

State of Ohio Monthly Financial Report

FEBRUARY 10, 2023

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

From: Kimberly Murnieks, Director



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Report Overview


GRF TAX REVENUE IS 4 PERCENT ABOVE THE ESTIMATE FOR THE FISCAL YEAR-TO-DATE



\$727 MILLION GRF TRANSFER BRINGS THE OHIO BUDGET STABILIZATION FUND TO THE HIGHEST LEVEL IN HISTORY



JANUARY PERSONAL INCOME TAX CAME IN 8.5 PERCENT ABOVE THE ESTIMATE



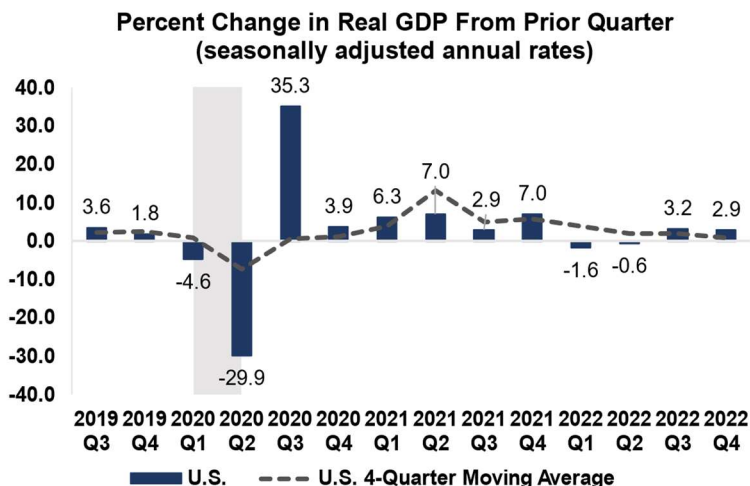
JANUARY SALES & USE TAX EXCEEDED THE ESTIMATE BY 1.9 PERCENT



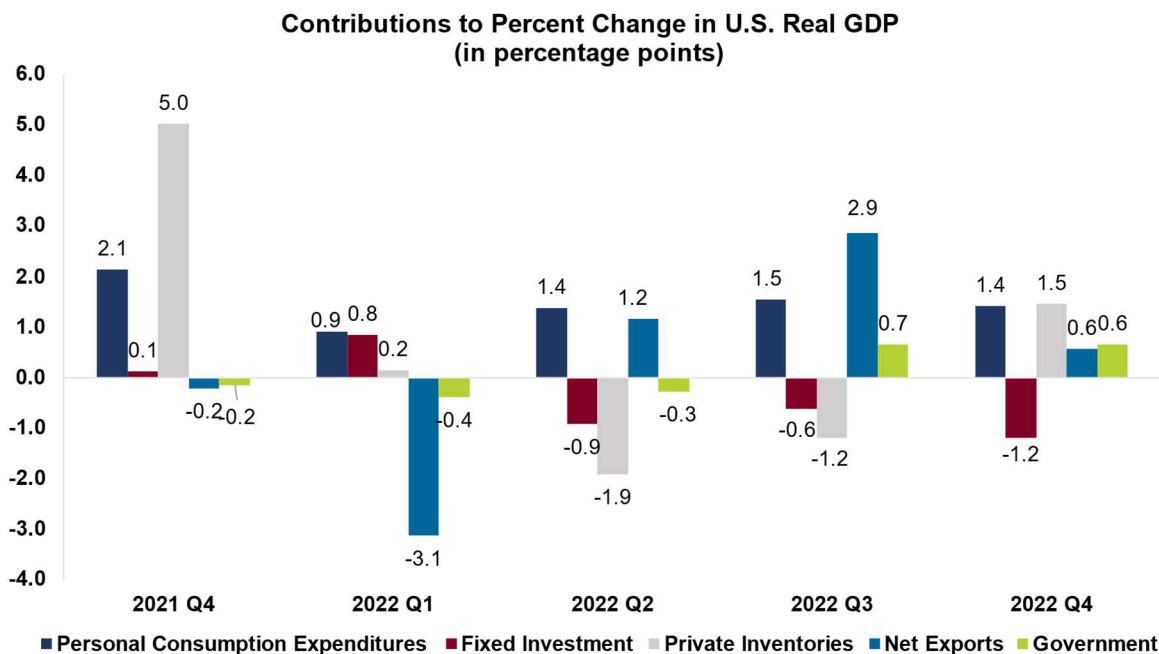
Economic Activity

Economic Outlook

According to the Bureau of Economic Analysis' advance estimate, the nation's **Real Gross Domestic Product (GDP)** increased in the fourth quarter of calendar year 2022 at an annualized rate of 2.9 percent. This is the second quarter in a row of growth, after declines in the first half 2022.



The fourth quarter increase in real GDP resulted from growth in private inventories (1.5 percentage points), personal consumption expenditures (1.4 percentage points), government expenditures (0.6 percentage point), and net exports (0.6 percentage point). These positive contributions were partially offset by decreases in fixed investment (-1.2 percentage points).



Source: Bureau of Economic Analysis



The **Federal Reserve's Beige Book** evaluates current economic conditions across its 12 districts. According to the January 2023 report, economic activity in the Fourth District, which includes Ohio, slowed slightly since November's report, though substantial variation existed among sectors. Interest rate sensitive sectors including nonresidential construction, residential real estate and automobile sales reported a continued softening of demand. Manufacturing respondents reported improvements in demand, particularly in goods categories associated with longer lead times. Firms were generally more pessimistic about the near-term outlook for demand than in prior reporting periods. Labor demand remained solid, suggesting that firms will continue to hire moving forward.

In December, the Conference Board's **Leading Economic Index** decreased 0.8 percent to 110.7, after declining 0.8 percent in November. The index has fallen every month since February 2022 and in the last six months decreased 3.8 percent. The Conference Board's senior director of economics reported widespread weakness among indicators continued to signal the possibility of recession in the coming quarters. Manufacturing, housing, and financial markets indicators all weakened in December, while labor market indicators showed sustained strength.

Despite positive GDP readings in the last two quarters, many economic forecasters continue to anticipate that the national economy may enter a short and shallow recession sometime during calendar year 2023. However, others suggest that economic growth will continue, but at a slower rate than in recent months. The Federal Reserve raised interest rates by 25 basis points in January to 4.75 percent and signaled willingness to continue to do so again to slow inflation pressures. January's strong jobs report suggests that the economy may be stronger than previously anticipated and dampens concerns of a sharp slowdown.

Economic Forecasts

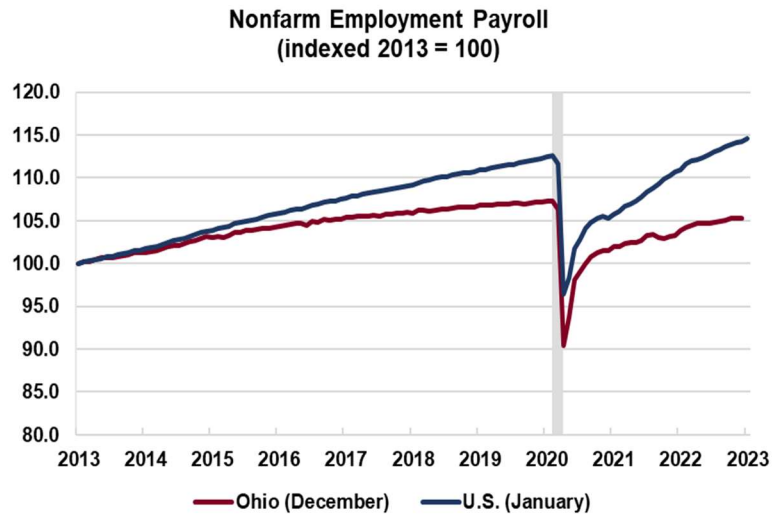
Source	Date	1st Quarter 2023 Annualized GDP Forecast
IHS Markit GDP Tracker	02/03/2023	-1.3%
Federal Reserve Bank of Atlanta (GDPNow)	02/01/2023	0.7%
Moody's Analytics High Frequency GDP Model	02/01/2022	2.9%
Wells Fargo	01/20/2023	0.0%
Conference Board	01/10/2023	-0.6%



Ohio Labor Market

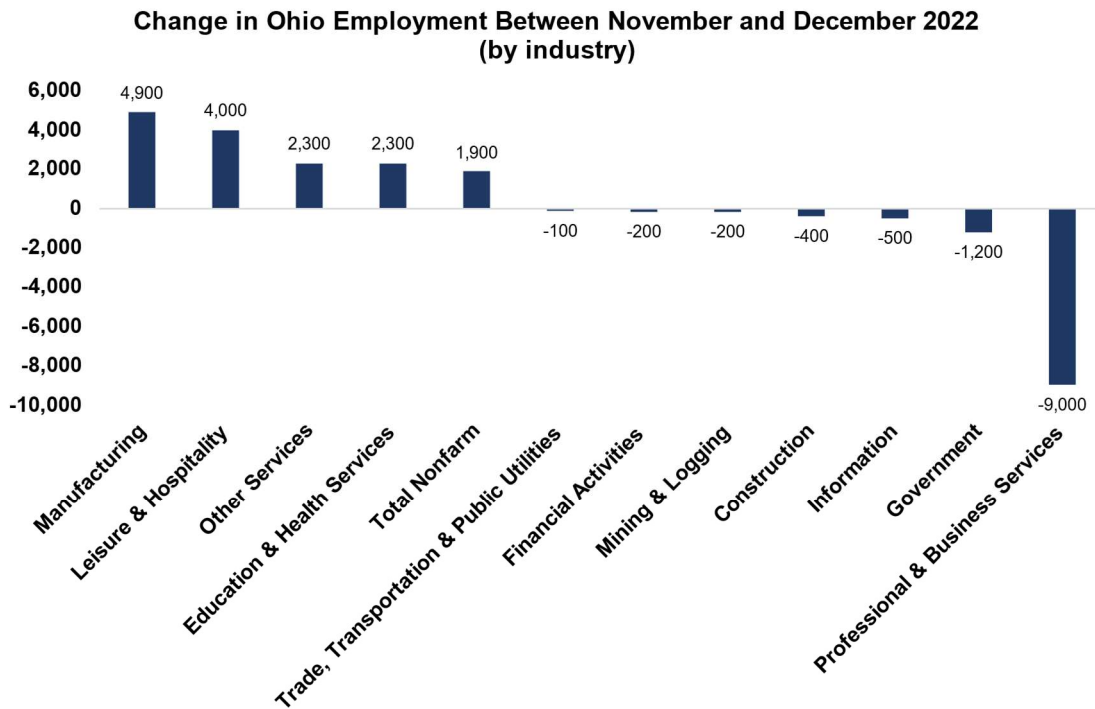
Ohio's nonfarm payroll employment increased by an estimated 1,900 jobs in December 2022. These increases brought the number of jobs in Ohio to two percent above December 2021 levels.

In Ohio, the manufacturing industry had the largest increase in jobs in December, followed by leisure and hospitality, other services, and education and health services. Losses in government and professional and business services partially offset these gains.



Source: Bureau of Labor Statistics

Ohio's seasonally adjusted **labor force participation rate** in December was 61.2 percent, a decrease of 0.1 percentage point from November. The seasonally adjusted **employment-population ratio** was 58.6 in December, a 0.1 percent decrease from November 2022.



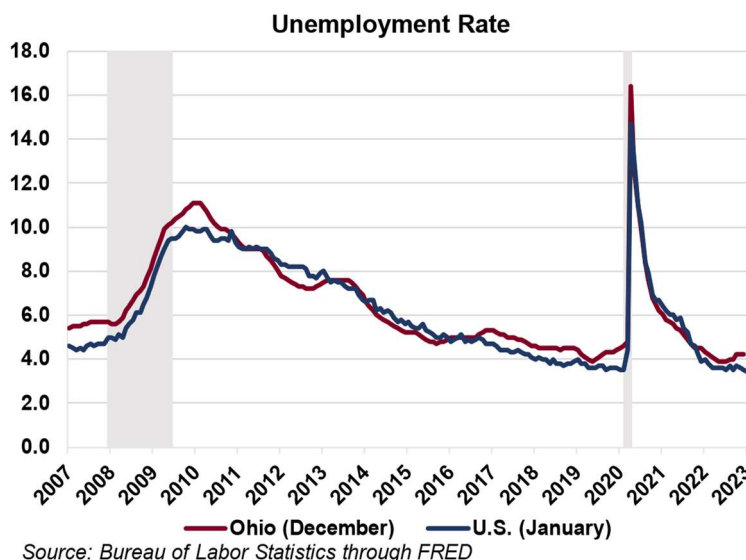
Source: Bureau of Labor Statistics



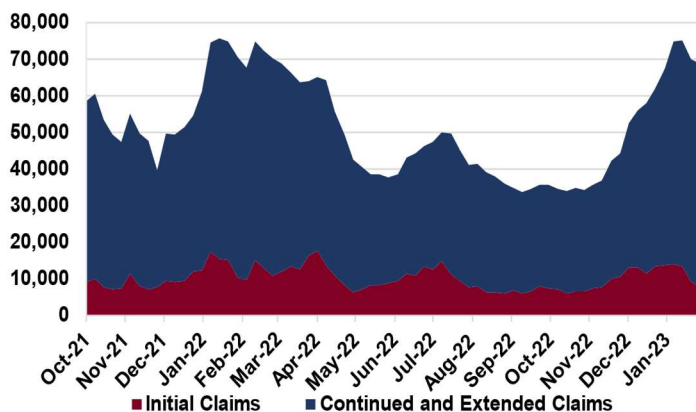
The **State-Level Coincident Index**, a measure of employment conditions in each state, for Ohio increased 0.1 percent between September and December 2022. Compared to December 2021, the Ohio index increased 3.3 percent. This suggests a stable expansion in economic activity in Ohio over time. The U.S. coincident index increased 0.8 percent over the last three months and 0.3 percent in December 2022.

The **Ohio unemployment rate** was unchanged between November and December 2022 at 4.2 percent.

In December 2022, **initial unemployment claims** increased 38.5 percent for men and 29.4 percent for women compared to November 2022. During the same period, initial claims increased for all racial categories. Those who identified as White saw a 37 percent increase in claims, the highest of all racial categories.



Ohio Total Unemployment Claims
(week ending October 2, 2021 through present)



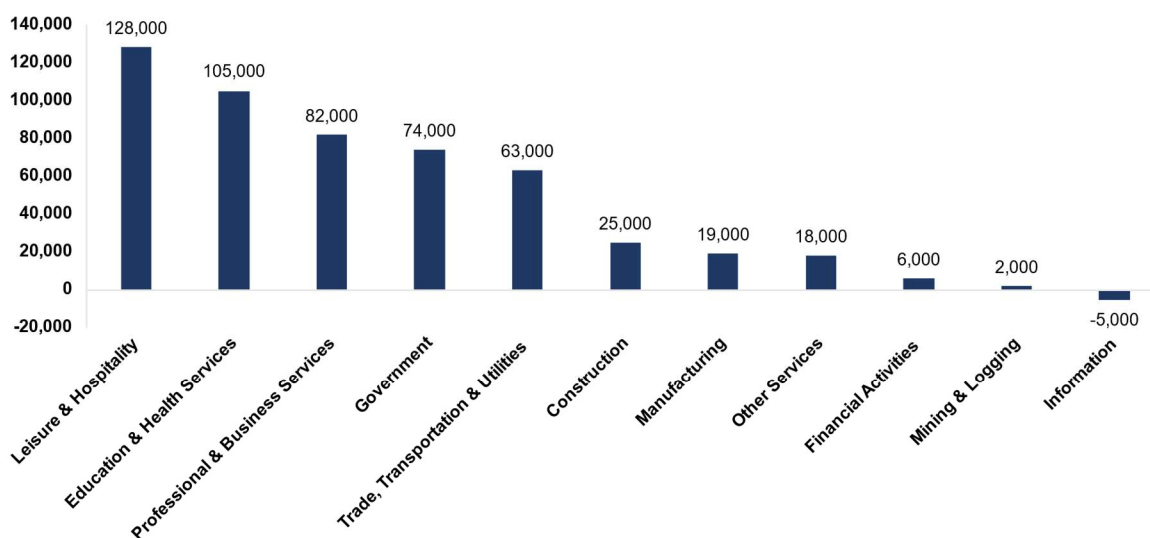
During the week ending January 28, 2023, individuals filed a total of 7,948 initial unemployment claims, a 12.1 percent decrease from the previous week. Individuals filing **continued and extended claims** during the same week totaled 60,812 claims, a 0.2 percent decrease from the prior week.

U.S. Labor Market

U.S. nonfarm payroll employment increased by 517,000 jobs in January. Job gains were widespread with the highest growth in the leisure and hospitality, education and health services, and professional and business services sectors.

517,000
Jobs Added

Change in U.S. Employment December 2022 - January 2023
(by industry)



Source: Bureau of Labor Statistics

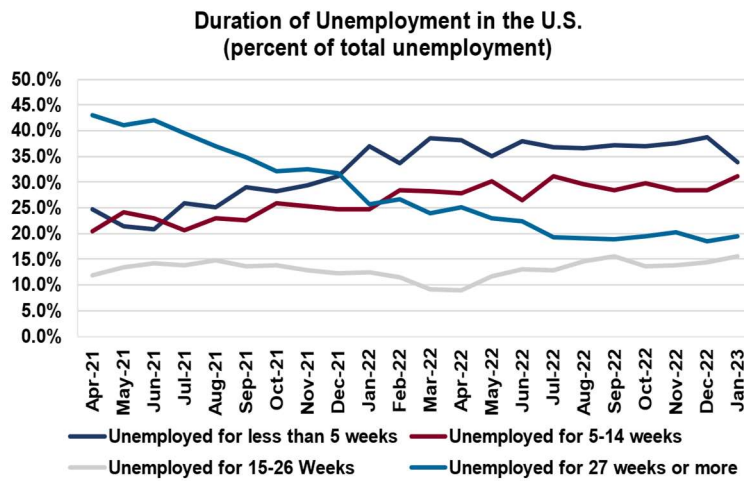
The **U.S. labor force participation rate** increased by 0.1 percentage point to 62.4 percent in January. The **U.S. employment-population ratio** increased by 0.1 percentage point to 60.2 percent. Both measures remained below February 2020 levels by one percentage point.

The **U.S. unemployment rate** declined in January to 3.4 percent while the number of unemployed individuals remained little changed at 5.7 million. The unemployment rate decreased for those who identified as Black (-0.3 percentage point). Individuals who identified as Hispanic and individuals who identified as Asian increased by 0.4 percentage point, while those who identify as White increased by 0.1 percentage point in January. The unemployment rate for women decreased 0.1 percentage point between December and January. For men, the unemployment rate increased 0.1 percentage point to 3.2 percent.



Unemployment Rates by Demographic Group

	November-22	December-22	January-23
Women	3.3%	3.2%	3.1%
Men	3.3%	3.1%	3.2%
Black	5.7%	5.7%	5.4%
White	3.3%	3.0%	3.1%
Asian	2.6%	2.4%	2.8%
Hispanic	4.0%	4.1%	4.5%



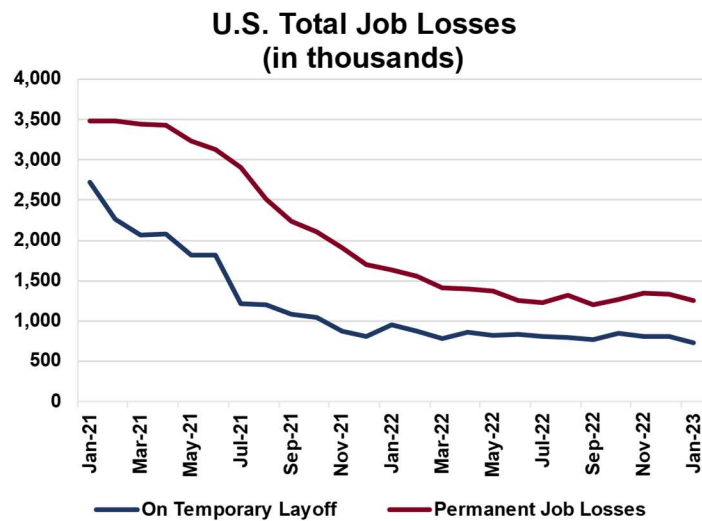
Source: Bureau of Labor Statistics

In January 2023, 19.4 percent of unemployed individuals in the nation were unemployed for 27 or more weeks. This measure increased 0.8 percentage point from December and remains in line with pre-pandemic levels.

The number of **people not in the labor force who currently want a job** increased by 2.7 percent to 5.3 million in January and was above the February 2020 level by 264,000.

The number of unemployed people who were on **temporary layoff** decreased to 734,000 in January and was 46,000 less than in February 2020.

The number of people with **permanent job losses** decreased by 82,000 in January to 1.3 million and remained 38,000 lower than in February 2020.



Source: Bureau of Labor Statistics



Consumer Income and Consumption

\$22.2 Trillion

Personal income increased by \$49.5 billion (0.2%) in December to \$22.2 trillion. Gains in December were primarily due to increases in compensation of employees of \$36 billion (0.3%) and proprietors' income of \$6.5 billion (0.3%).

Personal consumption expenditures decreased by \$41.6 billion (-0.2%) between November and December. Overall spending on goods decreased by 1.6 percent. Decreases in spending on motor vehicles and parts (-3.3%), furnishings and durable household equipment (-1.3%) and recreational goods and vehicles (-1.2%) contributed to a 1.9 percent decrease in spending on durable goods. A decline in spending on gasoline and other energy goods (-8.1%) and clothing and footwear (-1.4%) contributed to a 1.4 percent overall decline in spending on nondurable goods in December. Spending on services increased by 0.5 percent in December, primarily due to increases in transportation services (3.2%), housing and utilities (1.1%), and recreation services (0.9%).

Consumer Spending by Industry, for Select Industries (\$ in millions of chained 2012 dollars)

	November 2022	December 2022	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Durable Goods	\$ 2,252,884	\$ 2,216,650	-1.6%	1.8%	7.1%
Motor vehicles and parts	\$ 564,035	\$ 550,820	-2.3%	-1.4%	-5.5%
Furnishings and durable household equipment	\$ 523,454	\$ 515,975	-1.4%	2.0%	4.7%
Recreational goods and vehicles	\$ 909,134	\$ 904,631	-0.5%	5.9%	20.7%
Other durable goods	\$ 338,013	\$ 329,205	-2.6%	0.4%	16.2%
Nondurable Goods	\$ 3,327,003	\$ 3,313,098	-0.4%	-0.8%	6.2%
Clothing and footwear	\$ 499,262	\$ 490,853	-1.7%	3.2%	16.5%
Gasoline and other energy goods	\$ 431,025	\$ 437,787	1.6%	-3.8%	13.6%
Other nondurable goods	\$ 1,337,894	\$ 1,326,801	-0.8%	2.2%	7.3%
Services	\$ 8,849,913	\$ 8,849,877	0.0%	3.3%	10.9%
Transportation services	\$ 439,141	\$ 441,982	0.6%	2.1%	32.5%
Housing and utilities	\$ 2,179,093	\$ 2,184,389	0.2%	1.8%	1.9%
Recreation services	\$ 489,487	\$ 491,448	0.4%	4.3%	35.4%

Note: The table above provides details on real personal consumption spending in chained 2012 dollars, which differs from the figures in the text that are not adjusted for inflation.

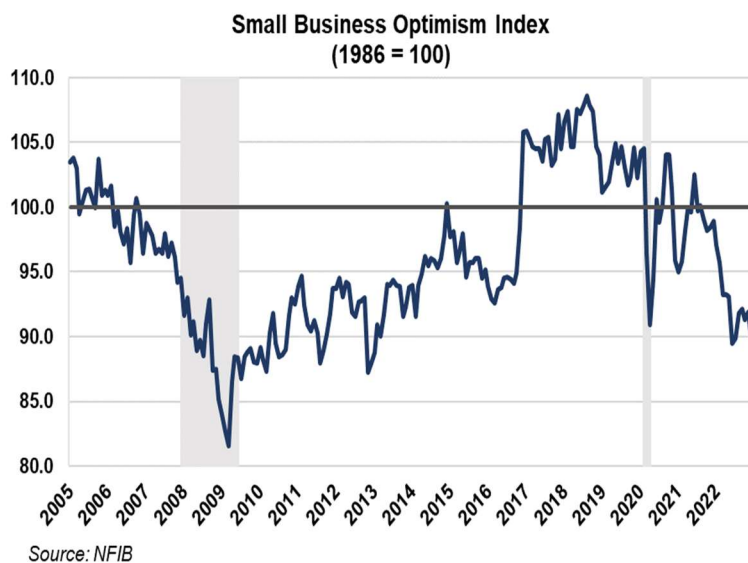
Source: Bureau of Economic Analysis, Table 2.4.6U Personal Consumption Expenditures by Type of Product



Personal saving was \$637.5 billion in December, a 0.2 percent increase compared to November's revised level and was 66.3 percent below the February 2020 level. The **personal savings rate** was 3.4 percent in December, up 17.2 percent from November's revised estimate.

The **Consumer Price Index for All Urban Consumers** (CPI) showed a decrease of 0.1 percent in December, which followed a 0.1 percent increase in November. The "all items" index increased 6.5 percent over the last 12 months. In December price increases compared to November 2022 were concentrated primarily in shelter (0.8%) and food (0.3%). Energy prices declined 4.5 percent in December, following decreases in November.

Consumer opinion surveys reported mixed results in consumer confidence in January. Respondents in the University of Michigan's **Survey of Consumers** reported an 8.7 percent increase in consumer sentiment to 64.9 compared to December. While below last year's levels, sentiment continued to show signs of improvement with short-run inflation expectations easing. However, two-thirds of consumers still expect an economic downturn in the next year. The Conference Board's **Consumer Confidence Index** decreased by 1.9 points to 107.1 in January, down from a revised 109 in December. Consumers reported concerns over business conditions and the labor market in the next six months, but inflation expectations remained low compared to the summer of 2022.



The **Small Business Optimism Index** fell 2.1 points to 89.8 in December, the 12th consecutive month that the index was below 98, the 48-year average. Thirty-two percent of respondents identified inflation as their most important problem, unchanged from November. Hiring remains challenging for small business owners, with 41 percent reporting job openings that they could not fill, a 3-point decrease from November. Supply chain disruptions have also impacted business, with 23 percent

reporting a significant impact and 30 percent reporting a moderate impact on business in December.

Travel and Tourism

Average airline checkpoint traffic decreased 7.8 percent in January compared to December. **Total travel throughput** in January 2023 was 32.3 percent higher than in January 2022 and 3.3 percent higher than January 2019.

The **hotel occupancy rate** for the week ending January 28, 2023, was 56.3 percent, 0.3 percent below the comparable week in 2019. The **average daily rate** for a hotel room was \$142.66, a 13.4 percent increase from 2019. **Revenue per available room** was \$80.32, which was 13 percent more than in 2019.

Industrial Activity

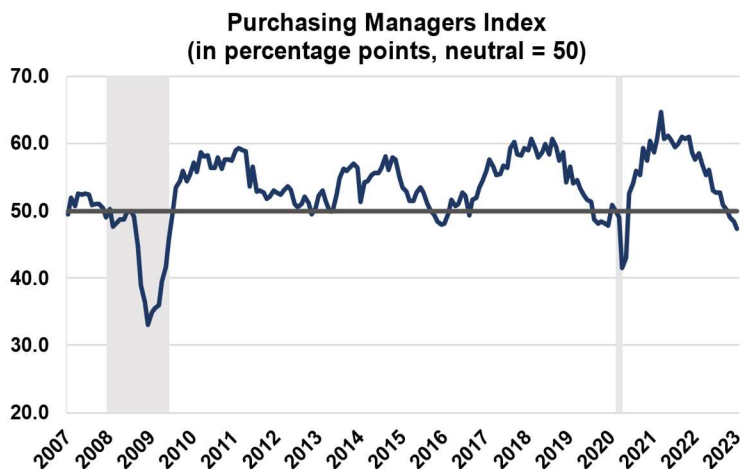
According to preliminary data from the Board of Governors of the Federal Reserve System, **total industrial production** decreased 0.7 percent between November and December 2022 and was 1.6 percent higher than in December 2021.

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

Manufacturing Sector	Percent Change October to November 2022	Percent Change November to December 2022	Percent Change December 2021 to December 2022
Aerospace and Other Transportation Equipment	0.1%	1.0%	10.9%
Chemicals	-1.1%	-1.4%	-2.0%
Electrical Equipment	-1.6%	-1.5%	-0.4%
Fabricated Metal Products	-0.4%	-1.3%	1.7%
Food Beverage and Tobacco Products	-0.1%	-1.0%	0.1%
Machinery	-1.7%	-3.4%	-2.9%
Motor Vehicles and Parts	-3.5%	-1.0%	5.1%
Petroleum and Coal	-0.6%	-3.1%	-2.3%
Plastics and Rubber Products	-2.9%	-1.6%	-1.1%
Primary Metals	-3.4%	0.8%	-2.8%

Preliminary data show the **Manufacturing Production Index** decreased 1.3 percent in December to 99.8 and decreased 0.5 percent since December 2021. Nationally, manufacturing in two of Ohio's top 10 industries increased production between November and December. Increases in aerospace and other transportation equipment (1%) and primary metals (0.8%), were offset by decreases in the machinery (-3.4%), petroleum and coal (-3.1%), plastics and rubber products (-1.6%), and electrical equipment (-1.5%) sectors.





Source: Institute for Supply Management

In January 2023, the Institute for Supply Management reported that the **Purchasing Managers Index** (PMI) for the United States was 47.4, a decrease of one percentage point from December's reading. The index remained below 50 for the third month, indicating contraction in the manufacturing sector.

Across the nation, aerospace, and other transportation equipment, one of the most important industries to Ohio's

manufacturing sector, reported growth in the last month. The industries reporting the largest contraction were plastic and rubber products, electrical equipment, and primary metals.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by the Institute for Supply Management (ISM) describe demand continuing to ease and supply chains restoring to normal.

“ Thus far, the outlook for the first half of 2023 looks very soft. Demand for our products has taken a sharp downward turn. [Fabricated Metal Products]

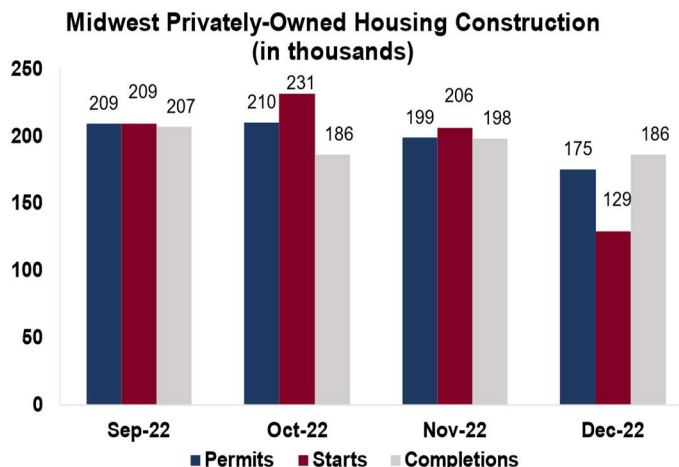
“ Conditions are reasonable. Sales are a little better than planned. Cost pressures are easing for most products. There have been a lot fewer supply disruptions so far this year, and few expected in the short term. The crystal ball remains a little blurry for the rest of 2023. [Chemical Products]

Ohio and Midwest Construction and Housing Market

In Ohio, **building permits** for privately-owned housing units decreased 40.8 percent between November and December and were 35.8 percent below the number of permits issued in December 2021.

Privately-owned housing starts in the Midwest decreased 37.4 percent between November and December and were 61.5 percent below December 2021 levels.

In December, privately-owned housing completions in the Midwest decreased 6.1 percent compared to November and were 8.8 percent above December 2021.



Source: U.S. Census Bureau through FRED

New home sales in the Midwest increased 35.2 percent between November and December and were 14.1 percent below December 2021.

Total sales were 25.3 percent below December 2021 and the average sale price in Ohio was \$263,579, a one percent increase compared to December 2021. The president of Ohio REALTORS reported that economic conditions, including interest rates and recessionary concerns, dampened activity in the Ohio housing market in 2022.



Source: National Association of Home Builders

The **Housing Market Index** in the Midwest increased two points in December to 32, three points below the national level. The national index increased for the first time since December 2021, and the Midwest index increased for the first time since June 2022. Moderating expectations for future interest rates led to increases in builder confidence.

U.S. Construction and Housing Market

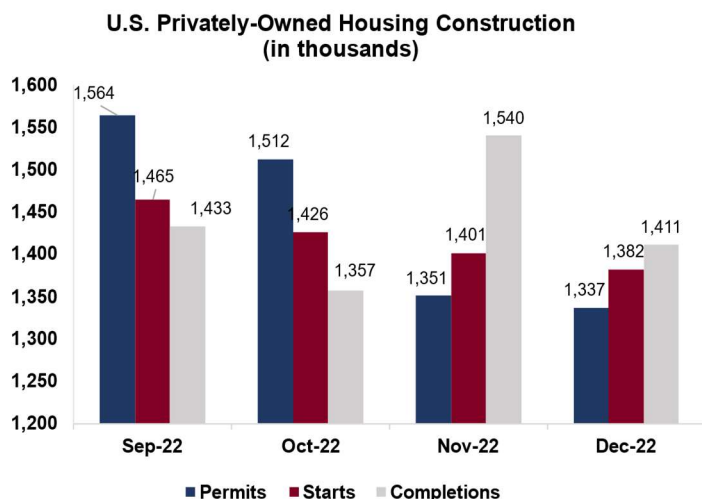
The U.S. Census Bureau reported **total construction spending** in December 2022 at a seasonally adjusted annual rate of \$1.8 trillion, a 0.4 percent decrease from the revised November estimate. The December 2022 estimate was 7.7 percent above December 2021 and 15.5 percent above December 2020.



Public sector construction spending decreased 0.4 percent between November and December, bringing the seasonally adjusted annual total to \$382.7 billion. Spending on educational construction decreased 0.3 percent in December to \$84.2 billion, 5.2 percent above December 2021 levels. Highway construction spending in December was 1.1 percent above the revised November estimate and 14.4 percent above December 2021.

Private sector construction spending decreased 0.4 percent between November and December, leaving the seasonally adjusted annual total at \$1.43 trillion. Private sector construction spending remained 6.6 percent above the December 2021 level. Residential construction in December was 0.3 percent below November and 1.7 percent above December 2021's level. Nonresidential construction in December decreased 0.5 percent from the revised November estimate and remained 15 percent above December 2021.

In the U.S., the number of **building permits** issued for privately-owned housing units decreased one percent between November and December and fell 29.5 percent from the number of permits issued in December 2021.



Source: U.S. Census Bureau through FRED

Nationally, privately-owned housing starts decreased 1.4 percent between November and December, and were 21.8 percent below December 2021 levels.

In December, **newly built single-family home sales** increased by 2.3 percent compared to November but remained 26.6 percent below sales in December 2021. The national median sales price in December 2022 was \$442,100, a 3.7 percent decrease

compared to November, and 7.8 percent higher compared to December 2021.

According to the National Association of Realtors, **existing home sales** decreased 1.5 percent in December compared to November. December's existing home sales declined to four million housing units, a 34 percent decrease from December 2021. The median sale price of all existing homes rose 2.3 percent from a year ago to \$366,900. December 2022 was the 130th consecutive month of year-over-year increases in existing median home sale prices. Existing home sales totaled five million in 2022, a 17.8 percent decrease from 2021. Available inventory in November 2022 totaled 970,000 million units, a 13.4 percent decrease from November, but 10.2 percent above the December 2021 inventory level.

Revenues

January GRF tax revenues exceeded the estimate, with a \$139.6 million (5.4%) positive variance. This marks six consecutive months of tax receipts outperforming expectations. The personal income tax accounted for most of the month's tax source variance, exceeding the estimate by \$95.5 million (8.5%). For the year, total tax revenues have performed above expectations by \$649.9 million (4%). January tax revenues grew by \$169 million (6.6%) from last year, close to the 5.8 percent growth rate for the year-to-date.



Aggregate (tax and non-tax) GRF receipts totaled \$4 billion in January and were \$13 million (-0.3%) below estimate. As noted above, tax revenues were \$139.6 million (5.4%) above estimate. Non-tax receipts were \$152.6 million (-11.1%) below estimate. For the year-to-date, tax revenues and transfers are above estimate while non-tax revenues are below estimate, as shown in the table below.

YTD and Percent Variance for Revenues
(\$ in millions)

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	\$ 649.9	4.0%
Non-Tax Receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$ (61.5)	-0.7%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$ 0.6	12.7%
Total Revenue Variance		\$ 589.1	2.4%
Non-Federal Revenue Variance		\$ 706.1	4.3%
Federal Grants Variance		\$ (117.0)	-1.3%

The table below shows that sources below estimate (a negative variance of \$207.5 million) in January outweighed the size of sources above estimate (a positive variance of \$194.5 million), resulting in a \$13 million net negative variance from estimate.

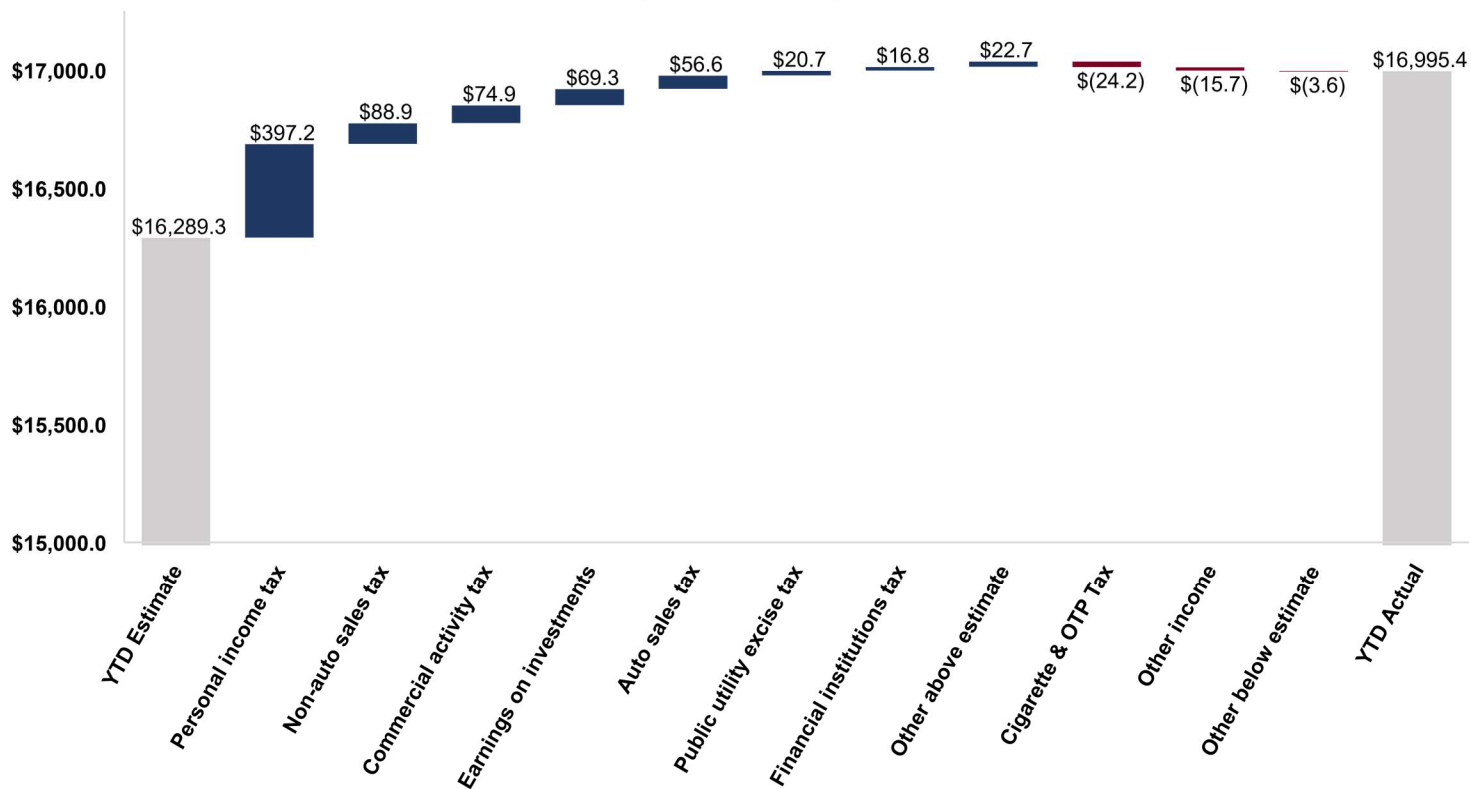
GRF Revenue Sources Relative to Monthly Estimates – January 2023
(\$ in millions)

Individual Revenue Sources Above Estimate			Individual Revenue Sources Below Estimate		
Personal Income Tax	\$	95.5	Federal Grants	\$	(199.8)
Earnings on Investments	\$	46.4	Financial Institutions Tax	\$	(3.5)
Commercial Activity Tax	\$	24.5	Cigarette and Other Tobacco Products Tax	\$	(2.5)
Auto Sales Tax	\$	13.3	Other sources below estimate	\$	(1.7)
Non-Auto Sales Tax	\$	10.0			
Other sources above estimate	\$	4.8			
Total Above	\$	194.5	Total Below	\$	(207.5)

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



Actuals vs Estimates: YTD GRF Non-Federal Sources (\$ in millions)

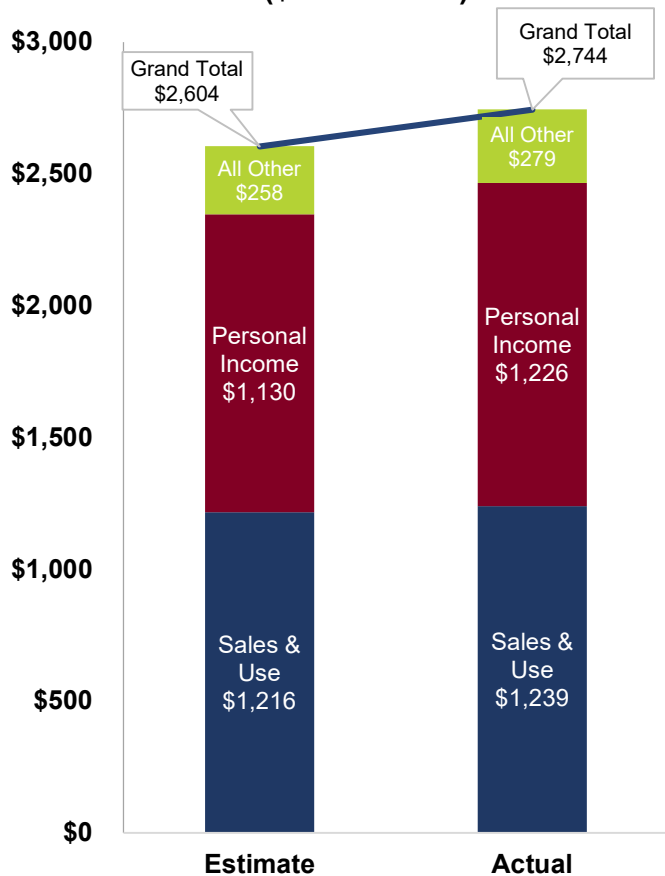


The preceding chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for FY 2023 to date, with the net difference totaling \$706.1 million.

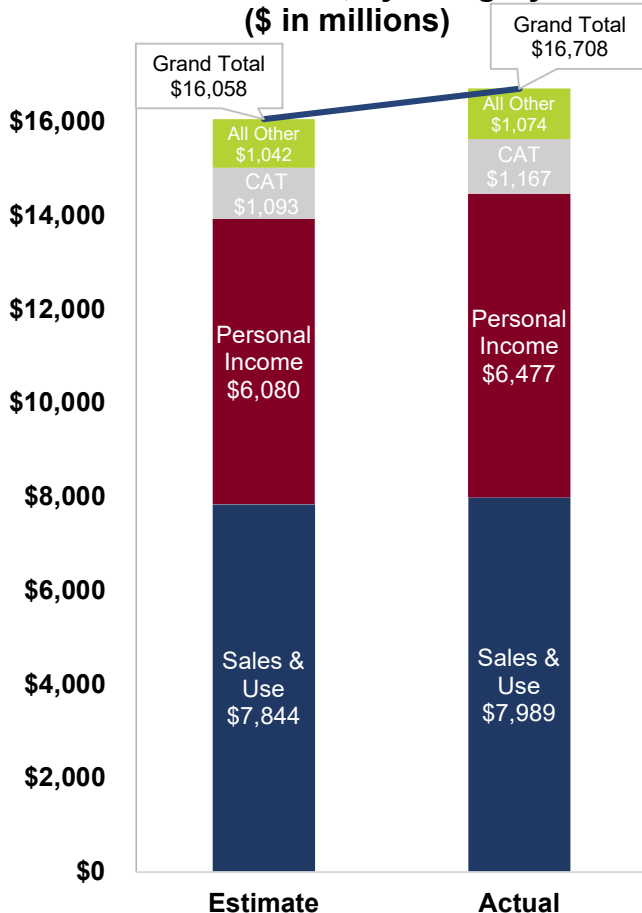


The following two graphs show the composition of estimated and actual GRF tax revenues for January 2023 and for the fiscal year-to-date. All tax sources are allocated among several major categories. The charts show the impact of the sales and use tax and the personal income tax on the GRF revenue structure. The graphs also show that although sales and use tax has generated more revenue than personal income tax for the year-to-date, the personal income tax has a larger positive variance from estimate.

January 2022 Estimated & Actual Tax Revenue, by Category (\$ in millions)



Year-to-Date Estimated & Actual Tax Revenue, by Category (\$ in millions)



For January, total receipts and transfers were \$67.8 million (-1.7%) below the previous year. Tax receipts increased by \$169 million (6.6%) and non-tax receipts decreased by \$236.9 million (-16.2%). For the year-to-date, tax receipts are \$919.5 million (5.8%) above last year and non-tax receipts are \$1.8 billion (24.9%) above the prior year. Transfers are \$46 million (-89.1%) below last year on a year-to-date basis.

The source with the largest year-over-year increase during January was personal income tax, at \$73.1 million (6.3%) above last year. The next-largest increases were earnings on investments at \$59.8 million (658.8%), non-auto sales tax at \$40.9 million (3.9%), and commercial activity tax at \$29.3 million (33.7%). The largest declines were experienced by ISTVs at \$224.2 million (-100%), followed by federal grants at \$73.3 million (-6%).

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in January totaled \$1.1 billion and were \$10 million (0.9%) above the estimate. Through January, the source is \$88.9 million (1.3%) above estimate. Monthly revenue increased by \$40.9 million (3.9%) from last year while year-to-date revenue is now \$261.1 million (4%) above FY 2022. However, growth during the first quarter of FY 2023 was substantially diminished by refund payments, reflecting prior-period transactions, and not related to current retail activity. If July-September refunds had stayed at their FY 2022 levels, year-to-date GRF non-auto sales tax revenue would have increased by 5.6 percent.



The current national data release from the U.S. Census Bureau's Monthly Advance Retail Trade Survey (MARTS) program shows year-over-year retail sales growth has slowed over the last several months. Focusing on the retail categories that are predominantly subject to Ohio non-auto sales tax (NAICS codes 442, 443, 444, 448, 451, 452, 453, and 454), the MARTS data show a 4.8 percent year-over-year increase in national non-seasonally adjusted sales during December 2022. This compares to year-over-year growth of 4.9 percent in November and 6.1 percent in October. Meanwhile, year-over-year growth in Ohio all-funds non-auto sales tax revenue was 2.9 percent, 7.2 percent, and 6.6 percent in December, November, and October, respectively.

The MARTS data also show modest retail sales growth on a month-over-month basis. Based on seasonally adjusted figures, December 2022 sales for the above-indicated retail categories decreased by 0.8 percent from November, following a one percent decrease in November from October.

Auto Sales Tax

January auto sales tax revenues were \$151.6 million, showing a \$13.3 million (9.6%) positive variance from estimate. This source is \$56.6 million (5.2%) above estimate for the fiscal year. Revenues were \$16.6 million (12.3%) above last January. For the year, revenues are \$57.8 million (5.3%) above FY 2022. January's revenue growth is like levels observed earlier this fiscal year, and an improvement from the growth rates of the last several months.

The national new light vehicle unit sales figures increased in January. According to the U.S. Department of Commerce Bureau of Economic Analysis, new light vehicle sales reached 15.7 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 is 17.7 percent above December and up 4.1 percent from a year ago. On an unadjusted basis, January light vehicle unit sales were at one million units. Although this is 4.2 percent above last January, it is 18.6 percent below December.

New vehicle transaction prices remain higher than a year ago. TrueCar, Inc. estimates that the average transaction price for new vehicles was \$45,184 in January, up 3.2 percent relative to last year and down 1.8 percent from December. The Bureau of Labor Statistics Consumer Price Index (CPI-U) is an indicator of new vehicle price growth. The most recent release shows 5.9 percent price growth in December compared to the prior year, the slowest year-over-year growth rate of calendar year 2022. December also showed a 0.1 percent decline from the previous month, the first outright decrease following seven successive months of slowing growth.

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during January to be 2.5 million, not annualized and not seasonally adjusted, even with last month and down 21 percent from last year. Although used vehicle prices have grown considerably since the onset of the pandemic, the market has been slowly normalizing and reversing some of the calendar year 2021 price run-up. Month-over-month wholesale price changes were mostly negative throughout calendar year 2022 and year-over-year price changes turned negative last fall. The Manheim used vehicle value index, a measure of wholesale vehicle prices, for the first half of January 2023 was 13.7 percent lower than the previous year although 1.5 percent above the previous month. The historic climb in used vehicle prices that began in the summer of 2020 peaked in January 2022, with index values receding since then.

Personal Income Tax

January GRF personal income tax receipts totaled \$1.2 billion and were \$95.5 million (8.5%) above the estimate. For the year-to-date, revenue is \$397.2 million (6.5%) above estimate. On a year-over-year basis, January income tax collections increased by \$73.1 million (6.3%). Year-to-date revenue for FY 2023 is \$408.3 million (6.7%) above the prior year.

Withholding collections amounted to \$1.2 billion in January and were \$209 million (21.8%) above estimate. For the fiscal year-to-date, the withholding component exceeds estimate by \$442 million (7.3%). This component was \$240.8 million (26%) above last January; it is \$653 million (11.2%) above last year for the fiscal year-to-date.

January's withholding was substantially impacted by a category subset comprised of quarterly pass-through entity tax payments. An optional pass-through entity tax took effect in 2022, providing investors and owners of such entities the ability to claim a federal deduction on such tax payments not subject to the \$10,000 annual deduction limitation otherwise imposed by federal law. It appears that many such entities made tax payments near the end of December to realize the benefits of the "unlimited" federal deduction in taxable year 2022. These payments were mostly processed and booked as Ohio income tax revenue in January. OBM expects much of the increase to be offset through reduced annual tax return payments made in April.

After removing pass-through entities from the withholding category, January collections increased by \$58.4 million (6.6%) from last year and year-to-date withholding grew by \$323.6 million (5.7%). A three percent reduction in employer withholding tax rates took effect in September 2021. Fiscal year-to-date collections would have been an estimated \$380.1 million (6.5%) higher than the previous year if the withholding tax rate reduction had not taken effect.

Quarterly estimated payments during January were elevated because it is the month in which the fourth-quarter calendar year 2022 returns were due. Such payments came in \$22.5 million (-7.6%) below estimate and declined by \$49.3 million (-15.3%) from last year. Combined with December, which also reflects calendar year 2022 fourth-quarter collections, estimated payments were \$15.7 million (-4.4%) below anticipated levels. For the fiscal year, this component has exceeded estimate by \$27.6 million (4.9%) and has decreased by \$27.3 million (-3.9%) from the prior year. From April 2022 to January 2023, a time frame that reflects total elapsed estimated payment collections for calendar year 2022, this component has exceeded estimate by \$82 million (8.2%) and has grown by \$4.5 million (0.4%) from the prior year.



Annual tax return payments for January 2023 amounted to \$14.1 million and were \$5.8 million (66.9%) over the estimate. For the year-to-date, annual return tax collections are \$116.8 million (102.8%) above estimate. Collections from annual tax return payments should remain modest until April when tax payments are due. The two remaining tax collection categories (Trust and Other) were collectively \$2.8 million (-23.6%) below the estimate in January and are \$12.9 million (19.8%) above estimate for the fiscal year.

January refunds were \$92.9 million (89.4%) above estimate for the month. For the year-to-date, refunds are \$193.9 million (38.3%) above estimate. The month's refunds were \$101.5 million (106.5%) above last year while refunds for the current fiscal year have increased by \$222.8 million (46.7%) from FY 2022. The tax year 2022 filing season has just begun, and the pace of January refund issuance appears to have been faster than the estimate anticipated. However, the volume of refunds to be issued during the next few months will be much larger and hold greater fiscal significance than the January results. OBM will monitor refund performance as the filing season unfolds.

January Personal Income Tax Receipts by Component (\$ in millions)

	Actual January	Estimate January	\$ Var	Actual Jan-2023	Actual Jan-2022	\$ Var Y-to-Y
Withholding	\$ 1,168.0	\$ 959.0	\$ 209.0	\$1,168.0	\$ 927.1	\$ 240.8
Quarterly Est.	\$ 272.7	\$ 295.2	\$ (22.5)	\$ 272.7	\$ 322.0	\$ (49.3)
Annual Returns/40 P	\$ 14.4	\$ 8.6	\$ 5.8	\$ 14.4	\$ 24.5	\$ (10.2)
Trust Payments	\$ 8.7	\$ 9.8	\$ (1.1)	\$ 8.7	\$ 11.0	\$ (2.4)
Other	\$ 0.6	\$ 2.3	\$ (1.7)	\$ 0.6	\$ 3.7	\$ (3.2)
Less: Refunds	\$ (196.8)	\$ (103.9)	\$ (92.9)	\$ (196.8)	\$ (95.3)	\$ (101.5)
Local Distributions	\$ (41.5)	\$ (40.6)	\$ (0.9)	\$ (41.5)	\$ (40.3)	\$ (1.2)
Net to GRF	\$ 1,225.9	\$ 1,130.4	\$ 95.5	\$1,225.9	\$ 1,152.8	\$ 73.1

Commercial Activity Tax

January GRF revenues from the Commercial Activity Tax (CAT) were \$24.5 million (26.6%) above the estimate. Revenues are now \$74.9 million (6.9%) above estimate for the fiscal year. CAT receipts in January increased by \$29.3 million (33.7%) from last year while fiscal year-to-date receipts are \$130.9 million (12.6%) above the previous year.

Most CAT revenue comes from quarterly tax payments, so it is useful to analyze the tax in quarterly increments. Through December 2022, there have been nine consecutive quarters with a positive variation from estimate. The January revenue variance bodes well for the third quarter of FY 2023. Although most quarterly revenue will be received in February when tax payments are due, performance during the month preceding the due date is typically a sign of whether revenues will reach estimate for the quarter.



Financial Institutions Tax

January is the month when the first estimated payment of each tax year is due and is also the first month of the fiscal year with material positive collections. Because the due date is on the final day of the month, some of the first estimated payment remittances are posted in February rather than January. Although the revenue estimate attempts to predict this timing dynamic, it remains a challenge to anticipate the payment flow with great precision. FIT revenue came in below forecast in January, ending the month \$3.5 million (-5.4%) below estimate. Data from early February appear to indicate that the negative January variance will be made up during the month. For the year, this source is \$16.8 million (50.9%) above estimate, attributable to smaller than anticipated refunds during the first half of the fiscal year.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$1.2 billion and were \$152.6 million (-11.1%) below estimate for the month of January. Year-to-date non-tax receipts totaled \$8.9 billion and were \$61.5 million (-0.7%) below estimate.

The monthly variance in non-tax receipts was mostly due to the federal grants category, which was \$199.8 million (-14.9%) below estimate for the month. This variance was driven by lower than estimated Medicaid GRF disbursements, as discussed in the disbursement section of this report. This variance was partially offset by above estimated investment returns, which were \$46.4 million (206.1%) above estimate. The earning on investment category is heavily influenced by national interest rate trends, which have increased in recent months.



2/6/2023

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2023 VS ESTIMATE FY 2023
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL JANUARY	ESTIMATE JANUARY	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	1,087,621	1,077,600	10,021	0.9%	6,838,688	6,749,800	88,888	1.3%
Auto Sales & Use	151,581	138,300	13,281	9.6%	1,150,790	1,094,200	56,590	5.2%
Subtotal Sales & Use	1,239,203	1,215,900	23,303	1.9%	7,989,477	7,844,000	145,478	1.9%
Personal Income	1,225,926	1,130,400	95,526	8.5%	6,477,099	6,079,901	397,198	6.5%
Corporate Franchise	12	0	12	N/A	42	100	(58)	-57.9%
Financial Institutions Tax	60,330	63,800	(3,470)	-5.4%	49,948	33,100	16,848	50.9%
Commercial Activity Tax	116,356	91,900	24,456	26.6%	1,167,480	1,092,600	74,880	6.9%
Petroleum Activity Tax	0	0	0	N/A	6,032	4,000	2,032	50.8%
Public Utility	558	500	58	11.6%	87,494	66,800	20,694	31.0%
Kilowatt Hour	24,138	24,200	(62)	-0.3%	168,616	170,800	(2,184)	-1.3%
Natural Gas Distribution	328	1,600	(1,272)	-79.5%	19,881	19,800	80	0.4%
Foreign Insurance	(791)	(4,300)	3,509	81.6%	197,576	177,700	19,875	11.2%
Domestic Insurance	0	0	0	N/A	17,620	19,000	(1,380)	-7.3%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	67,421	69,900	(2,479)	-3.5%	454,199	478,400	(24,202)	-5.1%
Alcoholic Beverage	4,694	4,800	(106)	-2.2%	37,905	37,500	405	1.1%
Liquor Gallonage	5,836	5,700	136	2.4%	34,849	34,600	249	0.7%
Estate	0	0	0	N/A	33	0	33	8596.5%
Total Tax Receipts	2,744,009	2,604,400	139,609	5.4%	16,708,252	16,058,302	649,949	4.0%
NON-TAX RECEIPTS								
Federal Grants	1,142,420	1,342,254	(199,835)	-14.9%	8,586,224	8,703,257	(117,033)	-1.3%
Earnings on Investments	68,877	22,500	46,377	206.1%	113,367	44,100	69,267	157.1%
License & Fees	3,487	2,377	1,109	46.7%	17,604	15,735	1,869	11.9%
Other Income	10,555	10,850	(295)	-2.7%	136,586	152,242	(15,656)	-10.3%
ISTV'S	2	0	2	N/A	13,933	13,901	33	0.2%
Total Non-Tax Receipts	1,225,340	1,377,981	(152,641)	-11.1%	8,867,715	8,929,234	(61,520)	-0.7%
TOTAL REVENUES	3,969,348	3,982,381	(13,033)	-0.3%	25,575,966	24,987,537	588,430	2.4%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	5,635	5,000	635	12.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	5,635	5,000	635	12.7%
TOTAL SOURCES	3,969,348	3,982,381	(13,033)	-0.3%	25,581,601	24,992,537	589,065	2.4%

2/6/2023

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2023 VS ACTUAL FY 2022
(\$ in thousands)

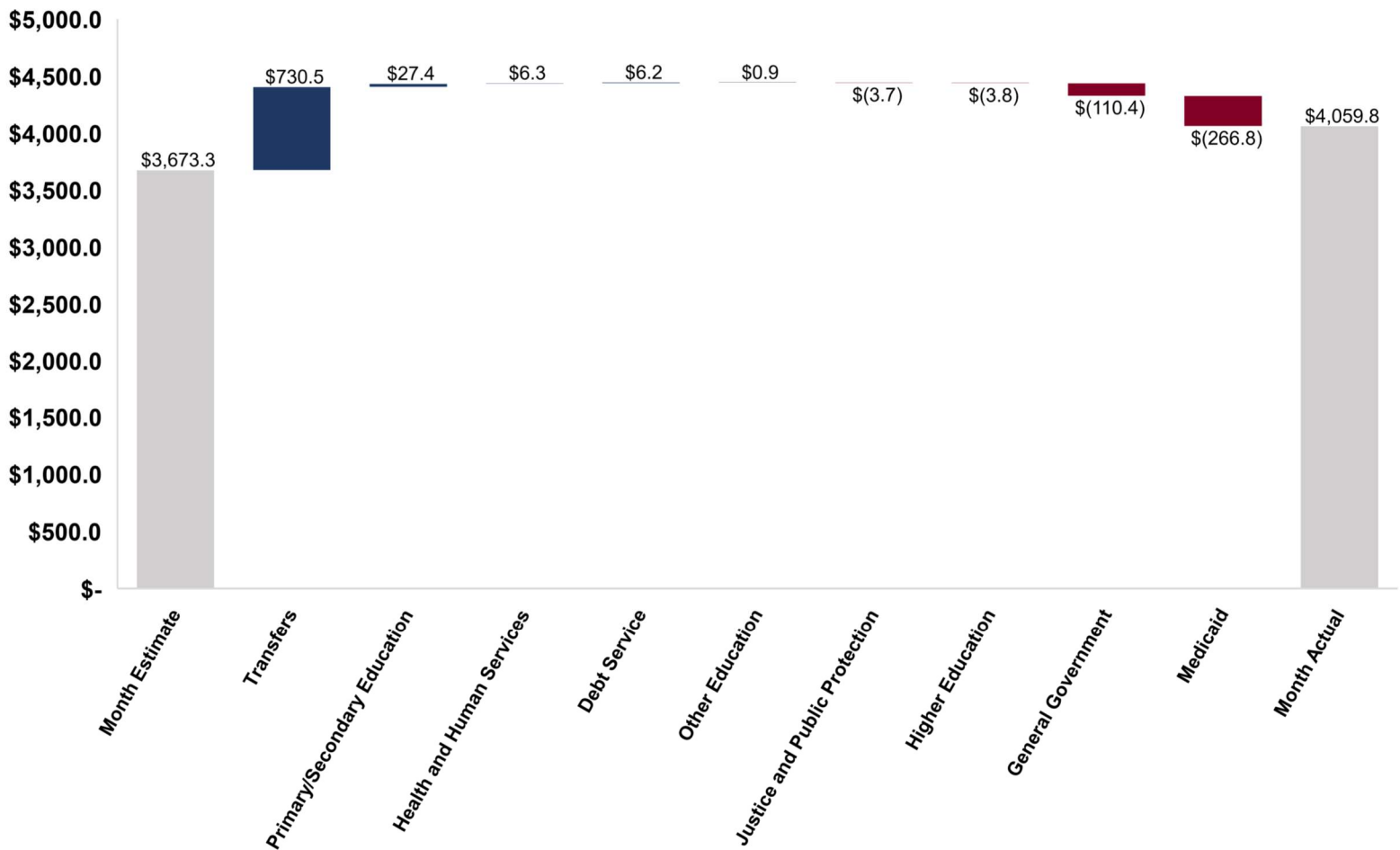
REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	JANUARY	JANUARY	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2023	FY 2022	VAR	VAR	FY 2023	FY 2022	VAR	VAR
TAX RECEIPTS								
Non-Auto Sales & Use	1,087,621	1,046,701	40,920	3.9%	6,838,688	6,577,605	261,083	4.0%
Auto Sales & Use	151,581	134,951	16,630	12.3%	1,150,790	1,093,020	57,769	5.3%
Subtotal Sales & Use	1,239,203	1,181,652	57,550	4.9%	7,989,477	7,670,625	318,852	4.2%
Personal Income	1,225,926	1,152,796	73,130	6.3%	6,477,099	6,068,764	408,335	6.7%
Corporate Franchise	12	10	2	23.6%	42	530	(487)	-92.0%
Financial Institutions Tax	60,330	54,092	6,238	11.5%	49,948	2,296	47,652	2075.4%
Commercial Activity Tax	116,356	87,056	29,300	33.7%	1,167,480	1,036,525	130,955	12.6%
Petroleum Activity Tax	0	0	0	N/A	6,032	3,628	2,404	66.3%
Public Utility	558	55	503	914.3%	87,494	69,989	17,505	25.0%
Kilowatt Hour	24,138	24,537	(399)	-1.6%	168,616	178,700	(10,084)	-5.6%
Natural Gas Distribution	328	61	267	439.5%	19,881	18,611	1,269	6.8%
Foreign Insurance	(791)	(6,498)	5,707	87.8%	197,576	176,442	21,134	12.0%
Domestic Insurance	0	0	(0)	N/A	17,620	2,254	15,367	681.8%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	67,421	70,356	(2,936)	-4.2%	454,199	485,382	(31,184)	-6.4%
Alcoholic Beverage	4,694	5,027	(332)	-6.6%	37,905	39,761	(1,856)	-4.7%
Liquor Gallonage	5,836	5,818	18	0.3%	34,849	35,262	(413)	-1.2%
Estate	0	2	(2)	N/A	33	7	26	368.2%
Total Tax Receipts	2,744,009	2,574,964	169,045	6.6%	16,708,252	15,788,776	919,476	5.8%
NON-TAX RECEIPTS								
Federal Grants	1,142,420	1,215,721	(73,302)	-6.0%	8,586,224	6,671,546	1,914,678	28.7%
Earnings on Investments	68,877	9,078	59,799	658.8%	113,367	20,960	92,407	440.9%
License & Fee	3,487	2,475	1,012	40.9%	17,604	16,042	1,562	9.7%
Other Income	10,555	10,719	(164)	-1.5%	136,586	165,140	(28,553)	-17.3%
ISTV'S	2	224,214	(224,213)	-100.0%	13,933	225,901	(211,968)	-93.8%
Total Non-Tax Receipts	1,225,340	1,462,207	(236,867)	-16.2%	8,867,715	7,099,589	1,768,125	24.9%
TOTAL REVENUES	3,969,348	4,037,171	(67,823)	-1.7%	25,575,966	22,888,365	2,687,601	11.7%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	5,635	51,600	(45,965)	-89.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	5,635	51,600	(45,965)	-89.1%
TOTAL SOURCES	3,969,348	4,037,171	(67,823)	-1.7%	25,581,601	22,939,965	2,641,636	11.5%

Disbursements

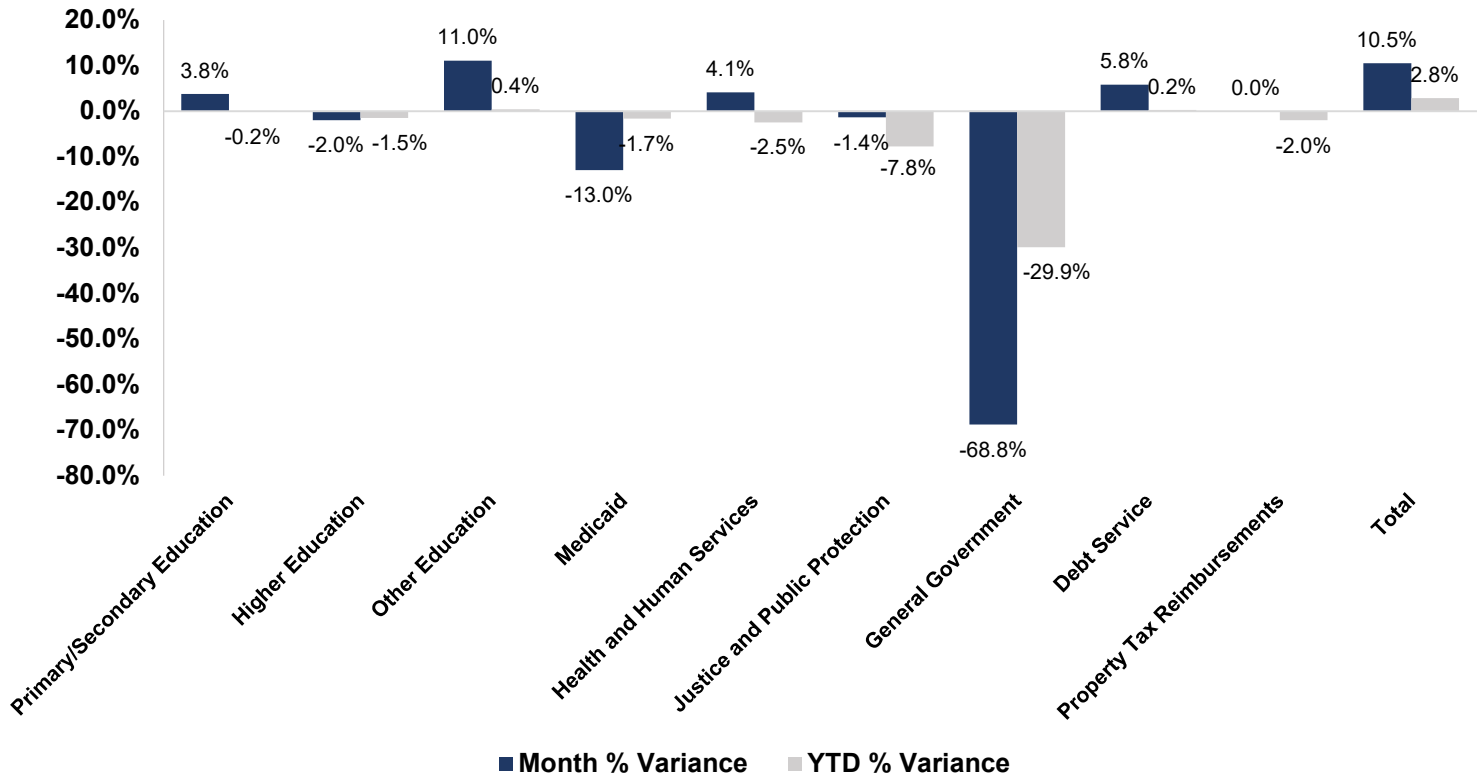
January GRF disbursements, across all uses, totaled \$4.1 billion and were \$386.5 million (10.5%) above estimate. This variance was primarily due to a \$727 million transfer to the budget stabilization fund, bringing the Rainy Day fund balance to the highest in Ohio history. The variance was partially offset by below estimated disbursements in Medicaid. On a year-over-year basis, January total uses were \$847.5 million (26.4%) higher than those of the same month in the previous fiscal year, mainly due to the transfer out to the budget stabilization fund.



January Disbursement Estimates vs. Actuals
(\$ in millions)



Monthly and Year-to-Date Percent Variance from Budgeted Estimate



Primary and Secondary Education

This category contains GRF spending for the Ohio Department of Education. January disbursements for this category totaled \$754.8 million and were \$27.5 million (3.8%)

\$754.8 MILLION

above estimate. This variance was primarily attributable to above estimated expenditures for the foundation funding formula due to the implementation of formula changes enacted in House Bill 45. The phase-in percentage for Disadvantaged Pupil Impact Aid was increased from 14 percent to 33.3 percent, and revisions were made to the pupil transportation formula. These changes provide additional formula aid to schools and districts in FY 2023.

Year-to-date disbursements were \$5.4 billion, which were \$10.9 million (-0.2%) below estimate. On a year-over-year basis, disbursements in this category were \$383,000 (0.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$130.3 million (-2.3%) lower than the same point in FY 2022.

Medicaid

Note: Medicaid enrollment and spending estimates included in this report are based on projections made in July at the start of FY 2023. These projections assumed authorization of the federally declared public health emergency (PHE) through October 13, 2022, with the continuous eligibility requirement and the enhanced Federal Medical Assistance Percentages (FMAP) through December 2022. The PHE has been reauthorized through April 13, 2023, with further guidance outlining the resumption of routine Medicaid eligibility determinations and the phase down of the enhanced FMAP, both beginning in April. These changes will result in deviations from both the enrollment and spending estimates included in this report beginning in January.

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.

Medicaid Expenditures

January GRF disbursements for the Medicaid Program totaled \$1.8 billion and were \$266.8 million (-13%) below estimate and \$87.8 million (5.2%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled \$12.3 billion and were \$209.6 million (-1.7%) below estimate.

The monthly GRF variance was due primarily to the shift in spending associated with the continuation of the federally declared public health emergency. With the continued receipt of additional federal reimbursement through the enhanced FMAP, some funding was

shifted to non-GRF federal funding sources in January. Additionally, caseload related spending in the managed care program was below estimate due to changes associated with the staggered implementation of the Department of Medicaid's Next Generation Managed Care Program that temporarily caused below estimate managed care caseloads. This was offset by temporarily higher fee-for-service caseloads. The variances in caseload will begin to correct upon full implementation in February. While caseload-related managed care spending was below estimate, a delayed non-GRF hospital-related payment was made in January that skewed the overall managed care spending for the month. The year-over-year variance was largely due to increased costs associated with higher caseloads due to the federally declared public health emergency.

January all-funds disbursements for the Medicaid Program totaled \$4.1 billion and were \$640.6 million (18.7%) above estimate and \$994.4 million (32.3%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled \$21.1 billion and were \$346.2 million (-1.6%) below estimate.

The all-funds monthly variance was primarily attributable the delayed hospital related payment as mentioned above. The delayed payment was originally estimated to disburse in October but was made in January instead. While one hospital related payment was made late, a second hospital payment was disbursed in January as planned. Further contributing to the variance, the Department of Medicaid made a delayed Health Care Assurance Program (HCAP) payment in January – this is the final HCAP payment for the year. Finally, fee-for-service spending in the Department of Developmental Disabilities was above estimate as two delayed payments associated with the implementation of a direct care employee retention program were made in January.

The year-to-date all-funds variance was primarily attributable to administration-related expenses due to the delay of several large projects, as well as general underspending in the department of Job and Family Services. Some administration-related expenses are expected to begin disbursing and it is likely that this variance shrinks in future months.

Current Month's Disbursement Variance by Funding Source
(\$ in millions)

	Jan. Estimate	Jan. Actual	Variance	Variance %
GRF	\$2,054.1	\$1,787.3	-\$266.8	-13.0%
Non-GRF	\$1,373.9	\$2,281.3	\$907.4	66.0%
All Funds	\$3,428.0	\$4,068.6	\$640.6	18.7%



Medicaid Enrollment

Total January enrollment was 3.55 million, which was approximately 55,400 (1.6%) above estimate and 205,300 (6.1%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.48 million and was approximately 13,800 (0.4%) above estimate.

January enrollment by major eligibility category was: Covered Families and Children, 1.91 million; Group VIII Expansion, 966,900; and Aged, Blind and Disabled (ABD), 515,200.

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

Department of Development

Disbursements for the Department of Development were \$110.4 million (-96.8%) below estimate for the month of January. This variance was primarily attributable to the timing of economic development and local infrastructure payments. These payments were originally planned for January but will disburse in future months instead.

Department of Transportation

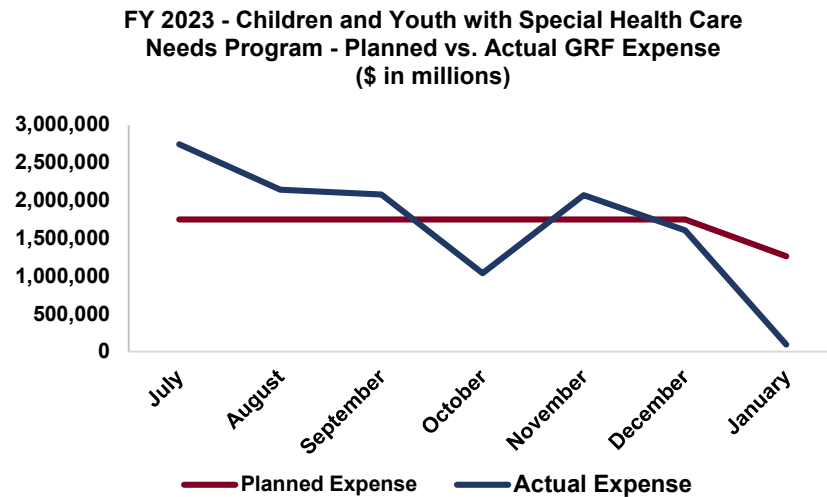
January disbursements for the Department of Transportation totaled \$5.9 million and were \$3.3 million (-39.8%) below estimate. The variance is attributable to disbursements in the Public Transportation program which was \$1.9 million (-28.4%) below estimate. This program provides subsidy assistance for transit systems and grants to small urban and rural transit systems. Supply chain issues have slowed bus deliveries, which results in slower reimbursement to local governments. The variance was also attributable to disbursements in State Road Improvements which was \$1.5 million (-100%) below estimate due to the program ramping up more slowly than originally expected.

Department of Health

The Children and Youth with Special Health Care Needs program links families of children with special health care needs to a network of quality providers and helps families obtain payment for the services their children need. Conditions eligible for services under the program include cystic fibrosis, diabetes, and sickle cell disease, among others. Further, the program provides over 9,000 diagnostic services and 38,000 treatment services per year.

In addition to non-GRF funding sources, the program received \$11.8 million in FY 2023 in GRF appropriation to pay for diagnosis, treatment, and supportive services provided to children with special health care needs. This funding source is fully spent in the first seven months of the fiscal year, after which the Department of Health

switches expenses to non-GRF funding sources to continue services at the same level. In FY 2023, GRF expenditures occurred in the first six months of the fiscal year which contributed to lower than projected GRF expenses for the department in January.



Justice and Public Protection

This category includes non-debt service GRF expenditures by the Department of Rehabilitation and Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities.

January disbursements in this category totaled \$261.8 million and were \$3.7 million (-1.4%) below estimate. Year-to-date disbursements were \$1.6 billion and were \$138.7 million (-7.8%) below estimate due to expenditures variances in the Department of Public Safety and the Department of Rehabilitation and Correction in prior months. On a year-over-year basis, disbursements in this category were \$2.3 million (0.9%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$16.2 million (1%)

General Government

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

January disbursements in this category totaled \$50.1 million and were \$110.4 million (-68.8%) below estimate due to the timing of economic development and local infrastructure payments, which are expected to catch up by the end of the fiscal year. Year-to-date disbursements were \$338.1 million and were \$144.1 million (-29.9%) below estimate. On a year-over-year basis, disbursements in this category were \$3.2 million (6.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$21.9 million (6.9%) higher than at the same point in FY 2022.

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, Temporary Assistance for Needy Families (TANF) maintenance of effort, 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. The Medicaid category reflects spending to the extent that these agencies spend GRF to support Medicaid services.

January disbursements in this category totaled \$158.2 million and were \$6.3 million (4.1%) above estimate. Year-to-date disbursements were \$1 billion and were \$26.4 million (-2.5%) below estimate. On a year-over-year basis, disbursements in this category were \$33 million (26.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$142.2 million (15.9%) higher than at the same point in FY 2022.

Transfers Out

January transfers out totaled \$736.5 million, which was \$730.5 million above estimate. Year-to-date transfers out totaled \$2 billion and were \$1.3 billion (187.4%) above estimate. The monthly variance was primarily attributable to a \$727 million General Revenue Fund transfer to the Budget Stabilization Fund, authorized in H.B. 45. The year-to-date variance is mostly due to the Budget Stabilization transfer, mentioned above, as well as transfers to various capital funds to support capital appropriations authorized in H.B. 687, the FY 2023-2024 capital budget. To date, OBM has transferred \$553.8 million of \$1.5 billion authorized in H.B. 687 from the GRF to various capital funds. Transferring \$553.8 million in cash instead of issuing new debt is expected to save roughly \$249 million in gross interest.



Higher Education

December disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$189.8 million and were \$3.8 million (-2%) below the estimate. This variance was primarily attributable to spending in the Choose Ohio First and National Guard Scholarship programs, which were \$5.6 million below estimate due to lower-than-expected requests for reimbursement from higher education institutions. Year-to-date disbursements were \$1.4 billion and were \$21.3 million (-1.5%) below estimate. On a year-over-year basis, disbursements in this category were \$2.4 million (-1.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$22.5 million (1.6%) higher than at the same point in FY 2022.

Property Tax Reimbursement

Local governments and school districts receive payments from the property tax reimbursement category. The reimbursement to these entities is for revenues foregone because of the 10 percent and 2.5 percent rollback, as well as the homestead exemption.

There were no property tax reimbursements in the month of January, and none were estimated. Year-to-date reimbursements totaled \$912.2 million and were \$18.8 million (-2%) below estimate. The year-to-date variance is primarily timing related and is expected to offset with larger disbursements in future months.

Other Education

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

January disbursements in this category totaled \$8.7 million and were \$865,000 (11%) above estimate primarily attributable to the timing of TeachOhioArts grant payments occurring earlier than expected. On a year-over-year basis, disbursements in this category were \$567,000 (-6.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$692,000 (-1.1%) lower than at the same point in FY 2022.

Debt Service

January payments for debt service totaled \$112.6 million and were \$6.2 million (5.8%) above estimate. Year-to-date disbursements in this category totaled \$1.1 billion and were \$2.5 million (0.2%) above estimate. The monthly variance was primarily attributable to the timing of expected debt service payments between January and February, with a corresponding variance expected next month.

2/6/2023

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2023 VS ESTIMATE FY 2023
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL JANUARY	ESTIMATED JANUARY	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	754,790	727,341	27,450	3.8%	5,431,255	5,442,161	(10,906)	-0.2%
Higher Education	189,781	193,619	(3,838)	-2.0%	1,419,037	1,440,379	(21,342)	-1.5%
Other Education	8,705	7,839	865	11.0%	61,536	61,285	251	0.4%
Medicaid	1,787,290	2,054,102	(266,811)	-13.0%	12,321,292	12,530,853	(209,561)	-1.7%
Health and Human Services	158,171	151,901	6,270	4.1%	1,039,478	1,065,848	(26,370)	-2.5%
Justice and Public Protection	261,823	265,517	(3,694)	-1.4%	1,642,274	1,780,974	(138,701)	-7.8%
General Government	50,096	160,479	(110,382)	-68.8%	338,121	482,198	(144,077)	-29.9%
Property Tax Reimbursements	0	0	0	N/A	912,161	931,000	(18,839)	-2.0%
Debt Service	112,644	106,487	6,157	5.8%	1,104,685	1,102,161	2,524	0.2%
Total Expenditures & ISTV's	3,323,300	3,667,283	(343,983)	-9.4%	24,269,838	24,836,859	(567,021)	-2.3%
Transfers Out:								
BSF Transfer Out	727,031	0	727,031	N/A	727,031	0	727,031	N/A
Operating Transfer Out	9,445	6,000	3,445	57.4%	1,241,128	684,900	556,228	81.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	736,476	6,000	730,476	12174.6%	1,968,158	684,900	1,283,258	187.4%
Total Fund Uses	4,059,776	3,673,283	386,493	10.5%	26,237,996	25,521,759	716,237	2.8%

2/6/2023

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2023 VS ACTUAL FY 2022
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JANUARY FY 2023	JANUARY FY 2022	\$ VAR	% VAR	ACTUAL FY 2023	ACTUAL FY 2022	\$ VAR	% VAR
Primary and Secondary Education	754,790	754,408	383	0.1%	5,431,255	5,561,530	(130,275)	-2.3%
Higher Education	189,781	192,213	(2,433)	-1.3%	1,419,037	1,396,535	22,502	1.6%
Other Education	8,705	9,272	(567)	-6.1%	61,536	62,228	(692)	-1.1%
Medicaid	1,787,290	1,699,498	87,792	5.2%	12,321,292	9,653,533	2,667,759	27.6%
Health and Human Services	158,171	125,210	32,960	26.3%	1,039,478	897,243	142,235	15.9%
Justice and Public Protection	261,823	259,475	2,348	0.9%	1,642,274	1,626,102	16,171	1.0%
General Government	50,096	46,899	3,198	6.8%	338,121	316,254	21,866	6.9%
Property Tax Reimbursements	0	0	0	N/A	912,161	913,053	(892)	-0.1%
Debt Service	112,644	119,262	(6,618)	-5.5%	1,104,685	1,014,457	90,228	8.9%
Total Expenditures & ISTV's	3,323,300	3,206,236	117,064	3.7%	24,269,838	21,440,935	2,828,903	13.2%
Transfers Out:								
BSF Transfer	727,031	0	727,031	N/A	727,031	0	727,031	N/A
Operating Transfer Out	9,445	6,042	3,403	56.3%	1,241,128	2,979,663	(1,738,536)	-58.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	736,476	6,042	730,434	12,089.5%	1,968,158	2,979,663	(1,011,505)	-33.9%
Total Fund Uses	4,059,776	3,212,278	847,498	26.4%	26,237,996	24,420,598	1,817,398	7.4%

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FY 2023
(\$ in thousands)

July 1, 2022, Beginning Cash Balance*	6,547,037.9
Plus FY 2023 Estimated Revenues	28,284,500.0
Plus FY 2023 Estimated Federal Revenues	13,513,145.2
Plus FY 2023 Estimated Transfers to GRF	5,000.0
Total Sources Available for Expenditures & Transfers	48,349,683.1
Less FY 2023 Estimated Disbursements**	39,594,760.2
Less FY 2023 Estimated Total Encumbrances as of June 30, 2023	1,182,274.1
Less FY 2023 Estimated Transfers Out***	1,790,150.0
Total Estimated Uses	42,567,184.4
FY 2023 ESTIMATED UNENCUMBERED ENDING FUND BALANCE****	5,782,498.7

*Includes reservations of \$883.5 million for prior year encumbrances. After accounting for this adjustment, the unencumbered beginning fund balance for FY 2022 is \$5,663.5 million.

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

***Substitute House Bill 687, the capital budget for FY 2023-2024, included authority to transfer \$1.5 billion from the General Revenue Fund to various capital funds. The FY 2023 Transfers Out amount in the table above includes using \$1.1 billion of this authority. The remaining balance from this bill, and potential capital fund transfers in future bills, are listed below.

****The FY 2023 Estimated Unencumbered Ending Fund Balance included in this report is based on the GRF revenue forecast for FY 2023, which was published in the August 2022 Monthly Financial Report. OBM recently released an updated FY 2023 forecast, and forecasts for FY 2024 and 2025, as part of the [Governor's Executive Budget on January 31, 2023](#).

Authorized and Potential Non-Recurring Plans (\$ in thousands)	Amount
• Authorized Capital Fund Transfers from House Bill 687	400,000
• Additional Capital Fund Transfers (Potential)	1,300,000
Grand Total	1,700,000

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Glossary

Average Daily Rate	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.
Beige Book	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.
Building Permits	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.
Consumer Confidence	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.
Consumer Price Index for All Urban Consumers	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.
Continued and Extended Unemployment Claims	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.
Employment Trends Index	The Conference Board's Leading composite index indicates the direction of employment through the aggregation of eight leading employment indicators.
Existing Home Sales	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.



Hotel Occupancy Rate	A performance indicator that shows the percentage of hotel rooms that are occupied in the United States compared to total available space.
Housing Market Index	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.
Initial Unemployment Claims	The number of new jobless claims filed by Ohio workers seeking unemployment assistance for the first-time following a job loss.
Leading Economic Index	The Conference Board's Leading 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.
Manufacturing Production Index	A measure produced by the Board of Governors of the Federal Reserve System; the index measures the real output of the United States manufacturing industry by sector. The reference period for the index is 2017.
Newly Built Single-Family Home Sales	A measure of the sales of newly built single family structures including houses and townhouses.
Ohio Employee-Population Ratio	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.
Ohio Labor Force Participation Rate	This rate represents the number of people in the Ohio labor force as a percentage of the Ohio civilian non-institutionalized population.
Ohio Nonfarm Payroll Employment	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.
Ohio Unemployment Rate	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.

People Not in the Labor Force Who Currently Want a Job	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.
Permanent Job Losses	Unemployed persons whose employment ended involuntarily, or completed a temporary job, and began looking for work.
Personal Consumption Expenditures	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.
Personal Income	Income that people receive from wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources.
Personal Saving	Produced by the Bureau of Economic analysis, this is the difference between current-dollar disposable income (that is, after-tax income) and personal outlays.
Personal Savings Rate	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.
Purchasing Managers Index	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.
Real Gross Domestic Product	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.
Revenue Per Available Room	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.
Small Business Optimism Index	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 10 seasonally adjusted components.

State-Level Coincident Index	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.
Survey of Consumers	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.
Temporary Layoff	People who have been given a date to return to work or who expect to return to work within six months. Those on temporary layoff do not need to be looking for work to be classified as unemployed.
Total Construction Spending	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.
Total Industrial Production	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.
Total Travel Throughput	The number of travelers that go through Transportation Security Administration checkpoints in airports across the United States.
Total Turnpike Revenue	The amount of revenue received through the operation of the Ohio Turnpike.
Turnpike Commercial Vehicle Miles Traveled	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.
Turnpike Passenger Vehicle Miles Traveled	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.S. Labor Force Participation Rate	This rate represents the number of people in the United States labor force as a percentage of the United States civilian non-institutionalized population.
U.S. Nonfarm Payroll Employment	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.
U.S. Unemployment Rate	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.
Worker Adjustment and Retraining Notification (WARN) Act	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.

