-101.0%
Commercial Activity Tax	355,841	278,052	77,789	28.0%	441,575	332,046	109,528	33.0%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	34,612	31,029	3,583	11.5%	34,877	31,285	3,592	11.5%
Kilowatt Hour	32,531	28,533	3,999	14.0%	53,430	51,383	2,047	4.0%
Natural Gas Distribution	11,028	13,532	(2,504)	-18.5%	12,874	13,570	(695)	-5.1%
Foreign Insurance	0	0	0	N/A	5	37	(32)	-86.4%
Domestic Insurance	(98)	445	(543)	-122.1%	1,614	824	790	95.9%
Other Business & Property	0	0	0	N/A	0	15	(15)	N/A
Cigarette and Other Tobacco	82,875	80,472	2,402	3.0%	112,244	106,082	6,162	5.8%
Alcoholic Beverage	3,752	5,310	(1,558)	-29.3%	13,533	11,943	1,590	13.3%
Liquor Gallonage	5,250	5,150	100	1.9%	10,194	10,026	168	1.7%
Estate	3	1	2	213.8%	3	1	2	213.8%
Total Tax Receipts	2,342,878	2,239,738	103,140	4.6%	4,289,152	4,668,328	(379,176)	-8.1%
NON-TAX RECEIPTS								
Federal Grants	750,310	1,140,575	(390,265)	-34.2%	2,346,378	2,697,761	(351,383)	-13.0%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	4,635	2,761	1,874	67.9%	5,419	6,397	(978)	-15.3%
Other Income	1,299	73,327	(72,028)	-98.2%	19,683	80,525	(60,842)	-75.6%
ISTV'S	7	1	6	726.0%	84	7	77	1136.7%
Total Non-Tax Receipts	756,252	1,216,664	(460,412)	-37.8%	2,371,564	2,784,690	(413,127)	-14.8%
TOTAL REVENUES	3,099,130	3,456,402	(357,272)	-10.3%	6,660,715	7,453,018	(792,303)	-10.6%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	30,362	4,000	26,362	659.1%	35,310	79,832	(44,522)	-55.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	30,362	4,000	26,362	659.1%	35,310	79,832	(44,522)	-55.8%
TOTAL SOURCES	3,129,493	3,460,402	(330,909)	-9.6%	6,696,026	7,532,850	(836,825)	-11.1%

DISBURSEMENTS

August GRF disbursements, across all uses, totaled \$3.2 billion and were \$136.5 million (-4.1%) below estimate. This variance was primarily attributable to below estimate disbursements in Medicaid. On a year-over-year basis, August total uses were \$336.0 million (-9.5%) 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)	-\$355.4	-10.1%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$19.4	601.9%
TOTAL DISBURSEMENTS VARIANCE:		\$336.0	-9.5%

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. August disbursements for this category totaled \$1.0 billion and were \$6.5 million (-0.6%) below estimate. This variance was primarily attributable to below estimate disbursements in the Early Childhood Education and Special Education Enhancements line items due to timing of payments. Disbursements for the Early Childhood Education line item were below estimate as provider claims for reimbursement were less than estimated in August. Disbursements for the Special Education Enhancements line item were below estimate as payments to the Department of Youth Services and Department of Rehabilitation and Corrections will occur in September instead of August as planned. This below estimate spending was partially offset by above estimated spending in the Foundation Funding line item as scholarship and foundation funding payments were above estimate.

Expenditures for the school foundation program totaled \$976.2 million and were essentially at estimate. Year-to-date disbursements were \$1.8 billion, which were \$6.5 million (-0.4%) below estimate. On a year-over-year basis, disbursements in this category were \$21.6 million (2.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$67.8 million (3.9%) higher than the same point in fiscal year 2021.

Higher Education

August disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$189.9 million and were \$5.2 million (-2.7%) below estimate. This variance was primarily attributable to disbursements in the Choose Ohio First Scholarship, War Orphans and Severely Disabled Veterans' Children Scholarship, and the Ohio College Opportunity Grant Scholarship Programs line items, which were \$3.5 million below estimate due to lower-than-expected requests for reimbursement from higher education institutions. Another significant source of the variance was the result of spending in the Shawnee State Supplement line, which was \$1.2 million below estimate due to a delay in establishing the Memorandums of Understanding (MOU) that is necessary prior to disbursement of funds.

Year-to-date disbursements were \$365.0 million and were \$5.2 million (-1.4%) below estimate. On a year-over-year basis, disbursements in this category were \$3.0 million (-1.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$4.9 million (-1.3%) lower 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.

August disbursements in this category totaled \$8.1 million and were \$0.7 million (9.1%) above estimate. Year-to-date disbursements were \$17.4 million and were \$0.7 million (4.1%) above estimate. On a year-over-year basis, disbursements in this category were \$0.2 million (2.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were equal to disbursements at the same point in fiscal year 2021.

Medicaid

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

Expenditures

August GRF disbursements for the Medicaid Program totaled \$1.17 billion and were \$154.6 million (-11.7%) below estimate and \$625.3 million (-34.8%) below disbursements for the same month in the previous fiscal year.

The monthly GRF variance was primarily attributable to below estimate spending in the managed care program due to delays in non-enrollment related payments and delays in the implementation of new managed care rates. As anticipated during the budget planning process, managed care enrollment continues to increase month-to-month due to the suspension of redeterminations as mandated by federal law and remains close to estimate in all major eligibility categories. Fee-for-Service

enrollment, however, was approximately 4% below estimate further contributing to the below estimate GRF spending. The year-over-year variance is primarily attributable to the timing and use of non-GRF funds, which can significantly affect month-to-month GRF usage. Fiscal year 2022 exhibits more non-GRF spending in the beginning of the fiscal year when compared to fiscal year 2021.

August all-funds disbursements for the Medicaid Program totaled \$2.59 billion and were \$224.2 million (-8.0%) below estimate, and \$344.8 million (-11.7%) below disbursements for the same month in the previous fiscal year.

The August all-funds variance was primarily attributable to the delayed payments and rate implementation delays in the managed care program (as mentioned above) as well as the timing of payments in the Care Innovation and Community Improvement Program (CICP), which were delayed to future months.

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

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

	<u>Aug. Estimate</u>	<u>Aug. Actual</u>	<u>Variance</u>	<u>Variance %</u>
GRF	\$1,326.4	\$1,171.8	-\$154.6	-11.7%
Non-GRF	\$1,487.9	\$1,418.3	-\$69.5	-4.7%
All Funds	\$2,814.3	\$2,590.1	-\$224.2	-8.0%

Enrollment

Total August enrollment was 3.26 million, which was 6,561 (-0.2%) below estimate and 255,930 (8.5%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.25 million and was 7,530 (-0.2%) below estimate.

Enrollment

Total August enrollment was 3.26 million, which was 6,561 (-0.2%) below estimate and 255,930 (8.5%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.25 million and was 7,530 (-0.2%) below estimate.

August enrollment by major eligibility category was: Covered Families and Children, 1.80 million; Group VIII Expansion, 817,400; and Aged, Blind and Disabled (ABD), 496,700.

**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.

August disbursements in this category totaled \$111.5 million and were \$31.4 million (-22.0%) below estimate. Year-to-date disbursements were \$236.8 million and were \$31.4 million (-11.7%) below estimate. On a year-over-year basis, disbursements in this category were \$2.1 million (1.9%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$5.3 million (2.3%) higher than at the same point in fiscal year 2021.

Department of Health

August disbursements for the Department of Health totaled \$10.8 million and were \$3.8 million (-26.1%) below estimate. This variance was primarily attributable to disbursements in the Help Me Grow and Infant Vitality line items, which were each \$1.2 million below estimate, and the Chronic Disease, Injury Prevention, and Drug Overdose line item, which was \$1.2 million below estimate, due to adjustments to service delivery methods in response to the pandemic which has affected the timing of disbursements.

Department of Job and Family Services

August disbursements for the Department of Job and Family Services totaled \$40.7 million and were \$22.8 million (-35.87%) below estimate. This variance was primarily attributable to the Family and Children Services line item, which was \$11.5 million below estimate due in large part to a delay in releasing payment for prior year encumbrances for Children's Best Practices, Foster Parent Recruitment, Ohio Multi-System Youth and Ohio Start programs as anticipated. The Ohio Governor Imagination Library line item was \$5.0 million below estimate due to the encumbrance being paid out in September 2021 instead of August 2021 as anticipated. The Program Operations line item was \$5.5 million below estimate because invoices from prior period contracts and maintenance agreements were not received as anticipated. The Child, Family, and Community Protection Services line item was \$1.7 million below estimate due a delay in releasing payment for a prior year encumbrance for Community & Protective Services allocation as anticipated.

Department of Mental Health and Addiction Services

August disbursements for the Department of Mental Health and Addiction Services totaled \$47.8 million and were \$1.7 million (-3.4%) below estimate. This variance was primarily attributable to disbursements in the Hospital Services line item, which was \$1.5 million below estimate and the Continuum of Care Service line item, which was also \$1.5 million below estimate. The Hospital Service line item was below estimate due primarily to lower than projected payroll and a delayed IT related payment. The Continuum of Care line item was below estimate due primarily to delayed payments. This variance was partially offset by the Prevention and Wellness line item, which was \$1.2 million above estimate as payments to the local Alcohol Drug and Mental Health Boards (ADAMH) for prevention related services was disbursed earlier than estimated.

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.

August disbursements in this category totaled \$177.0 million and were \$29.2 million (-14.1%) below estimate. Year-to-date disbursements were \$497.3 million and were \$29.2 million (-5.5%) below estimate. On a year-over-year basis, disbursements in this category were \$9.7 million (5.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$4.4 million (0.9%) higher than at the same point in fiscal year 2021.

Office of the Attorney General

August disbursements for the Office of the Attorney General totaled \$9.0 million and were \$3.2 million (54.8%) above estimate. This variance was primarily attributable to unanticipated disbursements in the Rape Crisis Centers line item, which was \$3.0 million above estimate.

Department of Public Safety

August disbursements for the Department of Public Safety totaled \$2.3 million and were \$1.4 million (-31.1%) below estimate. This variance was primarily attributable to disbursements in the Security Grants and Local Disaster Assistance line items, which were \$0.5 million and \$0.4 million below estimate, respectively, due to the timing of subsidy payments. The Investigative Unit Operating line item was also below estimate by \$0.4 million due primarily to the timing of payments.

Department of Rehabilitation and Correction

August disbursements for the Department of Rehabilitation and Correction totaled \$126.2 million and were \$27.1 million (-17.7%) below estimate. This variance was primarily attributable to disbursements in the Institutional Operations, Institutional Medical Services, and Community Nonresidential Programs line items, which were \$19.9 million, \$3.3 million, and \$2.3 million below estimate, respectively. The variances in the Institutional Operations and Institutional Medical Services line items were due to a delay in establishing and completing purchase orders for the month. The variance in the Community Nonresidential Programs line item was due to the timing of payments.

Department of Youth Services

August disbursements for the Department of Youth Services totaled \$10.1 million and were \$2.5 million (-19.7%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was \$1.8 million below estimate due to unforeseen delays in payments to residential placement providers and in releasing payments for prior year maintenance project and equipment purchase encumbrances.

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.

August disbursements in this category totaled \$45.4 million and were \$4.2 million (-8.5%) below estimate. Year-to-date disbursements were \$91.3 million and were \$4.2 million (-4.4%) below estimate. On a year-over-year basis, disbursements in this category were \$15.3 million (50.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$16.4 million (22.0%) higher than at the same point in fiscal year 2021.

Department of Development

August disbursements for the Department of Development totaled \$4.5 million and were \$0.9 million (-16.3%) below estimate. This variance was primarily attributable to disbursements in the Local Development Projects line item, which was \$1.2 million below estimate due to grantees drawing down funds at a slower pace than anticipated in August.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone because of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. August reimbursements totaled \$297.3 million and were \$85.2 million (40.1%) above estimates. Year-to-date reimbursements totaled \$298.3 million and were \$85.2 million (39.9%) above estimate. This variance was the result of reimbursement requests being received earlier this fiscal year than last year.

Debt Service

August payments for debt service were \$141.7 million and were at estimate for the month. Year-to-date debt service payments were \$382.8 million and were also at estimate for the year. Debt payments are currently \$209.2 million (120.5%) above this point last fiscal year due to debt restructuring lowering July and August 2021 payments below typical levels.

Transfers Out

August transfers out totaled \$22.7 million and were \$8.8 million (63.5%) above estimate. Year-to-date transfers out totaled \$2.9 billion and were also \$8.8 million above estimate. The monthly variance was primarily attributable to a \$8.3 million transfer to the Ohio Incumbent Workforce Job Training Fund. This transfer is associated with a July transfer in to the GRF from the Ohio Centric 2001 Loan Program. These transfers in and out of the GRF, while authorized in the Fiscal Year 2022-2023 Operating Budget Bill, were not originally expected to involve the GRF.

9/5/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL AUGUST	ESTIMATED AUGUST	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	1,026,884	1,033,345	(6,461)	-0.6%	1,794,425	1,800,886	(6,461)	-0.4%
Higher Education	189,870	195,115	(5,245)	-2.7%	365,034	370,279	(5,245)	-1.4%
Other Education	8,116	7,436	680	9.1%	17,428	16,748	680	4.1%
Medicaid	1,171,801	1,326,433	(154,632)	-11.7%	3,398,017	3,552,649	(154,632)	-4.4%
Health and Human Services	111,488	142,858	(31,370)	-22.0%	236,834	268,204	(31,370)	-11.7%
Justice and Public Protection	176,998	206,164	(29,167)	-14.1%	497,266	526,432	(29,167)	-5.5%
General Government	45,378	49,590	(4,212)	-8.5%	91,279	95,491	(4,212)	-4.4%
Property Tax Reimbursements	297,290	212,134	85,156	40.1%	298,615	213,459	85,156	39.9%
Debt Service	141,650	141,674	(24)	0.0%	382,831	382,855	(24)	0.0%
Total Expenditures & ISTV's	3,169,473	3,314,748	(145,275)	-4.4%	7,081,730	7,227,004	(145,275)	-2.0%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	22,652	13,850	8,802	63.5%	2,941,052	2,932,250	8,802	0.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	22,652	13,850	8,802	63.5%	2,941,052	2,932,250	8,802	0.3%
Total Fund Uses	3,192,125	3,328,598	(136,473)	-4.1%	10,022,781	10,159,254	(136,473)	-1.3%

9/5/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	AUGUST FY 2022	AUGUST FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
Primary and Secondary Education	1,026,884	1,005,255	21,629	2.2%	1,794,425	1,726,604	67,821	3.9%
Higher Education	189,870	192,849	(2,979)	-1.5%	365,034	369,887	(4,853)	-1.3%
Other Education	8,116	7,941	175	2.2%	17,428	17,423	5	0.0%
Medicaid	1,171,801	1,797,147	(625,346)	-34.8%	3,398,017	3,961,245	(563,228)	-14.2%
Health and Human Services	111,488	109,433	2,055	1.9%	236,834	231,546	5,288	2.3%
Justice and Public Protection	176,998	167,280	9,717	5.8%	497,266	492,820	4,446	0.9%
General Government	45,378	30,096	15,281	50.8%	91,279	74,839	16,440	22.0%
Property Tax Reimbursements	297,290	140,476	156,814	111.6%	298,615	140,470	158,145	112.6%
Debt Service	141,650	74,403	67,247	90.4%	382,831	173,651	209,180	120.5%
Total Expenditures & ISTV's	3,169,473	3,524,880	(355,406)	-10.1%	7,081,730	7,188,486	(106,756)	-1.5%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	22,652	3,227	19,424	601.9%	2,941,052	410,727	2,530,324	616.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	22,652	3,227	19,424	601.9%	2,941,052	410,727	2,530,324	616.1%
Total Fund Uses	3,192,125	3,528,107	(335,982)	-9.5%	10,022,781	7,599,213	2,423,568	31.9%

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
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 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.**

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, 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, Richard Hurley, Natalie Malloy, Diane Hare, and Luis da Cruz.