

State of Ohio Monthly Financial Report

JUNE 10, 2022

Memorandum to:
The Honorable Mike DeWine, Governor
The Honorable Jon Husted, Lt. Governor

From: Kimberly Murnieks, Director



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Report Overview



GRF non-auto sales and use tax collections in May totaled \$973.8 million and were \$63.8 million (7.0%) above the estimate. There has been a positive variation each month since September.



Income tax collections have exceeded estimate every month this year. May GRF personal income tax receipts totaled \$775.8 million and were \$22.2 million (2.9%) above the estimate.



May GRF revenues from the CAT totaled \$399.5 million and were \$44.1 million (12.4%) above the estimate.



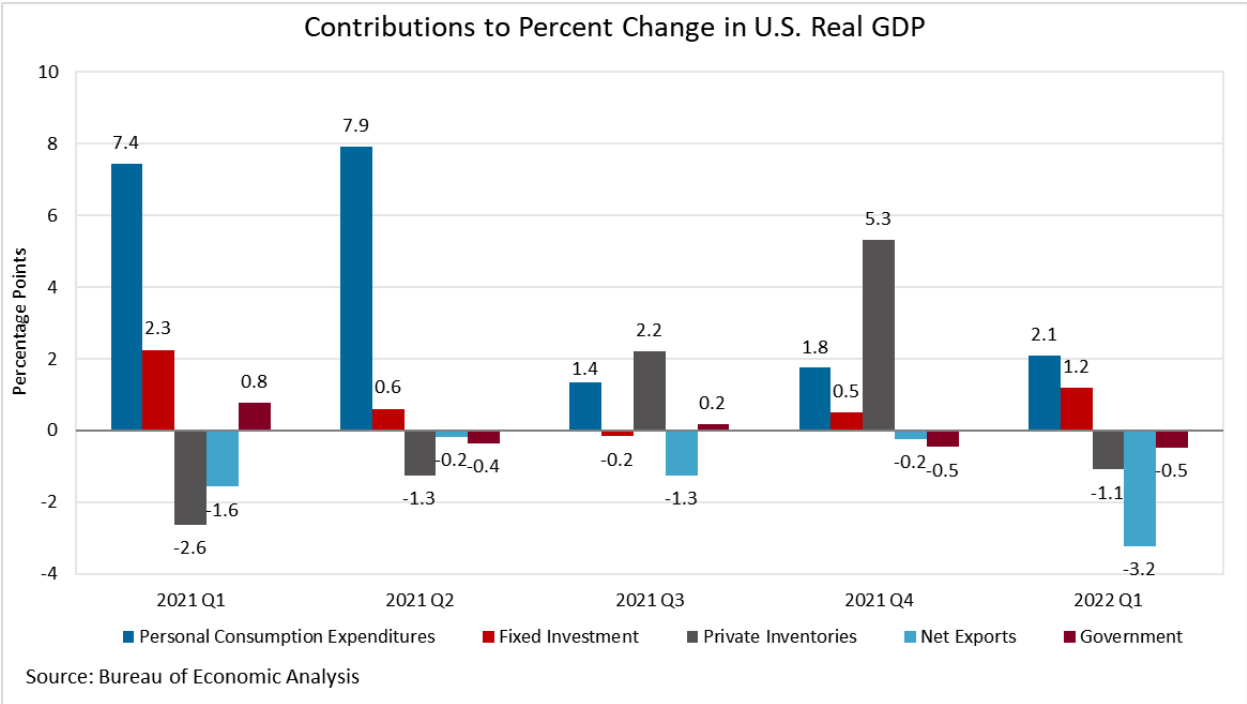
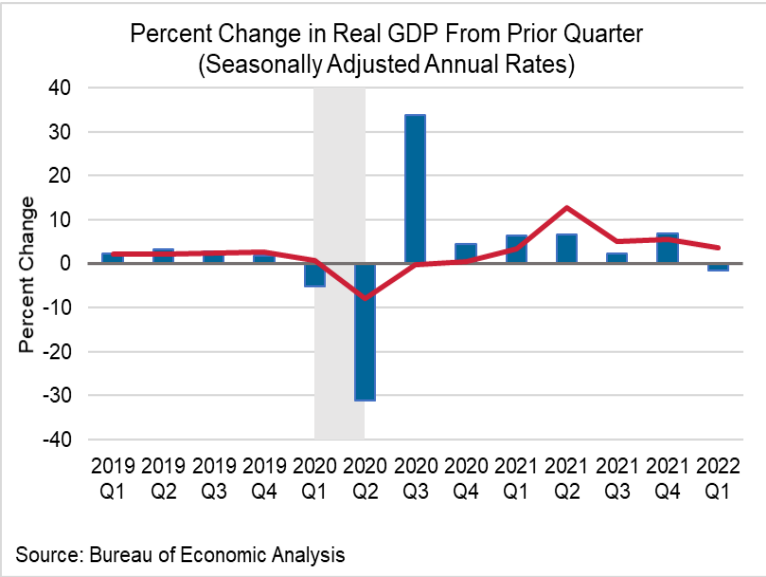
The Ohio unemployment rate decreased again in April, to 4.0 percent.

Economic Activity

Economic Outlook

According to the Bureau of Economic Analysis (BEA)'s 'second' estimate, **Real Gross Domestic Product (GDP)** decreased in the first quarter of calendar year 2022 at an annualized rate of 1.5 percent, a downward revision of 0.1 percentage point from last month's estimate.

The first quarter decrease in real GDP resulted from decreases in net exports (-3.2 percentage points), private inventories (-1.1 percentage points), and government expenditures (-0.5 percentage points). These decreases were partially offset by increases in personal consumption expenditures (2.1 percentage points) and fixed investment (1.2 percentage points).



The **Back-to-Normal Index** tracks the economic recovery compared to pre-pandemic levels. As of June 1, 2022, the national index was at 93.0 percent. Ohio’s index was 0.9 percentage points higher at 93.9 percent. During the month of May, Ohio’s average Back-to-Normal Index value was 95.9 percent, which was 2.3 percentage points above the national average in May of 93.6 percent.

In April, the **Leading Economic Index (LEI)** decreased 0.3 percent to 119.2 from March’s revised value. The decline in April was due to a decline in residential building permits and weak consumer expectations. The Conference Board’s senior director of economic research reported that the LEI remained flat over the last few months, which supports their short-term moderated growth outlook. The Board predicts the economy will expand in the second quarter of the calendar year.

According to the June 1, 2022 report of the Federal Reserve’s **Beige Book**, the economy in the Fourth District, which includes Ohio, continued to improve at a moderated rate. Overall demand growth softened in most sectors apart from professional services, which exhibited strong growth. The near-term economic outlook is clouded as businesses continue to grapple with a tight labor market, supply chain challenges, and rising costs. This has led to conservative investment spending and a rise of prices to offset increased costs.

The consensus among forecasters continues to call for moderate growth in the second quarter of calendar year 2022. Global supply chain issues remain and many companies are raising prices to counter their increased costs of labor and intermediary products. Despite the concerns over recent inflationary highs and price levels, investment and consumer spending remain positive and provide evidence that the GDP reduction in the first quarter may not indicate the overall health of the economy for the latter part of this year.

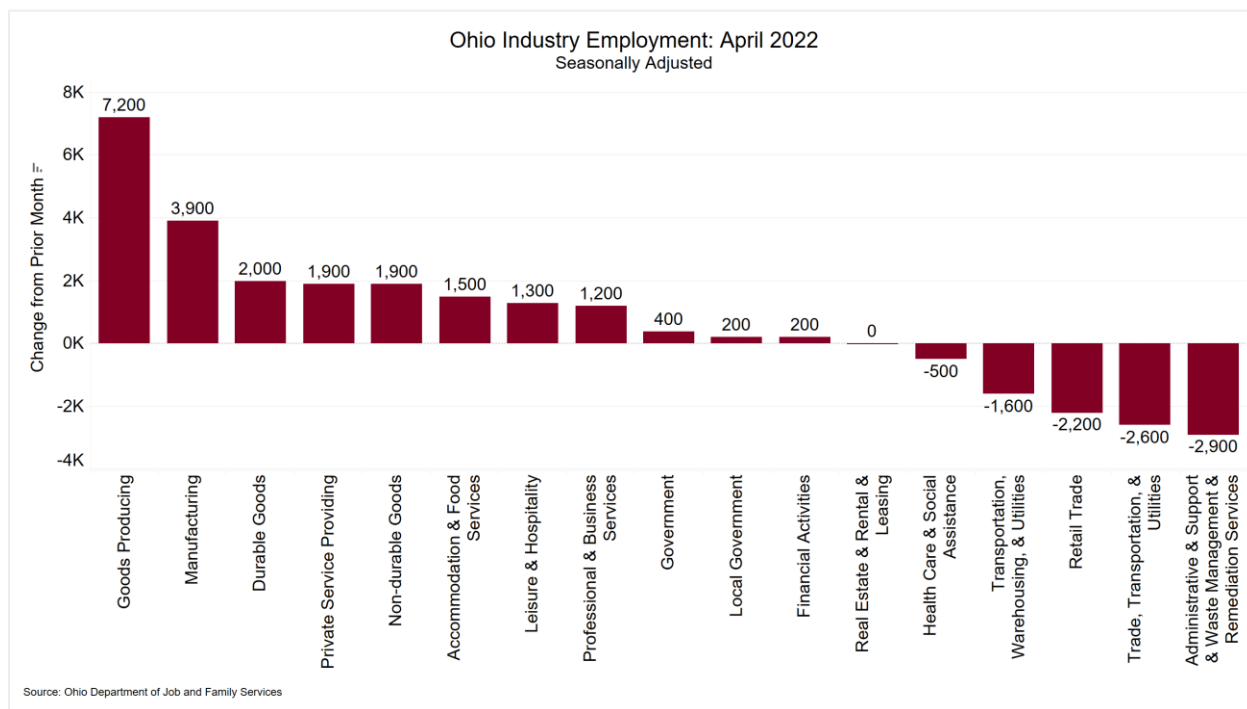
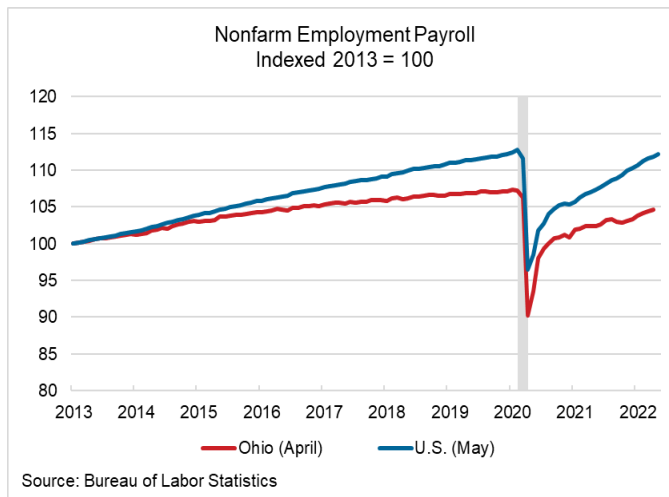
Economic Forecasts

Source	Date	2nd Quarter 2022 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	6/01/22	1.3%
Moody’s Analytics High Frequency GDP Model	6/02/22	1.6%
IHS Markit GDP Tracker	6/03/22	2.3%
Federal Reserve Bank of Philadelphia (Survey of Professional Forecasters)	5/13/22	2.3%
Conference Board	5/11/22	2.1%
Wells Fargo	5/12/22	2.4%

Ohio Labor Market

Ohio's nonfarm payroll employment increased 0.2 percent (9,500 jobs) to 5.5 million jobs between March and April 2022. This was 2.2 percent above the level in April 2021.

In Ohio, the goods producing, manufacturing, and durable goods industries had the largest job growth in April. These gains were partially offset by job losses in waste management and remediation services (-2,900), and trade, transportation and utilities (-2,600).

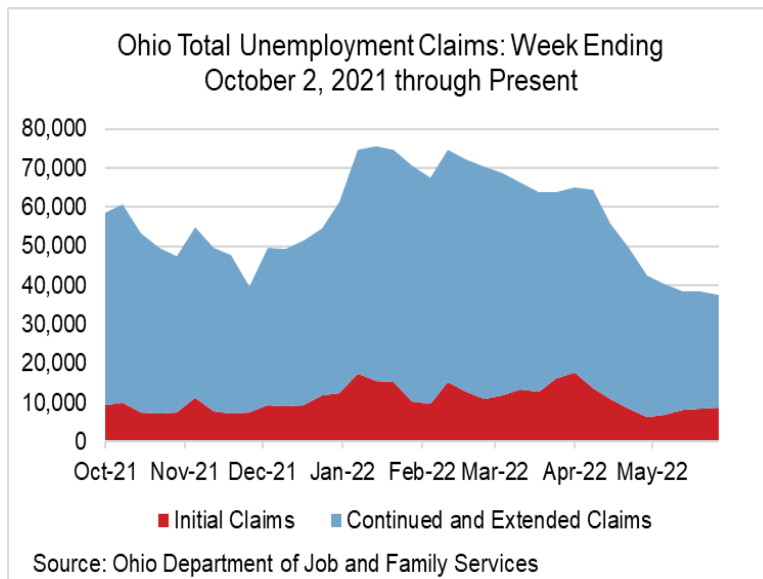
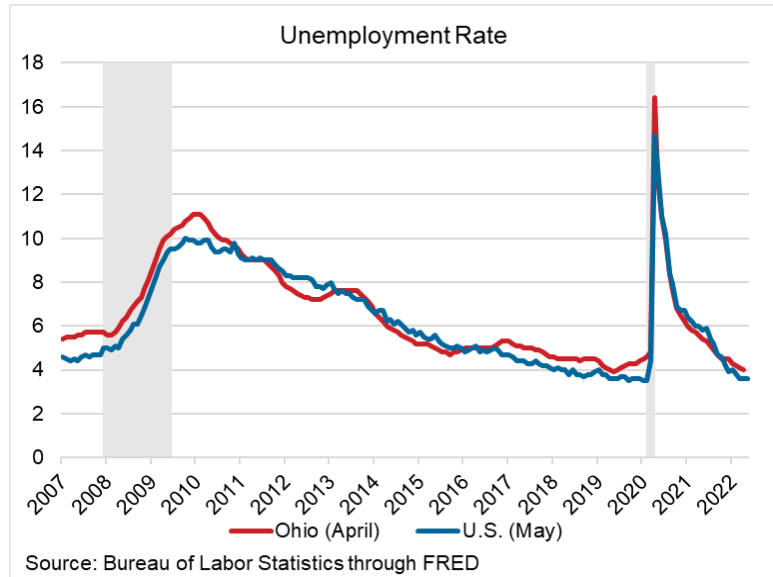


Ohio's labor force participation rate in April was 61.8 percent, an increase of 0.1 percentage points from March and **Ohio's employee-population ratio** increased by 0.2 percentage points to 59.3 in April 2022.



The **State-Level Coincident Index** for Ohio increased 0.5 percent in April 2022 and increased 1.3 percent over the last three months. Compared to April 2021 the Ohio index increased 5.0 percent. For comparison, the U.S. coincident index increased 0.3 percent between March and April, and 1.1 percent over the last three months.

The **Ohio unemployment rate** decreased 0.1 percentage points to 4.0 percent in April 2022, just 0.4 percentage points above the national rate.

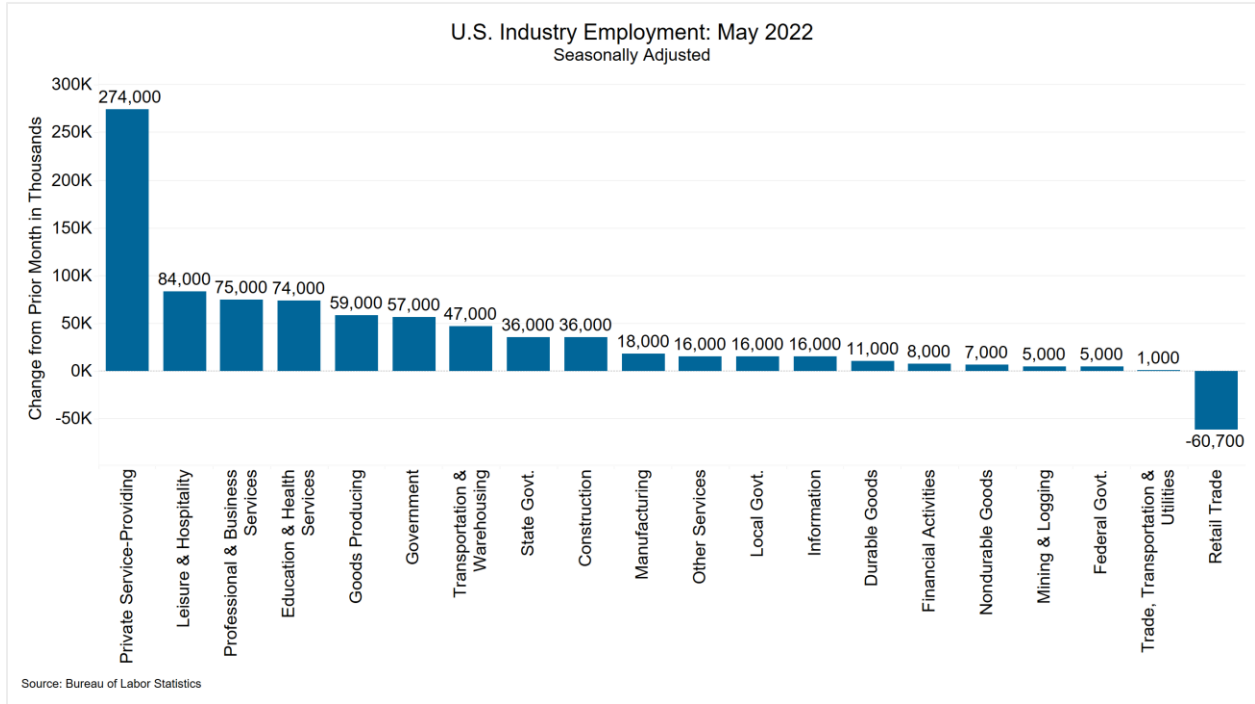


During the week ending May 28, 2022, a total of 8,817 **initial unemployment claims** were filed. Individuals filing **continued and extended claims** for the week ending May 28, 2022, totaled 28,703. Continued and extended unemployment claims filings have been below pre-pandemic lows for several months now.

U.S. Labor Market

390,000
Jobs Added

U.S. nonfarm payroll employment increased by 390,000 jobs in May. Job gains were widespread with growth in leisure and hospitality, professional and business services, and in transportation and warehousing. National employment remained below the nation's February 2020 level by 822,000 (0.5%).



The **U.S. labor force participation rate** increased slightly, by 0.1 percentage points to 62.3 percent in May. The employment-population ratio increased by 0.1 percentage points to 60.1 percent. These measures are each below their February 2020 level by 1.1 percentage points.

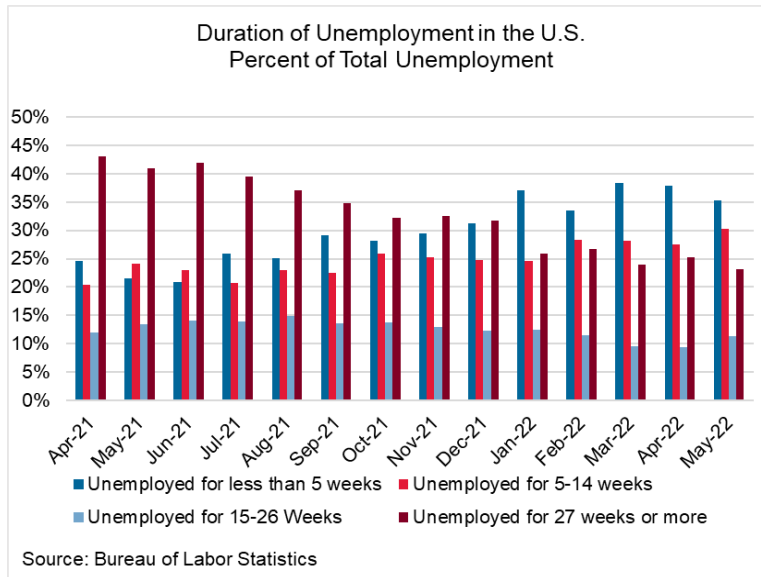
62.3%

The **U.S. unemployment rate** remained unchanged in May at 3.6 percent for the third month in a row. The number of unemployed individuals was unchanged at 6.0 million. These measures remained above their February 2020 values by 0.1 percentage point and 200,000 individuals, respectively.

The change in unemployment rate for all demographic groups varied in May. The largest decrease was for individuals who identify as Asian, which decreased 0.7 percentage points. However, the unemployment rate for individuals who identify as Black increased 0.3 percentage points, and those who identify as Hispanic rose 0.2 percentage points. The unemployment rate for women increased 0.2 percentage point, while the rate for men decreased to 0.1 percentage points between April and May.

Unemployment Rates by Demographic Group

	Mar-22	Apr-22	May-22
Women	3.3%	3.2%	3.4%
Men	3.4%	3.5%	3.4%
Teenagers, 16-19	10.0%	10.2%	10.4%
Black	6.2%	5.9%	6.2%
White	3.2%	3.2%	3.2%
Asian	2.8%	3.1%	2.4%
Hispanic	4.2%	4.1%	4.3%

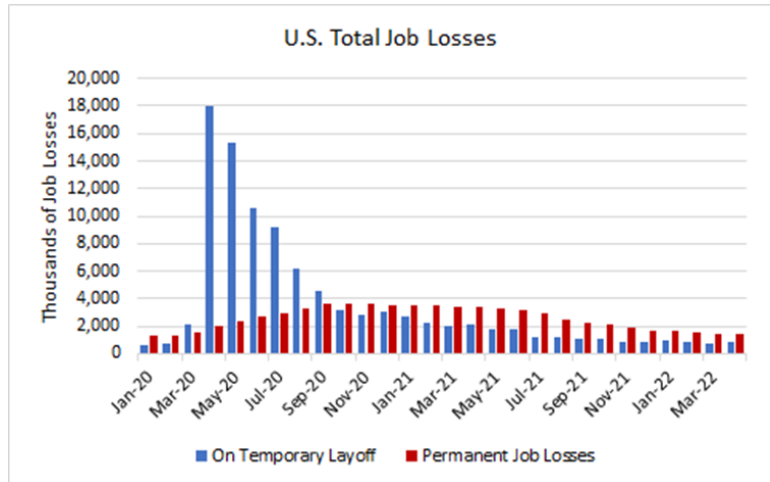


In May, 23.2 percent of unemployed individuals were unemployed for 27 or more weeks. This measure decreased to 1.4 million and remained above the February 2020 level by 235,000.

The number of **people not in the labor force who currently want a job** decreased by 211,000 to 5.7 million and is 685,000 higher than its February 2020 level.

The number of unemployed people who were on **temporary layoff** slightly decreased to 810,000 in May. This was 30,000 higher than in February 2020 but reduced from the high of 18.0 million in April 2020.

The number of people with **permanent job losses** remained unchanged at 1.4 million, 88,000 higher than in February 2020.



The **Conference Board’s Employment Trends Index** decreased 0.7 percent from April’s revised number to 119.8 in May 2022. The decline in this index was due to negative contributions from four of the eight components; the largest negative contributor was Percentage of Respondents Who Say They Find “Jobs Hard to Get”, followed by Ratio of Involuntarily Part-time to All Part-time Workers. An associate economist at the Conference Board, Agron Nicaaj, suggested that the labor market may have less room to grow as employment is nearing the pre-pandemic level. He suggests there is room for growth in leisure and hospitality and in-person services as these industries have yet to fully recover.

Consumer Income and Consumption

\$21.4 TRILLION

Personal income increased \$89.3 billion (0.4%) in April to \$21.4 trillion. Gains in April were due to increases in rental income of \$9.7 billion (1.3%), in personal income receipts on assets of \$22.9 billion (0.8%) and in compensation of employees of \$76.6 billion (0.6%).

Personal consumption expenditures increased by 0.9 percent between March and April. Overall spending on goods increased by 0.8 percent in April. Spending on durable goods increased 2.4 percent, which was primarily attributed to increases in motor vehicles and parts (4.2%). Spending on nondurable goods decreased 0.1 percent which was primarily driven by a decrease in spending on gasoline and other energy goods (-5.2%). Spending on services increased 0.9 percent in April, with transportation services (3.1%), food services and accommodations (2.0%) and recreation services (1.5%) being the biggest contributors to the increase.



The table below provides details on real personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates. The differences between the figures above and those in the table below are due to the rise in the price of products or services due to inflation.

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

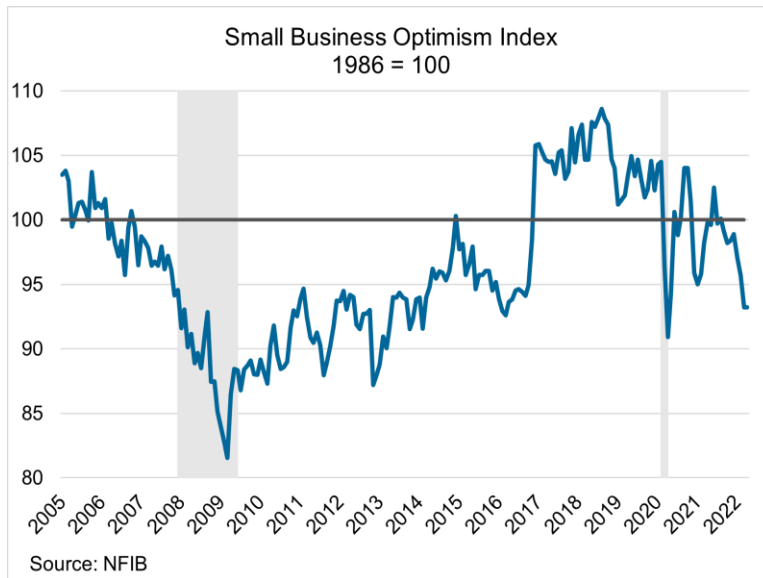
	March 2022	April 2022	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Durable Goods	\$2,212,760	\$2,263,885	2.3%	-6.5%	59.5%
Motor vehicles and parts	\$593,637	\$617,065	3.9%	-18.3%	59.8%
Furnishings and durable household equipment	\$488,116	\$490,332	0.5%	-7.8%	40.1%
Recreational goods and vehicles	\$840,054	\$587,874	2.1%	3.7%	51.2%
Other durable goods	\$355,507	\$361,810	1.8%	9.9%	138.1%
Nondurable Goods	\$3,350,021	\$3,357,638	0.2%	-0.5%	21.8%
Clothing and footwear	\$496,009	\$505,402	1.9%	0.3%	122.5%
Gasoline and other energy goods	\$420,646	\$420,264	-0.1%	1.2%	45.0%
Other nondurable goods	\$1,309,961	\$1,321,262	0.9%	1.9%	18.5%
Services	\$8,600,552	\$8,641,535	0.5%	5.9%	26.8%
Food services and accommodations	\$882,253	\$893,947	1.3%	10.9%	122.7%
Other Services	\$1,133,016	\$1,136,957	0.3%	7.7%	31.1%
Health Care	\$2,261,108	\$2,265,281	0.2%	3.9%	52.7%

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

Personal saving was \$815.3 billion in April 2022, a decrease of 11.6 percent (\$107.0 billion) compared to March and was 41.4 percent below the February 2020 level. The **personal savings rate** was 4.4 percent in April, a decrease of 0.6 percentage points compared to March.

The **Consumer Price Index for All Urban Consumers (CPI)** increased 0.3 percent in April, which followed a 1.2 percent increase in March. The ‘all items’ index increased 8.3 percent over the last 12 months. In April, the largest contributors to the increase in prices were shelter and food indexes. The energy index declined in April after the increases in recent months.

The two surveys of consumer opinion reported declines in consumer confidence in May. Respondents in the University of Michigan’s **Survey of Consumers** reported a 10.4 percent decrease in consumer sentiment to 58.4 compared to April. The Conference Board’s **Consumer Confidence** survey decreased by 2.2 points to 106.4 in May. In both cases, consumers reported concerns about continuing inflation and global supply chain delays.



The **Small Business Optimism Index** remained unchanged at 93.2 percent between March and April. This is the fourth month in a row that the index was below the 48-year average of 98.0. Inflation was identified as the single most important problem by 32.0 percent of respondents, the highest reading since the fourth quarter of 1980. Small business owners continue to report that they are struggling to find workers to fill open positions. Of those trying to hire workers, 93.0 percent of business owners reported few or

no qualified applicants for the positions they were trying to fill. These two factors have significantly impacted small businesses and as a result 50.0 percent more small business owners think that general business conditions will be worse than those that think it will improve six months from now. This is the lowest reading on this measure since the series began in 1986.

Travel and Tourism

Airline travel increased 7.5 percent in May 2022 compared to April. **Total travel throughput** in May 2022 was 35.7 percent higher than in May 2021.

Hotel occupancy rate for the week ending May 21, 2022, was 68.6 percent, which was 3.5 percent below the comparable week in 2019. The **average daily rate** for a hotel room was \$151.75, up 13.4 percent from the 2019 comparable week. **Revenue per available room** was \$104.06 which was 9.5 percent more than the equivalent week in 2019.

Ohio turnpike passenger vehicle miles traveled between May 1-28, 2022, increased 4.4 percent compared to the same period in 2021 and decreased 7.7 percent compared to the same period in 2019. **Turnpike commercial vehicle miles traveled** in Ohio between May 1-28 increased 3.9 percent compared to 2021 and up 22.0 percent compared to same period in 2019. **Total turnpike revenue** throughout May 1-28 increased 6.3 percent compared to the same period in 2021 and was 15.7 percent higher than 2019.

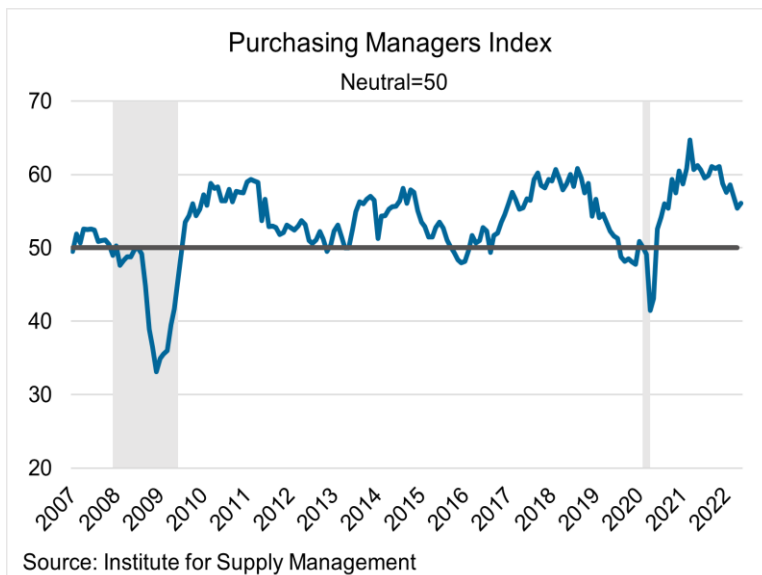
Industrial Activity

According to the Board of Governors of the Federal Reserve System, **total industrial production** preliminarily increased 1.1 percent between March and April and was 6.4 percent higher than in April 2021. The index was 4.2 percent above pre-pandemic levels in February 2020.

Rate of Change in U.S. Industrial Production by Manufacturing Sector

Manufacturing Sector	Percent Change February to March 2022	Percent Change March to April 2022	Percent Change April 2021 to April 2022
Aerospace and Other Transportation Equipment	0.1%	2.1%	9.6%
Chemicals	1.4%	0.3%	5.1%
Electrical Equipment Appliances	0.0%	-0.7%	2.9%
Fabricated Metal Products	0.4%	0.8%	7.0%
Food Beverage and Tobacco Production	0.4%	0.9%	2.9%
Machinery	-0.4%	0.8%	6.4%
Motor Vehicles and Parts	8.4%	3.9%	17.0%
Petroleum and Coal	-0.1%	0.1%	1.4%
Plastics and Rubber Products	0.6%	-0.8%	6.7%
Primary Metals	-0.7%	1.3%	2.7%

The **manufacturing production index** increased by 0.7 percent in April to 103.2 and was 4.8 percent above the April 2021 level. Nationally, manufacturing in eight of Ohio's top 10 industries increased production between March and April. The largest increase was in the motor vehicles and parts industry (3.9%), which was partially offset by decreases in plastics and rubber products (-0.8%), and in electrical equipment (-0.7%).



In May 2022, the Institute for Supply Management reported the **Purchasing Managers Index** (PMI) for the United States increased 0.7 percentage points to 56.1 percent, compared to April, indicating an overall expansion of the economy for the 24th month in a row following contraction in April 2020.



Across the nation, all 10 industries most important to Ohio manufacturing reported growth in the last month, with machinery and plastic products leading the way.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effect of supply chain challenges and rising costs in May.

Our order books are still strong. Material prices continue to rise, with energy and freight noted as the underlying influences on increased costs. [Machinery]

Input costs, particularly grain, oil, dairy, and protein, are rising faster than can be passed along at retail and food service, with no relief in sight. [Food, Beverage & Tobacco Products]

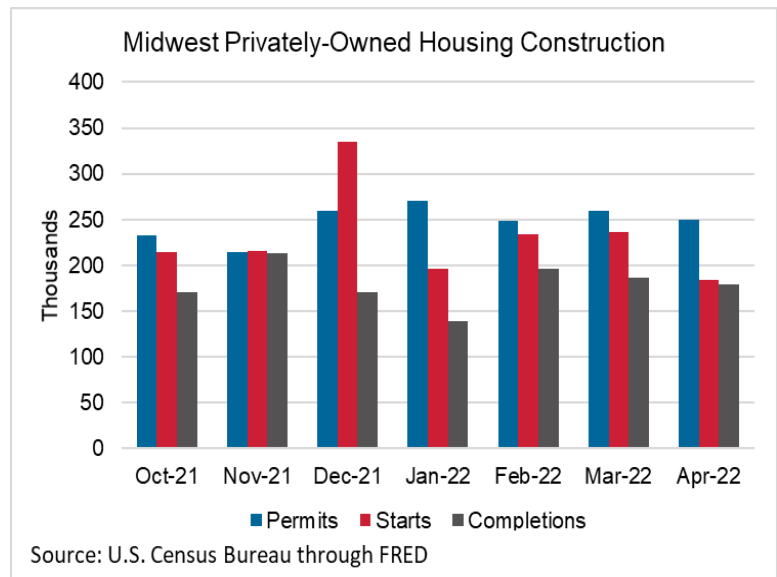
Ohio and Midwest Construction and Housing Market

In Ohio, **building permits** for privately-owned housing units decreased 12.8 percent between March and April, and were 11.5 percent below the number of permits issued in April 2021.

Privately-owned housing starts in the Midwest decreased 22.9 percent between March and April, but were 2.2 percent above April 2021 levels.

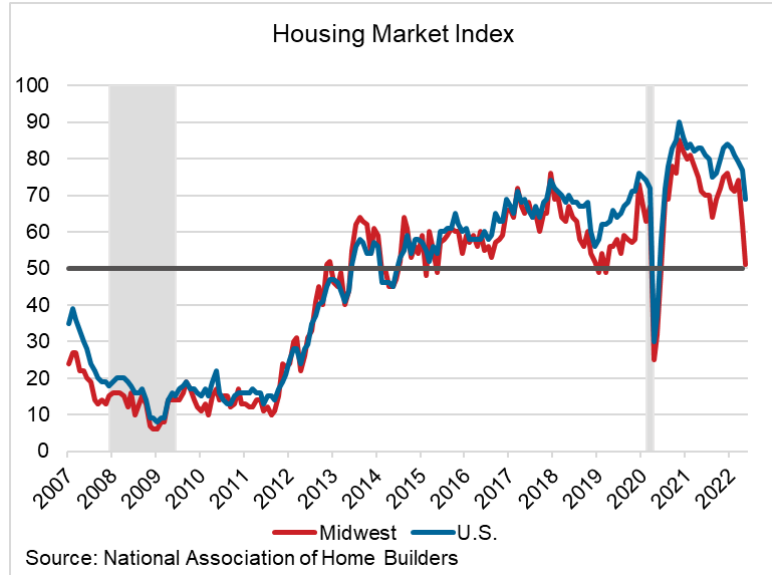
In April, privately-owned housing completions in the Midwest decreased 3.8 percent and showed no change from April 2021's level.

New home sales in the Midwest decreased 15.1 percent between March and April and were 25.5 percent below April 2021's level.



According to the Ohio Realtors, activity in the Ohio housing market began to stabilize in April after declining in March. Total sales were 2.5 percent below April 2021, but the average sale price in Ohio was \$257,486, a 9.3 percent increase compared to April 2021.

The **Housing Market Index** in the Midwest decreased 11.0 points (-17.7%) in May to 51.0 from a revised 62.0 in April. The Midwest Index was 18 points behind the national level in May. Builders continue to be concerned that rising interest rates and construction costs will price young and first-time buyers out of the market.



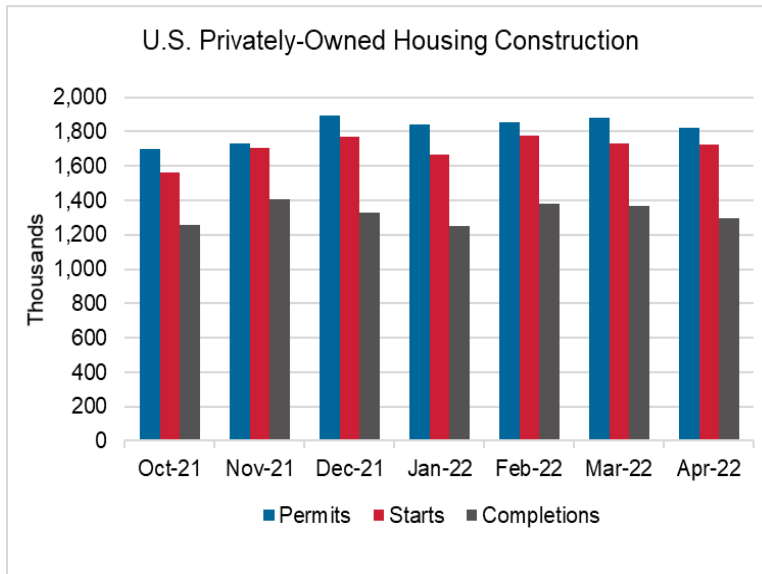
U.S. Construction and Housing Market

The U.S. Census Bureau estimated **total construction spending** in April 2022 at \$1.7 trillion, which was 0.2 percent above the revised March estimate. The April 2022 estimate was 12.3 percent above April 2021 and 31.8 percent above April 2020.

\$1.7 TRILLION

Public sector construction spending in April was at a seasonally adjusted annual rate of \$350.1 billion. This was 0.7 percent below the revised March estimate but 1.8 percent above the April 2021 rate. Spending in April on educational construction was 0.7 percent below March's revised value and was 5.6 percent below April 2021. Highway construction spending in April was 0.1 percent below the revised March value but was 6.3 percent above April 2021.

Private sector construction spending in April was at a seasonally adjusted annual rate of \$1.4 trillion. This was 0.5 percent above the revised March estimate and 15.3 percent above the April 2021 rate. Residential construction in April increased 0.9 percent from March and was 18.4 percent above April 2021. Nonresidential construction in April decreased 0.2 percent from the revised March rate and was 10.1 percent above April 2021.



In the U.S., **building permits** for privately-owned housing units decreased 3.0 percent between March and April, but were 3.3 percent above the number of permits issued in April 2021.

Nationally, privately-owned housing starts decreased 0.2 percent between March and April but were 14.6 percent above April 2021 levels.

In April, **newly built single-family home sales** decreased 16.6 percent to 591,000, and

were 26.9 percent below the April 2021 estimate. The national median sales price in April 2022 was \$450,600. This represented a 3.2 percent increase compared to March 2022 and a 20.9 percent increase compared to April 2021.

Existing home sales, as reported by the National Association of Realtors decreased 2.4 percent in April compared to March. April's existing home sales declined to 5.6 million housing units, a 5.9 percent decrease from April 2021.

Available inventory in April 2022 totaled 1.0 million units, a 10.8 percent increase from March, but was 10.4 percent lower than April 2021. The market has started to feel the impact of rising mortgage rates and inflation suppressing the purchasing power for prospective buyers. The median sale price of all existing homes rose 14.8 percent from a year ago to \$391,200. April 2022 was the 122nd continuous month of year-over-year increases in existing median home sale prices.

Revenues

\$2.6 BILLION

May marked another robust month for GRF tax revenues. Revenues exceeded the monthly estimate by \$105.3 million (4.4%). Fiscal year-to-date tax revenues now exceed estimate by \$2.6 billion (11.2%). Non-auto sales tax led the way in May with a \$63.8 million (7.0%) positive variance from estimate, followed by the commercial activity tax at \$44.1 million (12.4%). Although total May tax revenues were \$425.0 million (-14.5%) below last year, most of that was timing related: whereas last year’s personal income tax annual return filing due date was postponed by one month which caused a substantial one-time revenue spike in May 2021 (as revenue was shifted from April to May), collections during this fiscal year have reflected a conventional income tax receipts timing pattern.

Aggregate (tax and non-tax) GRF receipts and transfers totaled \$3.6 billion in May and were \$203.0 million (6.1%) above estimate. As noted above, tax revenues were \$105.3 million (4.4%) above estimate. Non-tax receipts were \$97.6 million (10.2%) above estimate. For the year-to-date, tax revenues, non-tax receipts, and transfers are all above estimate as shown in the table below.

Category	Includes:	YTD Variance (millions)	% Variance
Tax Receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, petroleum activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette and other tobacco, alcoholic beverage, liquor gallonage, & estate	\$2,558.7	11.2%
Non-Tax Receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$1,314.7	13.1%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$26.7	88.0%
TOTAL REVENUE VARIANCE:		\$3,900.1	11.8%
Non-Federal Revenue Variance		\$2,909.5	12.8%
Federal Grants Variance		\$990.6	10.1%

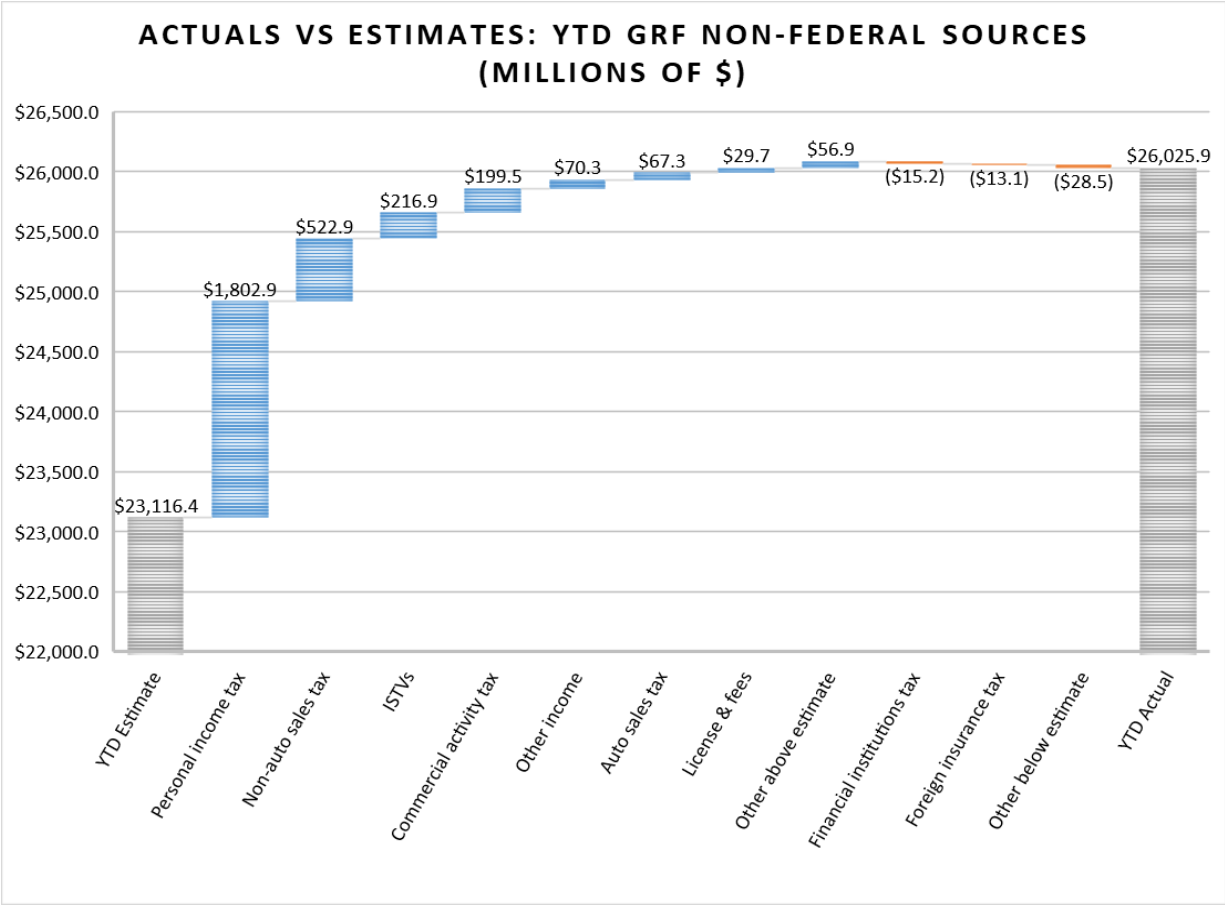
The table below shows that sources above estimate (a positive variance of \$238.0 million) in May outweighed the size of sources below estimate (a negative variance of \$35.0 million), resulting in a \$203.0 million net positive variance from estimate.

\$203.0 MILLION

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

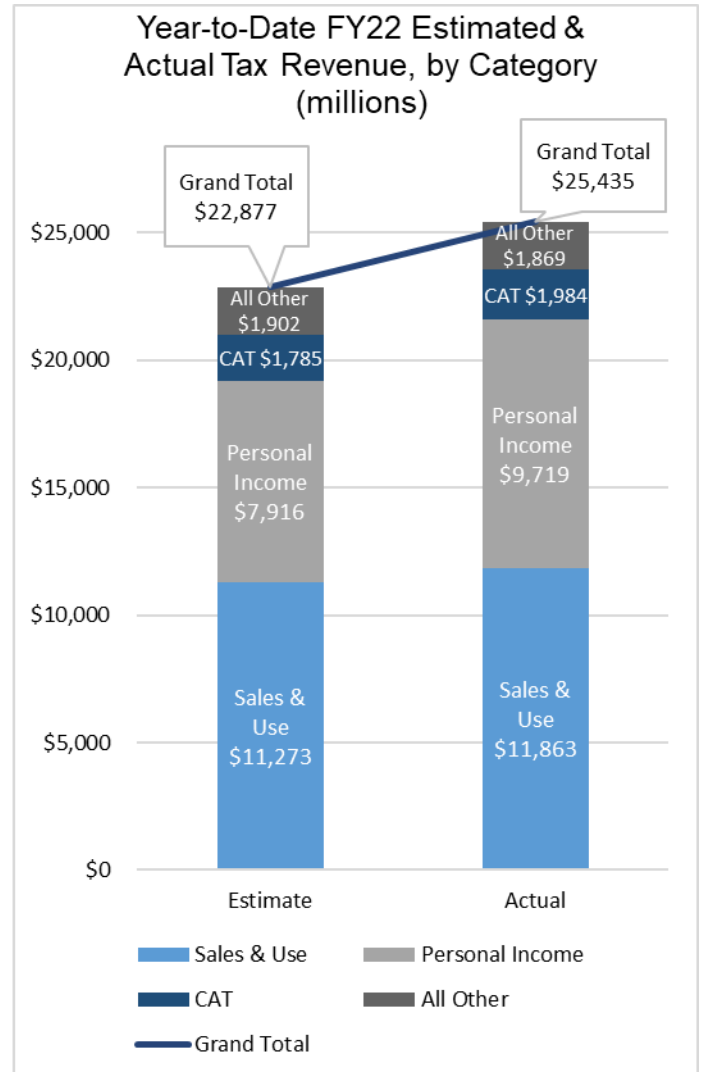
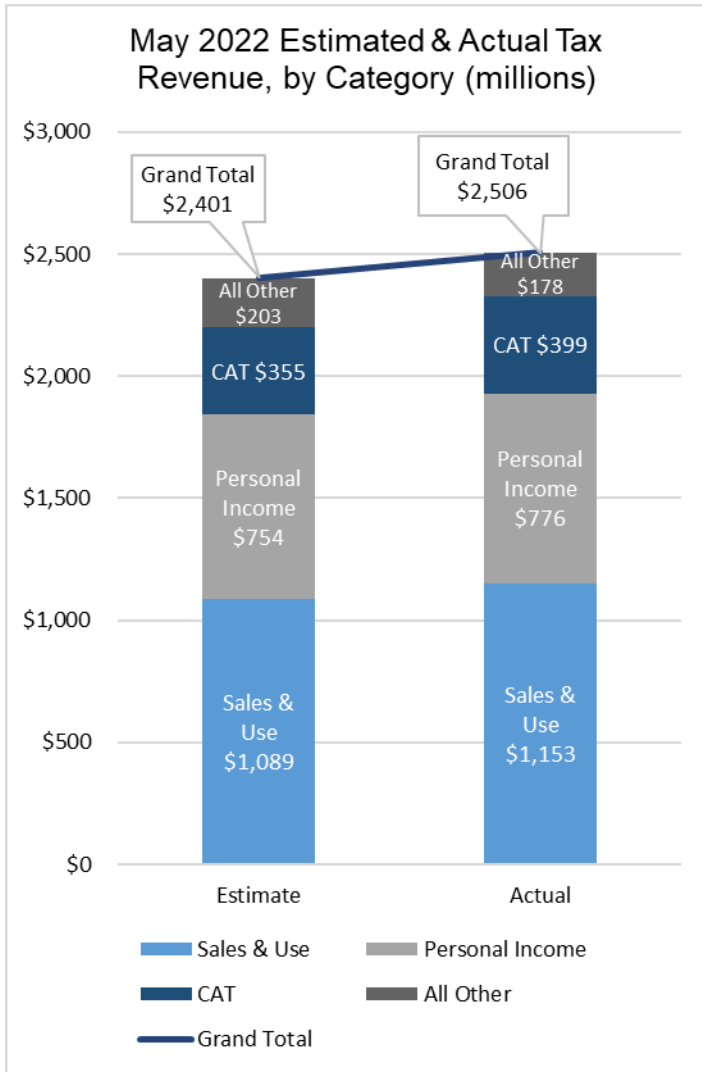
Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Federal Grants	\$93.1	Foreign Insurance Tax	(\$15.8)
Non-Auto Sales Tax	\$63.8	Cigarette & Other Tobacco Products Tax	(\$7.5)
Commercial Activity Tax	\$44.1	Kilowatt-hour Tax	(\$7.2)
Personal Income tax	\$22.2	Domestic Insurance Tax	(\$4.5)
Public Utility Excise Tax	\$5.0	Other sources below estimate	(\$0.1)
Other sources above estimate	\$9.9		
Total	\$238.0	Total Below	(\$35.0)

(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 totaling \$2.9 billion.

The following two graphs show the composition of estimated and actual GRF tax revenues for May 2022 and for the fiscal year-to-date. All tax sources are allocated among several major categories. The charts show the preponderant impact of the sales and use tax and the personal income tax on the GRF revenue structure.



For May, total receipts and transfers were \$921.2 million (-20.6%) below the previous year. Tax receipts decreased by \$425.0 million (-14.5%) and non-tax receipts decreased by \$496.2 million (-32.1%). For the year-to-date, tax receipts are \$1.6 billion (6.9%) above last year and non-tax receipts are \$203.1 million (-1.8%) below the prior year. Transfers are \$40.1 million (-41.3%) below last year on a year-to-date basis.

During May, the source with the largest year-over-year increase was commercial activity tax, at \$51.6 million (14.8%) above last year. The next-largest increases were auto sales tax at \$7.9 million (4.6%) and public utility excise tax at \$2.6 million (6.5%). The largest declines were experienced by Federal grants at \$497.4 million (-32.3%), personal income tax at \$442.1 million (-36.3%), and foreign insurance tax at \$17.9 million (-88.3%).

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in May totaled \$973.8 million and were \$63.8 million (7.0%) above the estimate. This source has exceeded the budgeted estimate each month since September. Through May, the source is \$522.9 million (5.5%) above estimate.



Revenue declined by \$11.8 million (-1.2%) from last May. However, this decrease should be put into perspective: last May's revenue was historically elevated, achieving what was then the second-highest monthly amount on record, fueled by federal economic impact payments to individuals. This May's intake was expected to be 8.0 percent lower than last year. Furthermore, May non-auto sales tax revenue would have been approximately \$8.7 million higher if not for a larger than anticipated Public Library Fund draw against the GRF caused by April's substantial positive GRF tax revenue variation.

Year-to-date revenue is now \$691.9 million (7.4%) above fiscal year 2021. This constitutes a robust growth rate, although it was larger during fiscal year 2021. At 12.3 percent, the year-to-date growth rate in fiscal year 2021 was boosted by outsized April and May revenue intake with consumption fueled by Federal government stimulus, improved pandemic conditions, and the diminished fiscal year 2020 revenues during the onset of the pandemic. Over 11 months, the revenue growth rates in fiscal years 2021 and 2022 are large. The 2021 and 2022 growth rates exceed any year since the 1980's, except for several years impacted by tax rate increases or by significant tax base expansions and after adjustments to remove distortions caused by the taxation of Medicaid Health Insuring Corporations.

The current national data release from the U.S. Census Bureau's Monthly Advance Retail Trade Survey (MARTS) program shows that year-over-year retail sales growth in April was higher than in March, and below the successive double-digit increases observed prior to March. Focusing on the retail categories that are subject to Ohio non-auto sales tax (NAICS codes 442, 443, 444, 448, 451, 452, 453, and 454), the MARTS data show a 6.4 percent year-over-year increase in national non-seasonally adjusted sales during April 2022. This compares to year-over-year growth of 3.2 percent in March and 13.7 percent in February. Meanwhile, year-over-year growth in Ohio all-funds non-auto sales tax revenue was 2.6 percent, 13.5 percent, and 6.7 percent during April, March, and February, respectively. Expanding the period, U.S. retail sales for the primarily taxable categories increased by 11.2 percent during July through April compared to the prior year; Ohio all-funds non-auto sales tax revenue increased by 10.0 percent during that period.

The MARTS data also shows continued retail sales growth on a month-over-month basis. Based on seasonally adjusted figures, April 2022 sales for the above-indicated retail categories increased by 1.1 percent from March, following a 1.2 percent increase in March from February.

Auto Sales Tax

May auto sales tax revenues were \$179.3 million, essentially matching the estimate (\$59,000 below the mark). This source is \$67.3 million (4.0%) above the estimate for the fiscal year. Revenues were \$7.9 million (4.6%) above last May. For the year, revenues are \$87.8 million (5.2%) above fiscal year 2021.

\$179.3 MILLION

The May national sales figures were disappointing, a sign of the continuing challenges of a new motor vehicle market still recovering from pandemic-induced supply chain issues. According to the U.S. Department of Commerce's Bureau of Economic Analysis, new light vehicle sales in May reached 12.7 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 the lowest level this year. The figure is 12.6 percent below April and down 24.9 percent from a year ago. On an unadjusted basis, May light vehicle unit sales were at 1.1 million units. This is a 11.2 percent drop from April and is 29.6 percent below last May. New vehicle transaction prices are higher than a year ago, and modest growth has resumed after subsiding for several consecutive months earlier this calendar year. TrueCar, Inc. estimates that the average transaction price for new vehicles was \$44,254 in May, up 14.4 percent relative to last year and up 0.5 percent from April.

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during May to be 3.1 million, not annualized and not seasonally adjusted, down 8.0 percent from last month and down 19.0 percent from last year. Used vehicle prices have grown since the onset of the pandemic, although year-over-year growth has abated in recent months and had been declining on a month-over-month basis during this calendar year. The Manheim Used Vehicle Value Index, a measure of wholesale vehicle prices, for the first half of May 2022 was 9.7 percent higher than the previous year, and 0.7 percent above April. This represents the first month-over-month increase in the index since its peak in December 2021.

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

Personal Income Tax

May GRF personal income tax receipts totaled \$775.8 million and were \$22.2 million (2.9%) above the estimate. For the year-to-date, revenue is \$1.8 billion (22.8%) above estimate. Income tax collections have exceeded estimates every month this year, although the month of April accounts for one-half of the accumulated variance.



May income tax collections decreased by \$442.1 million (-36.3%) on a year-over-year basis. The decline is timing-related, as annual returns were not due last year until May 17 while this year reflects the standard April 15 due date. Year-to-date revenue for fiscal year 2022 is \$599.5 million (6.6%) above the prior year.

Withholding collections amounted to \$816.0 million in May and were \$18.6 million (2.3%) above estimate. For the fiscal year-to-date, the withholding component exceeds estimate by \$468.0 million (5.2%). Withholding has exceeded estimate in every month since September. This component was \$16.3 million (2.0%) above last May; it is \$731.6 million (8.4%) above last year for the fiscal year-to-date. May collections were impacted by the 3.0 percent reduction in employer withholding tax rates that took effect in September 2021. After adjusting for this change and adjusting for this May having one additional business day than last year, withholding collections for May 2022 would have been an estimated \$24.0 million (2.8%) higher than last year. Fiscal year-to-date collections are an estimated \$970.3 million (11.1%) higher than the previous year after adjusting for the withholding tax rate reduction.

Annual return payments had a significant effect on May revenue performance. Collections from this tax payment source were \$81.7 million (-58.5%) below estimate during the month. However, this follows April's landmark positive variance when this component exceeded estimate by \$701.3 million. May's negative variance reflects the difficulty in anticipating the timing in processing and posting payments. Annual return payments are now \$743.9 million (69.3%) above estimate for the fiscal year. For the elapsed January through May filing season, annual return collections are \$681.5 million (71.7%) above estimate.

May is not a significant month for estimated tax payments. Although collections from this component were \$8.8 million (-27.1%) below estimate for the month, this was offset by April's \$19.7 million positive variance, the month in which the first quarterly payment of calendar year 2022 estimated taxes was due. Estimated payments are \$139.4 million (17.8%) above estimate for the fiscal year. During May, the category decreased by \$35.2 million (-59.8%) from last year, offsetting the \$34.8 million growth that occurred in April.

Trust payments were \$36.5 million (314.3%) above estimate for May and are \$35.0 million (37.4%) above estimate for the fiscal year.

Refunds were \$70.5 million (-36.4%) below estimate for the month. For the elapsed filing season, refund payments are \$434.7 million (-16.2%) below estimate. May refunds were \$178.5 million (-59.2%) below last year. However, the decline can be attributed to last year's one-month postponement of the tax return filing due date, from April 15 to May 17. Refunds for the current fiscal year have increased by \$107.5 million (5.0%) from the previous year while for the filing season they have increased by \$331.8 million (21.5%).

May Personal Income Tax Receipts by Component (\$ in millions)						
	Actual May	Estimate May	\$ Var	Actual May 2022	Actual May 2021	\$ Var Y-to-Y
Withholding	\$816.0	\$797.4	\$18.6	\$816.0	\$799.7	\$16.3
Quarterly Est.	\$23.6	\$32.4	(\$8.8)	\$23.6	\$58.8	(\$35.2)
Annual Returns / 40 P	\$57.9	\$139.6	(\$81.7)	\$57.9	\$654.0	(\$596.1)
Trust Payments	\$48.1	\$11.6	\$36.5	\$48.1	\$38.1	\$10.0
Other	\$10.9	\$9.1	\$1.8	\$10.9	\$9.1	\$1.7
Less: Refunds	(\$123.0)	(\$193.5)	\$70.5	(\$123.0)	(\$301.5)	\$178.5
Local Distributions	(\$57.7)	(\$43.0)	(\$14.7)	(\$57.7)	(\$40.3)	(\$17.4)
Net to GRF	\$775.8	\$753.6	\$22.2	\$775.8	\$1,217.9	(\$442.1)

Commercial Activity Tax

May GRF revenues from the CAT were \$44.1 million (12.4%) above the estimate. For the year-to-date, the source is \$199.5 million (11.2%) above estimate. CAT revenue in May increased by \$51.6 million (14.8%) from last year and fiscal year-to-date revenue is now \$328.6 million (19.9%) above the previous year.



Most CAT revenue comes from quarterly tax payments, so it is also suitable to analyze the CAT revenue stream in quarterly segments. Revenue has exceeded the estimate in each quarter of this fiscal year, by 8.1 percent, 7.5 percent, and 12.6 percent in the first through third quarters, respectively. Over the first two months of the fourth quarter of fiscal year 2022, revenue has exceeded estimate by \$70.7 million (16.6%). Since only \$14.9 million is anticipated in June, revenue for the entire fourth quarter is expected to exceed the estimate.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$1.1 billion and were \$97.6 million (10.2%) above estimate for the month of May. Year-to-date non-tax receipts totaled \$11.4 billion and were \$1.3 billion (13.1%) above estimate.



Nearly all of the monthly variance in non-tax receipts was in the Federal Grants category, which was \$93.1 million (9.8%) above estimate. This variance was attributable to the Enhanced Federal Medical Assistance Percentage continuing in May, though it was originally expected to end in December 2021. Year-to-date Federal Grants revenue is now \$990.6 million (10.1%) above estimate.

6/8/2022

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL MAY	ESTIMATE MAY	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	973,765	910,000	63,765	7.0%	10,093,489	9,570,600	522,889	5.5%
Auto Sales & Use	179,341	179,400	(59)	0.0%	1,769,912	1,702,600	67,312	4.0%
Subtotal Sales & Use	1,153,106	1,089,400	63,706	5.8%	11,863,401	11,273,200	590,201	5.2%
Personal Income	775,757	753,600	22,157	2.9%	9,719,264	7,916,400	1,802,864	22.8%
Corporate Franchise	13	0	13	N/A	702	0	702	N/A
Financial Institutions Tax	37,495	34,300	3,195	9.3%	173,405	188,600	(15,195)	-8.1%
Commercial Activity Tax	399,458	355,400	44,058	12.4%	1,983,994	1,784,500	199,494	11.2%
Petroleum Activity Tax	0	0	0	N/A	6,474	6,600	(126)	-1.9%
Public Utility	41,850	36,800	5,050	13.7%	148,232	131,600	16,632	12.6%
Kilowatt Hour	11,847	19,000	(7,153)	-37.6%	274,856	287,500	(12,644)	-4.4%
Natural Gas Distribution	33,775	32,100	1,675	5.2%	69,019	68,000	1,019	1.5%
Foreign Insurance	(38,098)	(22,300)	(15,798)	-70.8%	316,073	329,200	(13,127)	-4.0%
Domestic Insurance	11,216	15,700	(4,484)	-28.6%	13,527	16,800	(3,273)	-19.5%
Other Business & Property	263	100	163	162.9%	271	100	171	171.0%
Cigarette and Other Tobacco	69,596	77,100	(7,504)	-9.7%	754,252	766,700	(12,448)	-1.6%
Alcoholic Beverage	5,190	4,900	290	5.9%	58,677	55,300	3,377	6.1%
Liquor Gallonage	4,772	4,800	(28)	-0.6%	53,030	52,000	1,030	2.0%
Estate	7	0	7	N/A	58	0	58	N/A
Total Tax Receipts	2,506,247	2,400,900	105,347	4.4%	25,435,234	22,876,500	2,558,734	11.2%
NON-TAX RECEIPTS								
Federal Grants	1,043,686	950,603	93,083	9.8%	10,841,944	9,851,303	990,641	10.1%
Earnings on Investments	0	0	0	N/A	34,630	27,479	7,151	26.0%
License & Fees	5,548	2,584	2,963	114.7%	98,680	68,959	29,722	43.1%
Other Income	2,467	873	1,594	182.6%	174,378	104,114	70,264	67.5%
ISTV'S	0	0	0	N/A	225,914	9,000	216,914	2410.2%
Total Non-Tax Receipts	1,051,701	954,060	97,641	10.2%	11,375,547	10,060,855	1,314,691	13.1%
TOTAL REVENUES	3,557,948	3,354,960	202,988	6.1%	36,810,781	32,937,355	3,873,426	11.8%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	57,085	30,362	26,722	88.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	57,085	30,362	26,722	88.0%
TOTAL SOURCES	3,557,948	3,354,960	202,988	6.1%	36,867,866	32,967,718	3,900,148	11.8%

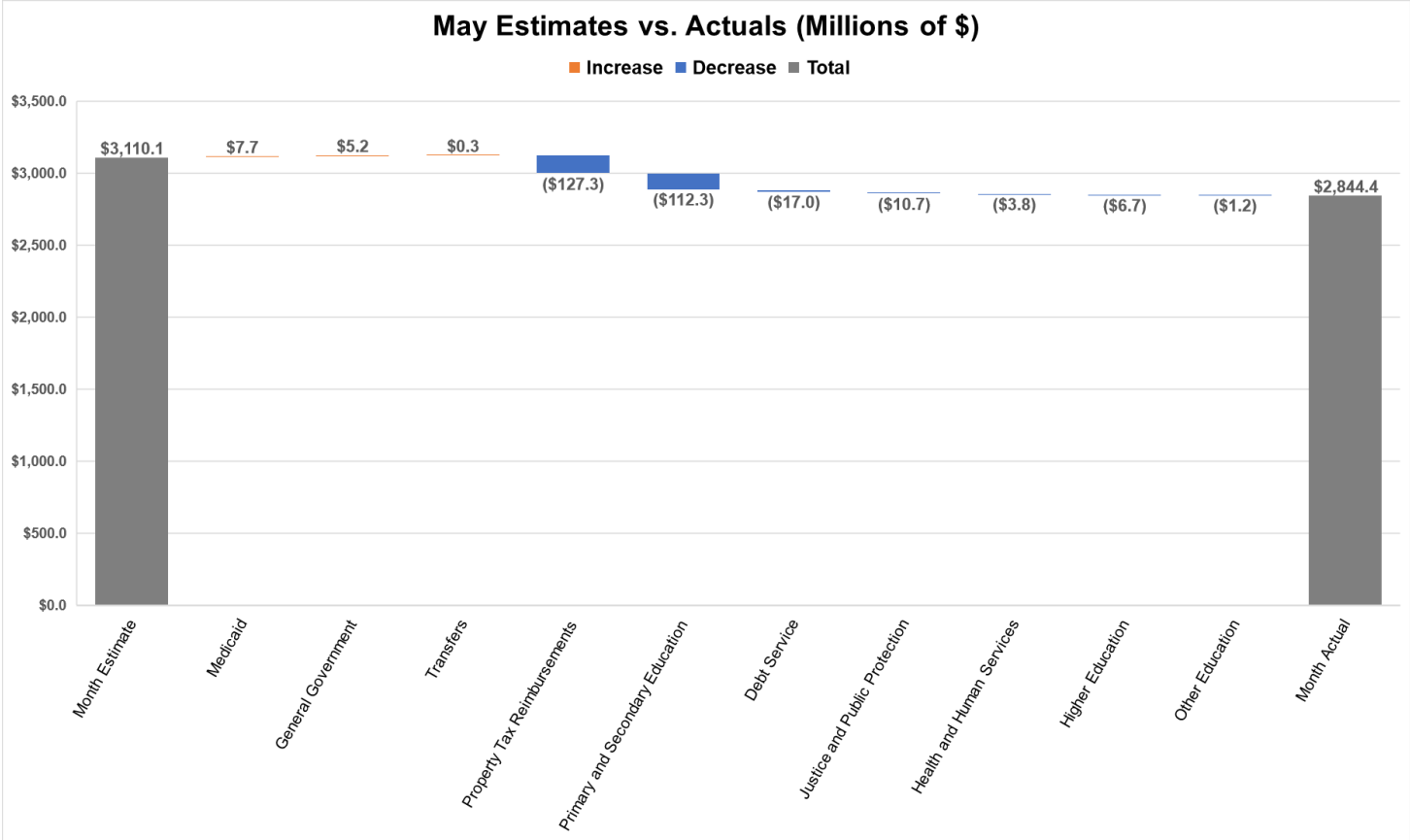
6/8/2022

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

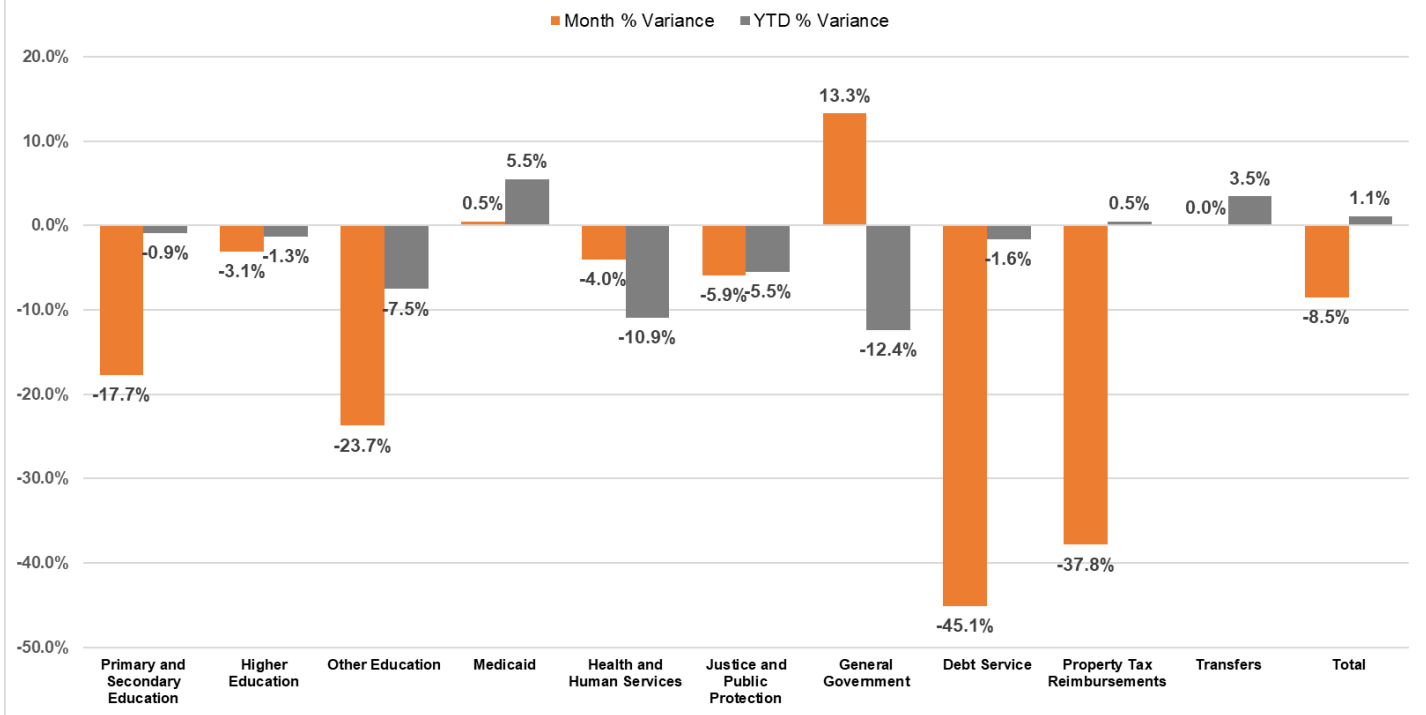
REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	MAY FY 2022	MAY FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	973,765	985,579	(11,815)	-1.2%	10,093,489	9,401,553	691,936	7.4%
Auto Sales & Use	179,341	171,472	7,869	4.6%	1,769,912	1,682,063	87,850	5.2%
Subtotal Sales & Use	1,153,106	1,157,051	(3,945)	-0.3%	11,863,401	11,083,616	779,785	7.0%
Personal Income	775,757	1,217,894	(442,137)	-36.3%	9,719,264	9,119,718	599,546	6.6%
Corporate Franchise	13	20	(6)	-32.5%	702	5,929	(5,226)	-88.2%
Financial Institutions Tax	37,495	41,022	(3,527)	-8.6%	173,405	201,957	(28,551)	-14.1%
Commercial Activity Tax	399,458	347,898	51,560	14.8%	1,983,994	1,655,388	328,606	19.9%
Petroleum Activity Tax	0	0	0	N/A	6,474	3,202	3,271	102.2%
Public Utility	41,850	39,286	2,564	6.5%	148,232	121,867	26,365	21.6%
Kilowatt Hour	11,847	18,467	(6,620)	-35.8%	274,856	285,523	(10,667)	-3.7%
Natural Gas Distribution	33,775	34,228	(453)	-1.3%	69,019	70,055	(1,036)	-1.5%
Foreign Insurance	(38,098)	(20,229)	(17,869)	-88.3%	316,073	331,042	(14,968)	-4.5%
Domestic Insurance	11,216	9,421	1,795	19.1%	13,527	10,397	3,130	30.1%
Other Business & Property	263	125	137	109.7%	271	189	82	43.1%
Cigarette and Other Tobacco	69,596	74,976	(5,381)	-7.2%	754,252	789,605	(35,353)	-4.5%
Alcoholic Beverage	5,190	6,214	(1,024)	-16.5%	58,677	55,943	2,733	4.9%
Liquor Gallonage	4,772	4,872	(100)	-2.0%	53,030	52,588	442	0.8%
Estate	7	30	(23)	-77.3%	58	61	(3)	-5.3%
Total Tax Receipts	2,506,247	2,931,277	(425,030)	-14.5%	25,435,234	23,787,079	1,648,155	6.9%
NON-TAX RECEIPTS								
Federal Grants	1,043,686	1,541,118	(497,432)	-32.3%	10,841,944	11,337,548	(495,604)	-4.4%
Earnings on Investments	0	0	0	N/A	34,630	45,596	(10,966)	-24.1%
License & Fee	5,548	5,844	(296)	-5.1%	98,680	87,483	11,197	12.8%
Other Income	2,467	926	1,542	166.5%	174,378	95,775	78,604	82.1%
ISTV'S	0	24	(23)	-98.5%	225,914	12,296	213,618	1737.3%
Total Non-Tax Receipts	1,051,701	1,547,911	(496,210)	-32.1%	11,375,547	11,578,698	(203,151)	-1.8%
TOTAL REVENUES	3,557,948	4,479,188	(921,240)	-20.6%	36,810,781	35,365,778	1,445,004	4.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	24	(24)	N/A	57,085	97,173	(40,089)	-41.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	24	(24)	N/A	57,085	97,173	(40,089)	-41.3%
TOTAL SOURCES	3,557,948	4,479,212	(921,264)	-20.6%	36,867,866	35,462,951	1,404,915	4.0%

Disbursements

May GRF disbursements, across all uses, totaled \$2.8 billion and were \$265.7 million (-8.5%) below estimate. This variance was primarily attributable to below estimate disbursements in Property Tax Reimbursements. On a year-over-year basis, May total uses were \$760.1 million (-21.1%) lower than those of the same month in the previous fiscal year, with a decrease in Medicaid largely responsible for the difference.



Monthly and Year to Date Percent Variance from Budgeted Estimate



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

Primary and Secondary Education

This category contains GRF spending for the Ohio Department of Education. May disbursements for this category totaled \$521.0 million and were \$112.3 million (-17.7%) below estimate. This variance was primarily attributable to the normally occurring reconciliation process. Implementation of the new school funding formula in mid-year resulted in overspending in December and January as any funding increases owed to schools were paid in those months. If schools experienced reduced funding for any category of foundation aid, those reductions occur over the remaining payments. Therefore, overpayments continue to be deducted, and underspending is expected to continue for the remainder of the fiscal year to offset prior months of overspending.

Disbursements for pupil transportation and special education transportation were less than anticipated. Lower than anticipated special education transportation costs in fiscal year 2021 contribute to the formula for fiscal year 2022. In addition to the prior year low cost, a decrease of 65,000 bus riders in fiscal year 2022 compared to fiscal year 2020 is another cause of the underspending. This underspending is expected to continue for the remainder of the fiscal year.

Spending for student assessments were above estimate as the department experienced a delay in amending an assessment contract causing payments to be delayed from April until May. Disbursements for the Industry-Recognized Credentials for High School Students line item were estimated to occur in June but occurred in May as credential data for the payments was available earlier than anticipated. These payments reimbursed schools for the testing fees of students who earned 60,733 industry-recognized credentials during the 2020-2021 school year. Schools also received incentive payments for 5,744 credentials earned by students under the Innovative Workforce Incentive Program. Earning an industry-recognized credential allows students to learn about a particular skill set or job and demonstrate mastery of skills while helping meet graduation requirements.

Year-to-date disbursements were \$7.9 billion, which were \$72.8 million (-0.9%) below estimate. On a year-over-year basis, disbursements for primary and secondary education were \$2.0 million (-0.4%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$290.9 million (3.8%) higher than the same point in fiscal year 2021.

\$7.9 BILLION YTD

Medicaid

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

This category includes all Medicaid spending on services and program 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.

Medicaid Expenditures

May GRF disbursements for the Medicaid Program totaled \$1.6 billion and were \$7.7 million (0.5%) above estimate and \$688.7 million (-30.4%) below disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled \$15.7 billion and were \$812.8 million (5.5%) above estimate, and \$603.3 million (-3.7%) below disbursements for the same point in the previous fiscal year.

The monthly GRF variance was minimal in May. The Department continues to balance the use of GRF and non-GRF resources, notably by delaying the use of the Health and Human Services fund until the end of the public health emergency and the enhanced Federal Medical Assistance Percentage (FMAP). This cash management strategy shifted spending to the GRF in May. However, offsetting these higher GRF costs, was below estimate spending in the managed care program that was partially attributable to the timing of several payments; there was a delay in a MyCare quality payment, which will now occur in June, and several non-enrollment related payments that were budgeted for in May were made in March instead. Additionally, lower than anticipated managed care rates, which took effect in January, continue to offset some of the higher spending associated with increased caseloads. Caseloads in both the managed care and fee-for-service programs will remain above estimate for fiscal year 2022 as original estimates assumed the end of the federal public health emergency in December 2021 and the resumption of routine eligibility redeterminations in January 2022. Caseloads were approximately 87,850 and 38,600 above estimate in the managed care and fee-for-service program, respectively.

Year-to-date GRF spending was above estimate due largely to provider payments authorized in H.B. 169 that were disbursed in March and the additional federal reimbursement associated with the continuation of the federal public health emergency and the enhanced FMAP. As part of the cash management plan and to account for the variance, the Department implemented several appropriation adjustments authorized in both H.B. 110 and H.B. 169. These adjustments shifted additional appropriation to the Department's main GRF line item, 651525 Medicaid Health Care Services, mainly to account for additional federal revenue that was being deposited into the GRF due to the continuation of the federal public health emergency and the enhanced FMAP. These changes were budget neutral but ensured that appropriation was available where needed due to the shifting circumstances. The estimates in this report do not reflect this adjustment and therefore year-to-date variances will be skewed for the remainder of the fiscal year.

May all-funds disbursements for the Medicaid Program totaled \$2.7 billion and were \$705.2 million (-20.5%) below estimate, and \$74.5 million (2.8%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled \$31.8 billion and were \$1.1 billion (-3.4%) below estimate, and \$3.3 billion (11.4%) above disbursements for the same point in the previous fiscal year.

The May all-funds variance was primarily attributable to the lower than anticipated managed care rates that took effect in January and the timing of several payments. As mentioned above, a large non-enrollment related payment that was budgeted for in May was made in March instead as the necessary data to complete this payment was available earlier than anticipated. Additionally, both a MyCare quality payment and a direct payment to hospitals were delayed; however, both are expected to disburse in June with no disruption to the total fiscal year 2023 estimate. Finally, there was below estimate spending on administration as some anticipated operational costs associated with the Next Generation Medicaid program are being moved to fiscal year 2023 due to the new staggered implementation timeline.

The year-to-date all-funds variance was primarily attributable to non-enrollment related payments, many of which remain delayed and are not expected to be disbursed in fiscal year 2022, and below estimate managed care spending due to lower than anticipated rates and the elimination of the federal health insurer fee. Additionally, as mentioned, spending on administration has been below estimate as some anticipated operational costs are being moved to fiscal year 2023. The year-over-year variance is primarily attributable to increased costs associated with elevated caseloads because of the pandemic.

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

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

	<u>May Estimate</u>	<u>May Actual</u>	<u>Variance</u>	<u>Variance %</u>
GRF	\$1,567.6	\$1,575.3	-\$7.7	0.5%
Non-GRF	\$1,871.5	\$1,158.6	-\$712.9	-38.1%
All Funds	\$3,439.1	\$2,733.9	-\$705.2	-20.5%

Medicaid Enrollment

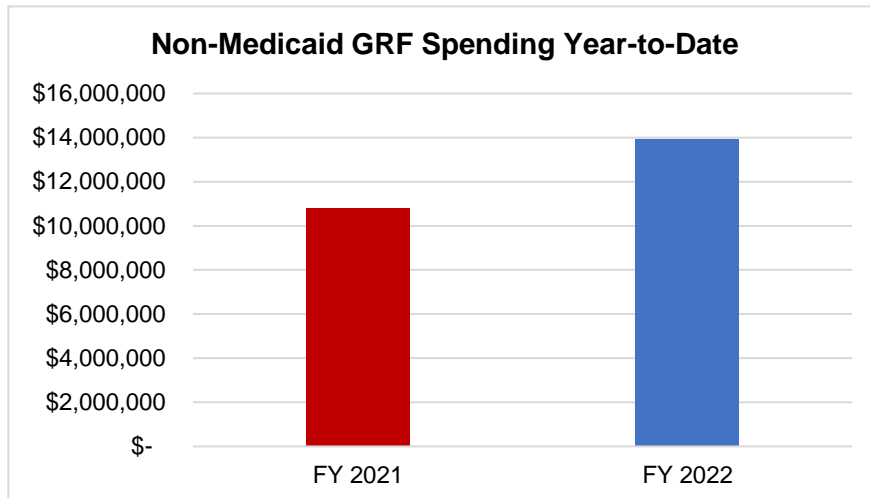
Total May enrollment was 3.40 million, which was 87,850 (2.7%) above estimate and approximately 196,600 (6.1%) above enrollment for the same period last fiscal year. As noted above, enrollment will continue to be reported above estimate for the remainder of fiscal year 2022 because budget estimates assumed the end of the federal public health emergency in December 2021 followed by the resumption of redeterminations beginning early in the third quarter of the state fiscal year. Year-to-date average monthly enrollment was 3.32 million and was approximately 18,500 (0.6%) above estimate.

May enrollment by major eligibility category was: Covered Families and Children, 1.85 million; Group VIII Expansion, 897,000; and Aged, Blind and Disabled (ABD), 505,400.

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

Department of Aging

Year-to-date disbursements for the Department of Aging totaled \$13.9 million and are \$3.1 million (29.0%) higher than at the same point in the previous fiscal year. Most of the overage is from an increased investment in the area agencies on aging. These funds help plan, coordinate and implement programs based on local needs while making the most of local service



networks. Top program priorities being implemented include home-delivered meals, senior transportation services, and personal care. The remaining increase in spending is due primarily to disbursements in the Long-Term Care Ombudsman line item for support to the 12 regional programs. The mission of the 12 regional programs is to advocate for excellence in long-term services and supports wherever seniors live. Activity had slowed slightly during the previous fiscal year due to the pandemic. Now activity is returning to more normal levels and requests for assistance are rising.

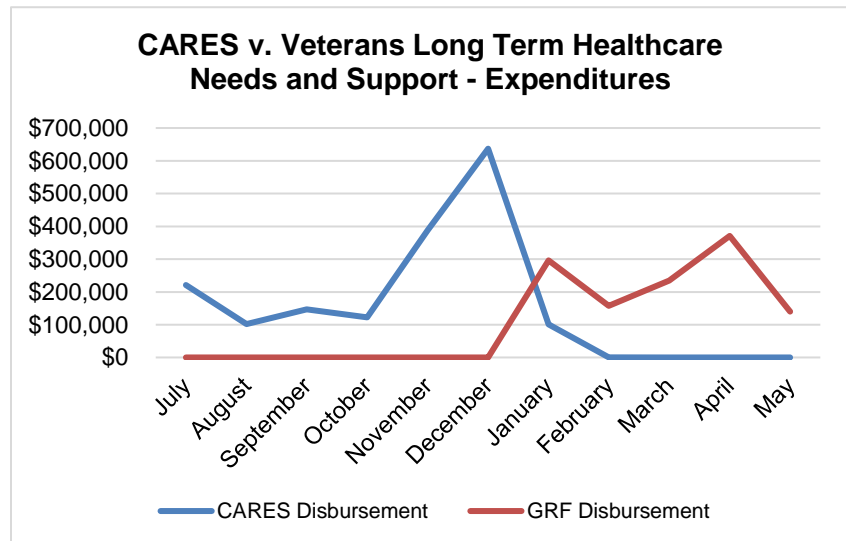
Department of Mental Health and Addiction Services

May disbursements for the Department of Mental Health and Addiction Services totaled \$27.0 million and were \$2.5 million (-8.6%) below estimate. The variance was attributable to disbursements in the Addiction Services Partnership with Corrections line item, which was \$2.3 million (-51.0%) below estimate. This line item supports access to mental health and addiction treatment within Ohio's correctional facilities, including counseling, peer support, technology, and medication. Year-to-date \$26.4 million has been disbursed in this line item, an average of \$2.4 million a month. It was estimated that \$30.1 million would have been disbursed in this program by May. Since February, the Addiction Services Partnership line has been below budget by an average of \$1.3 million per month. Challenges for this new program include persistent mental health professional vacancies in correctional facilities and a need for additional mental health workers in this setting. With significant efforts underway to fill critical vacancies, the use of this program funding will also increase.

Department of Veterans Services

Year-to-date disbursements for the Department of Veterans Services (DVS) totaled \$47.5 million and were \$2.3 million (-4.5%) below estimates for the fiscal year-to-date. The underage has occurred primarily due to nursing home staffing vacancies. The department utilized the Veterans Long Term Healthcare Needs and Support line item to mitigate for staffing shortages by contracting with CareerStaff Unlimited to provide temporary staffing for State Tested Nurse Aides, Licensed Practical Nurses, and Registered Nurses at the Ohio Veterans Homes.

The Veterans Long Term Healthcare Needs and Support line item appropriation provides the department \$1.5 million in each year of the biennium to support the state's two veterans' homes in response to the COVID-19 pandemic. Disbursements from this line item did not occur until December of this fiscal year because the department tried to maximize CARES Act funding to pay for pandemic related expenses. The shift in expenditures from federal funds to the GRF caused a spike in expenditures from this line item. Expenses include payments for medical services, cleaning and maintenance supplies, and food and handling equipment, and have been made to ensure the safety and well-being of the homes' residents. DVS plans to disburse the remaining appropriation by the end of this fiscal year.



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.

May disbursements in this category totaled \$171.8 million and were \$10.7 million (-5.9%) below estimate. Year-to-date disbursements were \$2.5 billion and were \$143.9 million (-5.5%) below estimate. On a year-over-year basis, disbursements in this category were \$44.0 million (-20.4%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$192.2 million (8.5%) higher than at the same point in fiscal year 2021.

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.

May disbursements in this category totaled \$44.6 million and were \$5.2 million (13.3%) above estimate. Year-to-date disbursements were \$470.6 million and were \$66.4 million (-12.4%) below estimate. On a year-over-year basis, disbursements in this category were \$6.5 million (17.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$68.3 million (17.0%) higher than at the same point in fiscal year 2021.

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.

May disbursements in this category totaled \$92.6 million and were \$3.8 million (-4.0%) below estimate. Year-to-date disbursements were \$1.4 billion and were \$171.0 million (-10.9%) below estimate. On a year-over-year basis, disbursements in this category were \$11.3 million (-10.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$80.6 million (6.1%) higher than at the same point in fiscal year 2021.

Transfers Out

May transfers out totaled \$250,000, though none were estimated. Year-to-date transfers out totaled \$3.1 billion and were \$103.7 million (3.5%) above estimate. The monthly variance was attributable to a transfer to the At Home Technology Pilot Fund, which occurred later in the fiscal year than initially planned.

Higher Education

May disbursements in this category totaled \$205.1 million and were \$6.6 million (-3.1%) below estimate. Year-to-date disbursements were \$2.2 billion, which were \$30.4 million (-1.3%) below the estimate. On a year-over-year basis, disbursements in this category were \$7.8 million (-3.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$54.4 million (2.5%) higher than at the same point in the previous fiscal year.

Property Tax Reimbursement

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. May property tax reimbursements totaled \$209.1 million and were \$127.3 million (-37.8%) below estimate. Year-to-date reimbursements totaled \$1.8 billion and were \$8.7 million (0.5%) above estimate. The year-to-date variance is primarily timing related and is expected to offset with lower than estimated payments in June.

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.

May disbursements in this category totaled \$3.9 million and were \$1.2 million (-23.7%) below estimate. Year-to-date disbursements were \$83.8 million and were \$6.8 million (-7.5%) below estimate. On a year-over-year basis, disbursements in this category were \$1.1 million (-21.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$14.0 million (20.0%) higher than at the same point in fiscal year 2021.

Debt Service

May payments for debt service totaled \$20.8 million and were \$17.0 million (-45.1%) below estimate. This variance is primarily due to timing adjustments made to a prospective debt reduction plan. Year-to-date debt service payments were \$1.4 billion and were \$22.8 million (-1.6%) below estimate for the year. Year-to-date debt service payments are currently \$367.3 million (36.0%) over this point last fiscal year due to debt restructuring lowering 2021 payments below typical levels.

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL MAY	ESTIMATED MAY	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	520,950	633,225	(112,275)	-17.7%	7,869,798	7,942,585	(72,787)	-0.9%
Higher Education	205,134	211,784	(6,650)	-3.1%	2,229,931	2,260,316	(30,384)	-1.3%
Other Education	3,942	5,169	(1,227)	-23.7%	83,849	90,693	(6,845)	-7.5%
Medicaid	1,575,301	1,567,582	7,719	0.5%	15,670,867	14,858,097	812,770	5.5%
Health and Human Services	92,618	96,431	(3,813)	-4.0%	1,400,868	1,571,871	(171,003)	-10.9%
Justice and Public Protection	171,779	182,457	(10,678)	-5.9%	2,459,497	2,603,405	(143,908)	-5.5%
General Government	44,580	39,339	5,241	13.3%	470,629	537,021	(66,392)	-12.4%
Property Tax Reimbursements	209,054	336,325	(127,271)	-37.8%	1,813,772	1,805,094	8,678	0.5%
Debt Service	20,786	37,834	(17,048)	-45.1%	1,387,134	1,409,953	(22,820)	-1.6%
Total Expenditures & ISTV's	2,844,144	3,110,145	(266,001)	-8.6%	33,386,345	33,079,035	307,310	0.9%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	250	0	250	N/A	3,074,144	2,970,400	103,744	3.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	250	0	250	N/A	3,074,144	2,970,400	103,744	3.5%
Total Fund Uses	2,844,394	3,110,145	(265,751)	-8.5%	36,460,489	36,049,435	411,054	1.1%

6/8/2022

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	MAY FY 2022	MAY FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
Primary and Secondary Education	520,950	522,912	(1,962)	-0.4%	7,869,798	7,578,921	290,877	3.8%
Higher Education	205,134	212,940	(7,807)	-3.7%	2,229,931	2,175,545	54,386	2.5%
Other Education	3,942	5,001	(1,059)	-21.2%	83,849	69,885	13,964	20.0%
Medicaid	1,575,301	2,263,985	(688,685)	-30.4%	15,670,867	16,274,186	(603,319)	-3.7%
Health and Human Services	92,618	103,932	(11,314)	-10.9%	1,400,868	1,320,308	80,560	6.1%
Justice and Public Protection	171,779	215,761	(43,982)	-20.4%	2,459,497	2,267,323	192,174	8.5%
General Government	44,580	38,074	6,506	17.1%	470,629	402,358	68,271	17.0%
Property Tax Reimbursements	209,054	221,835	(12,780)	-5.8%	1,813,772	1,793,401	20,372	1.1%
Debt Service	20,786	20,063	723	3.6%	1,387,134	1,019,837	367,297	36.0%
Total Expenditures & ISTV's	2,844,144	3,604,504	(760,360)	-21.1%	33,386,345	32,901,765	484,581	1.5%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	250	0	250	N/A	3,074,144	459,194	2,614,949	569.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	250	0	250	N/A	3,074,144	459,194	2,614,949	569.5%
Total Fund Uses	2,844,394	3,604,504	(760,110)	-21.1%	36,460,489	33,360,959	3,099,530	9.3%

Fund Balance

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

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

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

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

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

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

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

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Glossary

<p><u>Average Daily Rate</u></p>	<p>A measure of a hotel’s profit and performance, the average rate paid per hotel room that is occupied at United States hotel properties. It is calculated by dividing room revenue by rooms sold.</p>
<p><u>Back-to-Normal Index</u></p>	<p>Created by Moody’s Analytics and CNN 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.</p>
<p><u>Beige Book</u></p>	<p>This report published by the Board of Governors of the Federal Reserve System evaluates current economic conditions across the 12 Federal Reserve districts in the United States, highlighting changes in economic conditions since the previous report.</p>
<p><u>Building Permits</u></p>	<p>The number of privately-owned housing units authorized for construction in Ohio or in the United States. Permits for a house, an apartment, a group of rooms, or a single room intended for occupancy as separate living quarters are included in this measure.</p>
<p><u>Consumer Confidence</u></p>	<p>The Conference Board’s measure reflects present and anticipated business conditions. The monthly report measures consumer attitudes, buying intentions, vacation plans, and consumers expectations on inflations, stock prices, and interest rates in the United States.</p>
<p><u>Consumer Price Index for All Urban Consumers</u></p>	<p>Computed by the Bureau of Labor Statistics, this index measures the average change in prices paid by consumers for goods and services over time. The index is based on spending patterns of urban consumers for more than 200 items and over 120 different combinations of items such as food and beverages, housing, and energy.</p>
<p><u>Continued and Extended Unemployment Claims</u></p>	<p>Continued unemployment claims include the number of Ohio residents filing for ongoing unemployment benefits for a period up to 26 weeks, after their initial claim. In some cases, the federal government may extend the period that unemployment benefits may be received, even if the worker has exhausted regular unemployment insurance period.</p>
<p><u>Employment Trends Index</u></p>	<p>The Conference Board’s Leading composite index indicates the direction of employment through the aggregation of eight leading employment indicators.</p>

<u>Existing Home Sales</u>	A measure of the number of sales of existing homes, which includes single-family, townhomes, condominiums, and co-ops. This number is based on transaction closings from the Multiple Listing Services.
<u>Hotel Occupancy Rate</u>	A performance indicator that shows the percentage of hotel rooms that are occupied in the United States compared to total available space.
<u>Housing Market Index</u>	Produced by the National Association of Home Builders (NAHB) and Wells Fargo, the index is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. Respondents are asked to rate market conditions for the sale of new homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes.
<u>Initial Unemployment Claims</u>	The number of new jobless claims filed by Ohio workers seeking unemployment assistance for the first-time following a job loss.
<u>Leading Economic Index</u>	The Conference Board's composite index is designed to reveal patterns in economic data by smoothing the volatility of its 10 individual components. The Leading Economic Index is a predictive index that anticipates business cycle inflexion points.
<u>Newly Built Single-Family Home Sales</u>	A measure of the sales of newly built single family structures including houses and townhouses.
<u>Ohio Employee-Population Ratio</u>	The proportion of Ohio civilian employment to the Ohio civilian non-institutional population. The ratio is primarily used as a measure of job holders and to track the pace of job creation compared to the adult population over time.
<u>Ohio Labor Force Participation Rate</u>	This rate represents the number of people in the Ohio labor force as a percentage of the Ohio civilian non-institutionalized population.
<u>Ohio Nonfarm Payroll Employment</u>	A measure of the number of workers in Ohio excluding farm workers as well as some government workers, private household employees, proprietors, unpaid volunteers, and the unincorporated self-employed.
<u>Ohio Unemployment Rate</u>	A measure of the share of workers in the Ohio labor force who do not currently have a job that are actively looking for work. People who have not looked for work in the past four weeks are not included in this measure.

<u>People Not in the Labor Force Who Currently Want a Job</u>	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.
<u>Permanent Job Losses</u>	Unemployed persons whose employment ended involuntarily, or completed a temporary job, and began looking for work.
<u>Personal Consumption Expenditures</u>	Produced by the Bureau of Economic Analysis, this indicator reflects price and consumer changes of national household expenditures for goods and services exchanged in the United States economy.
<u>Personal Income</u>	Income that people receive from wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources.
<u>Personal Saving</u>	Produced by the Bureau of Economic analysis, this is the difference between current-dollar disposable income (i.e., after-tax income) and personal outlays.
<u>Personal Savings Rate</u>	Produced by the Bureau of Economic Analysis, this indicator calculates the percentage of an individual's incomes left after they pay taxes and spend money. It is the percentage of the disposable income that people save.
<u>Purchasing Managers Index</u>	Produced by the Institute for Supply Management that measures expansions and contractions of the manufacturing economy. An index score reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent it is generally contracting.
<u>Real Gross Domestic Product</u>	Produced by the Bureau of Economic Analysis, this is a measure of the inflation adjusted value of the goods and services produced by labor and property located in the United States.
<u>Revenue Per Available Room</u>	This is a standard performance measure used in the hotel industry calculated by multiplying a hotel's average daily room rate by its occupancy rate.
<u>Small Business Optimism Index</u>	The National Federation of Independent Business calculates this index to provide an indication of the health of small businesses in the United States through a composite of ten seasonally adjusted components.

<u>State-Level Coincident Index</u>	Produced by the Federal Reserve Bank of Philadelphia, this index 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.
<u>Survey of Consumers</u>	The University of Michigan’s Survey of Consumers reports a measure of consumer confidence in the overall health of the economy in the United States. Information is gathered from a monthly telephone survey of consumer expectations for the economy.
<u>Temporary Layoff</u>	People who have been given a date to return to work or who expect to return to work within 6 months. Those on temporary layoff do not need to be looking for work to be classified as unemployed.
<u>Total Construction Spending</u>	The Census Bureau’s estimate of the total dollar value of construction work done in the United States for the month on new structures or improvements to existing structures for private and public sectors. Estimates include the cost of architectural and engineering work, the cost of labor and materials, overhead costs, interest, and taxes paid during construction, and contractor's profits.
<u>Total Industrial Production</u>	A measure produced by the Board of Governors of the Federal Reserve System, the index measures the real output of the manufacturing, mining, and electric and gas utilities industries. The reference period for the index is 2017.
<u>Total Travel Throughput</u>	The number of travelers that go through Transportation Security Administration checkpoints in airports across the United States.
<u>Total Turnpike Revenue</u>	The amount of revenue received through the operation of the Ohio Turnpike.
<u>Turnpike Commercial Vehicle Miles Traveled</u>	The number of miles traveled on the Ohio Turnpike by a commercial vehicle; a commercial vehicle is any car, truck, van, or other vehicle that a person uses to conduct business.
<u>Turnpike Passenger Vehicle Miles Traveled</u>	The number of miles traveled on the Ohio Turnpike by a passenger vehicle; a passenger vehicle is any vehicle that is not used for business or commercial purposes.
<u>U.S. Labor Force Participation Rate</u>	This rate represents the number of people in the United States labor force as a percentage of the United States civilian non-institutionalized population.

<p><u>U.S. Nonfarm Payroll Employment</u></p>	<p>A measure of the number of workers in the United States excluding farm workers as well as some government workers, private household employees, proprietors, unpaid volunteers, and the unincorporated self-employed.</p>
<p><u>U.S. Unemployment Rate</u></p>	<p>A measure of the share of workers in the United States labor force who do not currently have a job but are actively looking for work. People who have not looked for work in the past four weeks are not included in this measure.</p>
<p><u>Worker Adjustment and Retraining Notification (WARN) Act</u></p>	<p>The WARN Act requires employers to provide written notices of at least 60 days in advance of covered plant closings and mass layoffs in Ohio to the Ohio Department of Job and Family Services.</p>