

State of Ohio Monthly Financial Report

OCTOBER 10, 2024

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

From: Kimberly Murnieks, OBM Director



Table of Contents

Report Overview 3

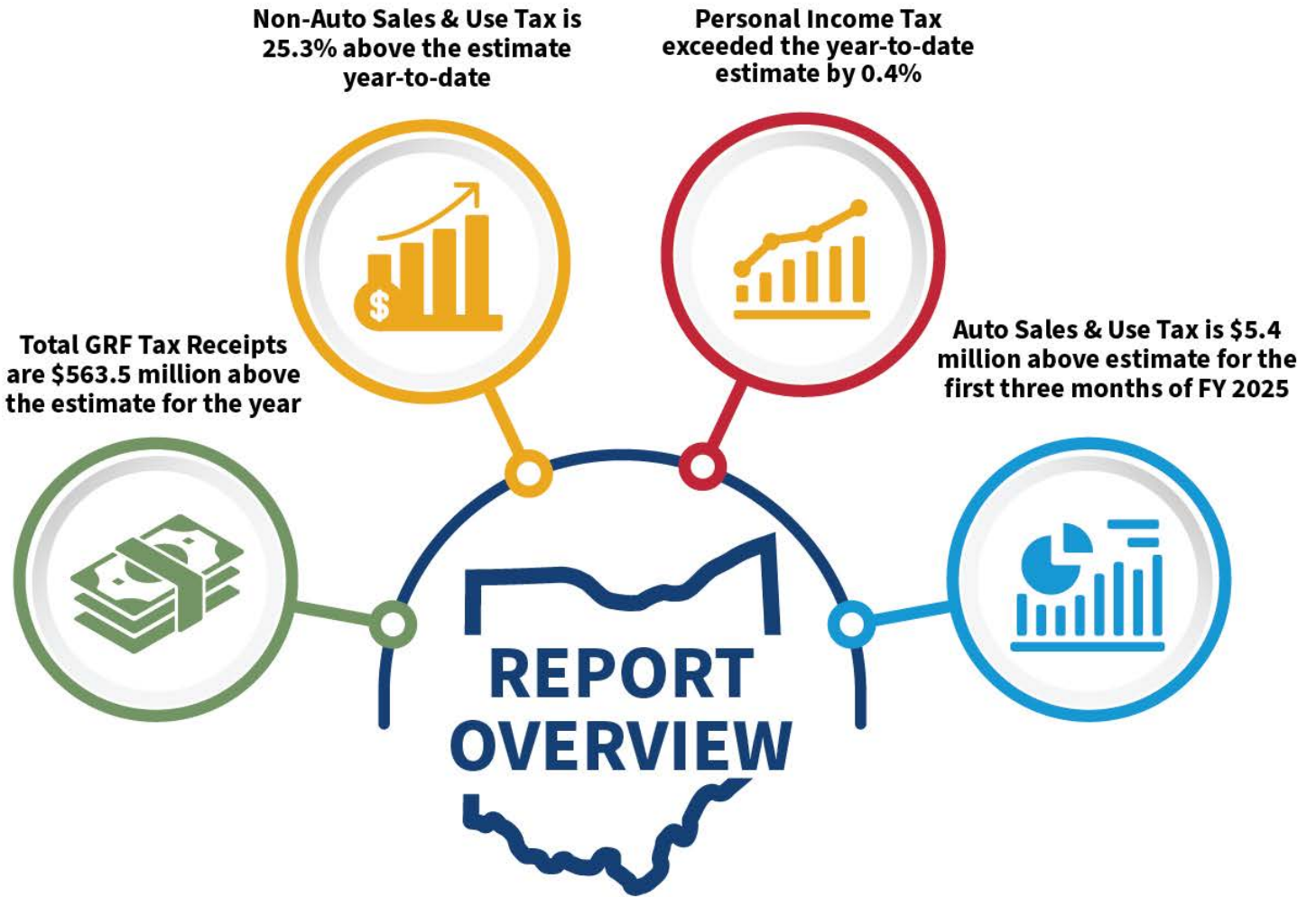
Economic Activity 4

Revenues 17

Disbursements.....30

Glossary40



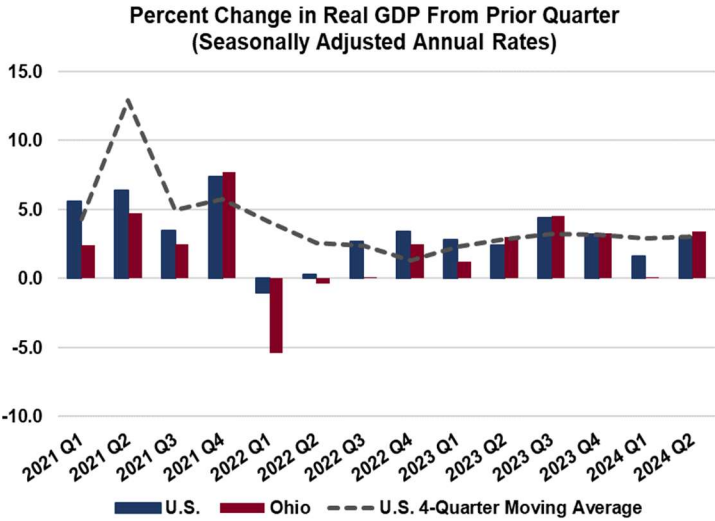


Economic Activity

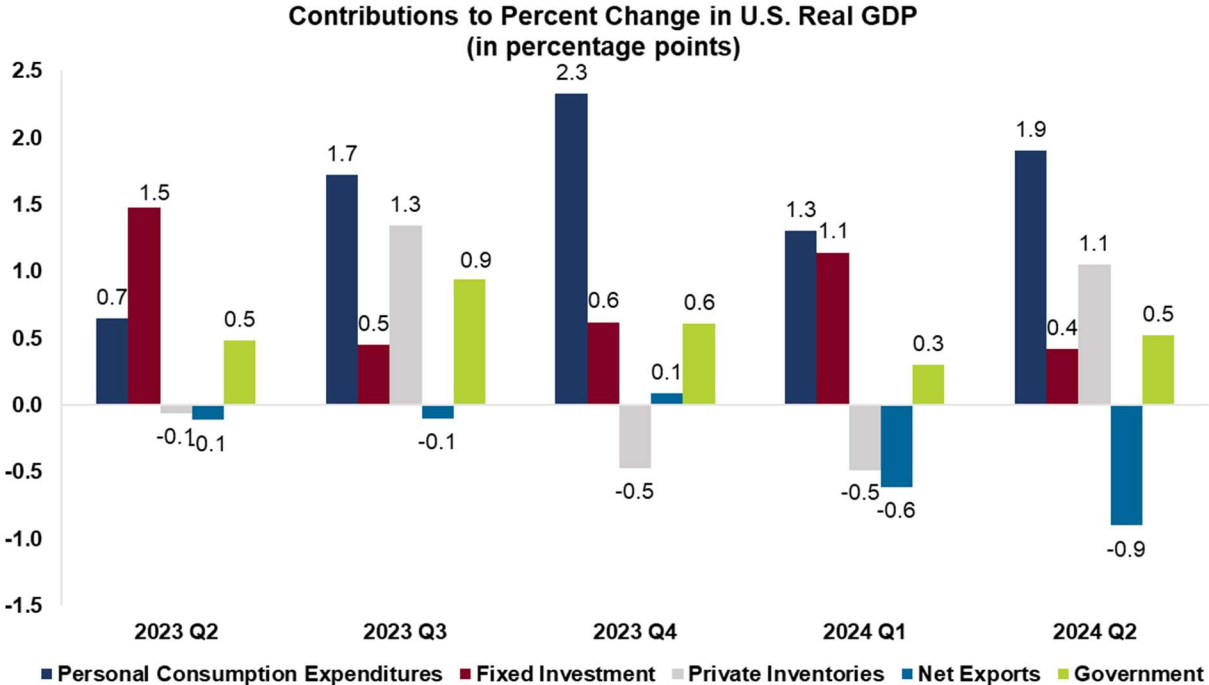
Economic Outlook

According to the Bureau of Economic Analysis' third estimate, the nation's **Real Gross Domestic Product (GDP)** increased in the second quarter of calendar year 2024 at an annualized rate of three percent, unchanged from last month's second estimate. This is the eighth consecutive quarter of growth.

The second quarter increase in real GDP resulted from growth in personal consumption expenditures (1.9 percentage points), private inventories (1.1 percentage points), government expenditures (0.5 percentage points), and fixed investment (0.4 percentage point). Partially offsetting the increases in real GDP, net exports decreased 0.9 percentage point.



Source: Bureau of Economic Analysis



Source: Bureau of Economic Analysis

Ohio’s real GDP increased by an estimated 3.4 percent during the second quarter of 2024, which was 0.4 percentage point above the national average. The increase in GDP in Ohio largely reflected positive contributions in nondurable manufacturing goods (1 percentage point), finance and insurance (0.7 percentage point), durable manufacturing goods (0.6 percentage point), construction (0.4 percentage point), and healthcare and social assistance (0.4 percentage point). These increases were partially offset by decreases in the accommodation and food services (-0.2 percentage point), management of companies and enterprises (-0.1 percentage point), and agriculture, forestry, fishing, and hunting (-0.1 percentage point) industries.

In August 2024, the Conference Board’s **Leading Economic Index** decreased 0.2 percent to 100.2, after decreasing 0.6 percent in July. In the last six months, the Index has decreased 2.3 percent. The Conference Board’s Senior Manager of Business Cycle Indicators reported that although the Index continued to decline, the six-month contraction was smaller than in prior months. September’s policy shift by the Federal Reserve should lower borrowing costs and in turn support stronger economic activity in the second half of the year.

The economic outlook remains strong, powered by ongoing resilience in the labor market and consistent GDP growth. At September’s meeting, the Federal Open Market Committee voted to lower the federal funds rate by 0.5 percentage point, moving to a less restrictive policy. Federal Reserve Chair Jerome Powell indicated that the Committee’s decision was based on its’ belief that the strength of the labor market can be sustained as the inflation rate continues to move towards the Committees’ objective.

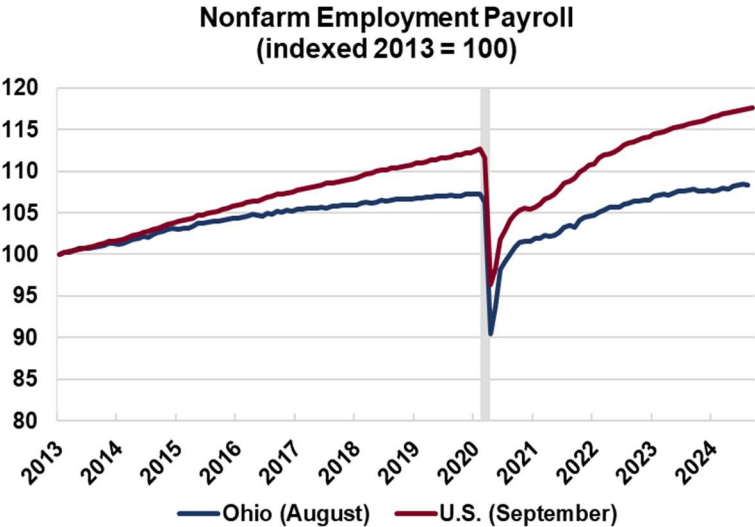
Economic Forecasts

Source	Date	3rd Quarter 2024 Annualized GDP Forecast
Federal Reserve Bank of New York (Nowcast)	10/04/2024	3.1%
IHS Markit GDP Tracker	10/04/2024	2.8%
Moody’s High Frequency GDP Model	10/02/2024	2.0%
Federal Reserve Bank of Atlanta (GDPNow)	10/01/2024	2.5%
Conference Board	09/17/2024	0.8%
Wells Fargo	09/19/2024	1.6%

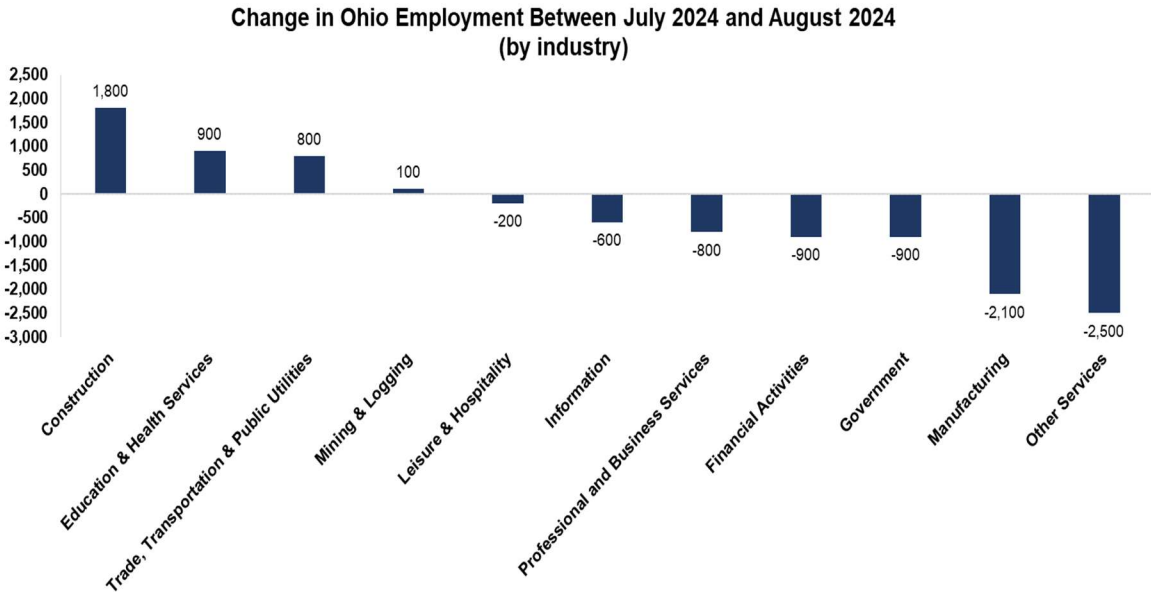
Ohio Labor Market

Ohio’s nonfarm payroll employment decreased by an estimated 4,400 jobs between July and August 2024 to 5.7 million. With this decrease, nonfarm employment was 0.6 percentage point above levels in August 2023.

In Ohio, education and health services, leisure and hospitality, construction, and government, had the largest increases in employment. These gains were partially offset by decreases in the information and manufacturing industries in August.



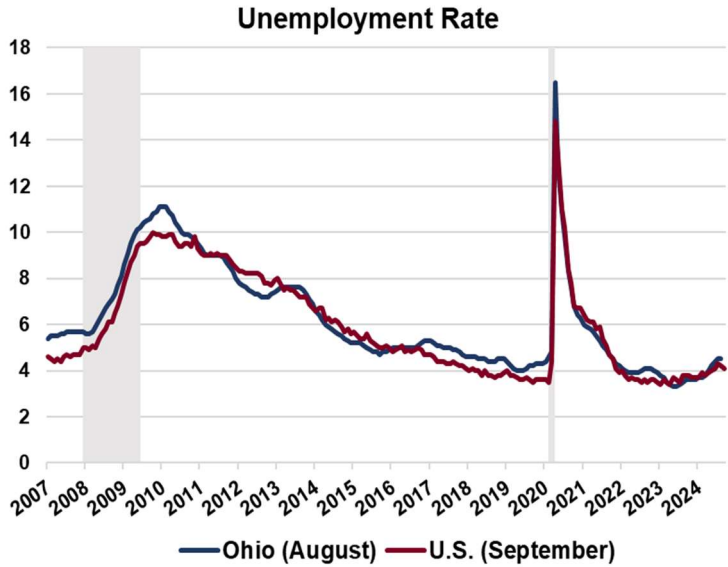
Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

Ohio’s seasonally adjusted **labor force participation rate** in August 2024 was 62.3 percent, unchanged from July. The seasonally adjusted **employment-population ratio** was 59.5 in August 2024, also unchanged from July 2024.

The **Ohio unemployment rate** in August 2024 was 4.5 percent, a 0.1 percentage point increase from July 2024’s rate and 0.3 percentage point above the national rate in August.

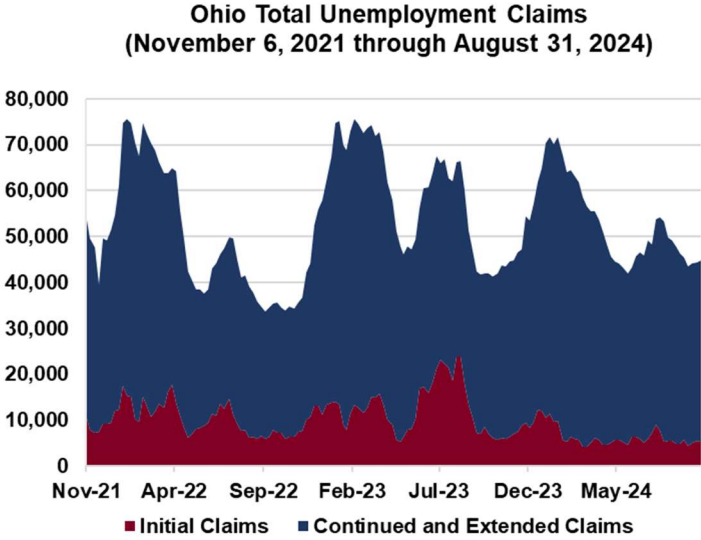


Source: Bureau of Labor Statistics through FRED

In August 2024, **initial unemployment claims** decreased 28.8 percent for men and 29.9 percent for women compared to July 2024.

Compared to July, initial claims filed in August decreased for all races. Individuals who identify as American Indian (-48.8%) saw the largest decrease in initial claims, followed by those identifying as Hispanic (-38.9%), Black (-38.2%), Not Specified (-25.1%), White (-24.8%), and Asian/Pacific Islander (-15.6%).

During the week ending September 28, 2024, 5,211 individuals filed initial unemployment claims, a 6.5 percent decrease from the previous week. During the same week, 39,525 individuals filed **continued and extended claims**, a 1.5 percent increase from the prior week.



Source: Ohio Department of Job and Family Services

U.S. Labor Market

U.S. nonfarm payroll employment increased by an estimated 254,000 jobs in September. Multiple industries experienced significant growth, with education and health services, leisure and hospitality, government, and construction sectors leading the way. This growth was partially countered by job losses in manufacturing.

254,000
Jobs Added



The **U.S. labor force participation rate** was unchanged between August and September at 62.7 percent. The **U.S. employment-population ratio** increased 0.2 percentage point to 60.2 in September. The labor force participation rate was 0.1 percentage point lower, and the employment-population ratio was 0.2 percentage point lower than in September 2023.

The **U.S. unemployment rate** decreased 0.1 percentage point in September 2024 to 4.1 percent while the number of unemployed individuals decreased by 281,000 to 6.8 million. Between August and September 2024, the unemployment rate was unchanged for individuals who identified as Asian, whereas individuals who identified as Hispanic (-0.4 percentage point), Black (-0.4 percentage point) or White (-0.2 percentage point) experienced decreases in unemployment rate in September. The unemployment rate decreased by 0.2 percentage point for both men and women between August and September 2024, to 4.2 percent and 3.9 percent, respectively.

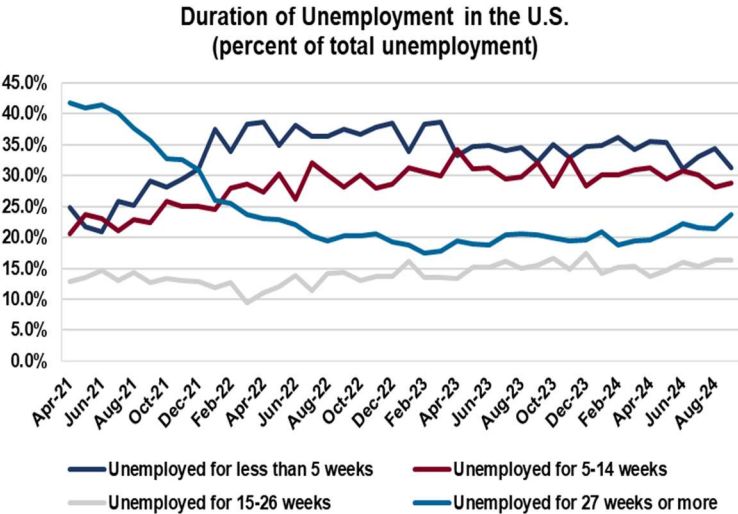


Unemployment Rates by Demographic Group

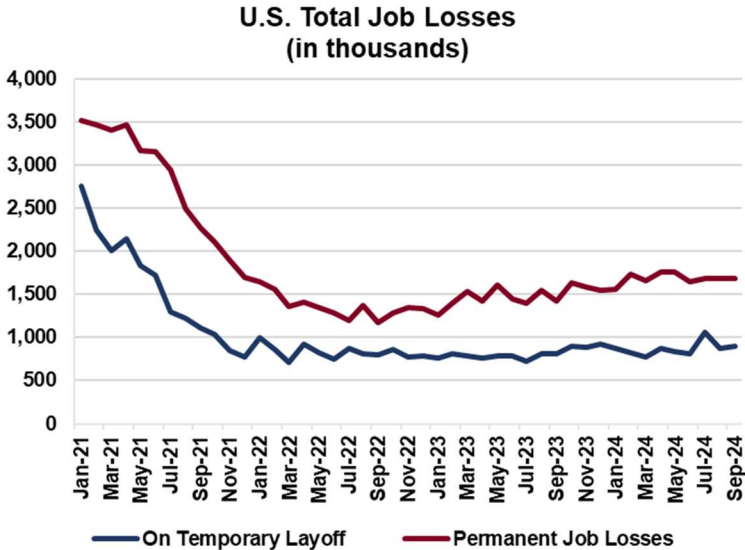
	Jul-2024	Aug-2024	Sep-2024
Women	4.1%	4.1%	3.9%
Men	4.4%	4.4%	4.2%
Black	6.3%	6.1%	5.7%
White	3.8%	3.8%	3.6%
Asian	3.7%	4.1%	4.1%
Hispanic	5.3%	5.5%	5.1%

In September 2024, 31.4 percent of unemployed individuals in the nation were unemployed for less than 5 weeks, a 3.9 percent decrease from August.

The number of **people not in the labor force who currently want a job** increased by 60,000 (1.1%) to 5.7 million people in September.



Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

The number of unemployed people who were on **temporary layoff** increased by 2.5 percent to 894,000 in September 2024.

The number of people with **permanent job losses** decreased by 6,000 (-0.4%) in September to 1.7 million people.

Consumer Income and Consumption

\$24.9 Trillion

Personal income increased by \$50.5 billion (0.2%) in August 2024 to \$24.9 trillion. The gains in August were primarily due to increases in wages and salaries of \$58.2 billion (0.5%).

Personal consumption expenditures increased by \$47.2 billion (0.2%) between July and August 2024. Overall spending on goods increased by 0.1 percent in August. Spending on durable goods increased 0.2 percent, driven by a 1.4 percent increase in recreational goods and vehicles. Overall, spending on nondurable goods did not change, however, there were notable decreases in spending on clothing and footwear (-0.6%) and increases in spending on other nondurable goods (1.0%). Spending on services increased 0.2 percent in August 2024, driven by increased spending on financial services (0.4%) and transportation services (0.5%).

Consumer Spending by Industry, for Select Industries
(\$ in millions of chained 2017 dollars)

	July 2024	August 2024	1-Month Percent Change	12- Month Percent Change	24-Month Percent Change
Durable Goods	\$2,059,133	\$2,059,443	0.02%	3.8%	7.7%
Motor vehicles and parts	\$589,711	\$578,914	-1.8%	0.0%	2.0%
Furnishings and durable household equipment	\$442,289	\$442,569	0.1%	5.6%	7.6%
Recreational goods and vehicles	\$768,312	\$778,763	1.4%	5.9%	15.5%
Other durable goods	\$295,016	\$299,520	1.5%	5.8%	5.4%
Nondurable Goods	\$3,419,482	\$3,420,843	0.0%	2.2%	3.4%
Clothing and footwear	\$504,490	\$501,621	-0.6%	1.7%	2.4%
Gasoline and other energy goods	\$320,140	\$317,058	-1.0%	-0.1%	1.6%
Other nondurable goods	\$1,434,748	\$1,448,430	1.0%	3.9%	7.1%
Services	\$10,618,760	\$10,640,028	0.2%	3.0%	7.2%
Transportation services	\$510,476	\$512,943	0.5%	7.4%	4.9%
Housing and utilities	\$2,644,039	\$2,646,128	0.1%	1.1%	1.9%
Food services and accommodations	\$1,065,175	\$1,063,890	-0.1%	0.9%	2.5%
Financial services and insurance	\$1,152,755	\$1,157,810	0.4%	1.4%	5.8%

Note: The table above provides details on real personal consumption spending in chained 2017 dollars, which differs from the figures in the text that are not adjusted for inflation.

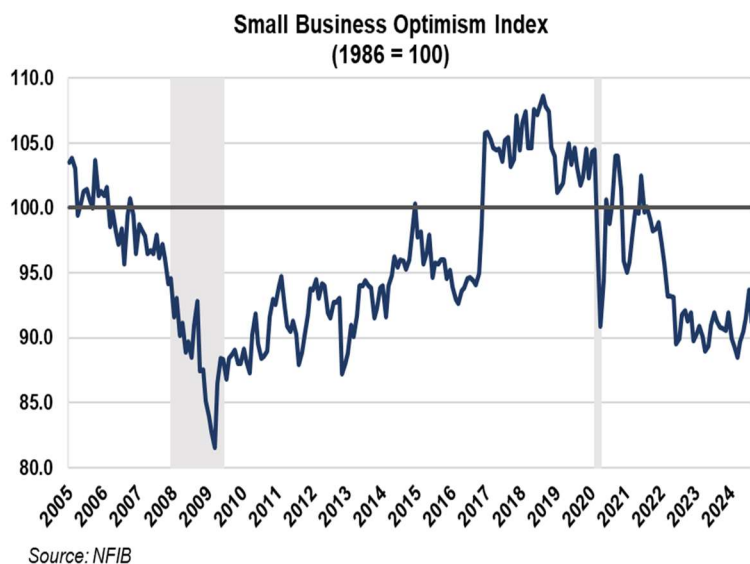
Source: Bureau of Economic Analysis, Table 2.8.6 Real Personal Consumption Expenditures by Major Type of Product



Personal saving totaled \$1.05 trillion in August 2024, a 1.3 percent decrease compared to July’s revised level and was 8.3 percent above the August 2023 level. The **personal saving rate** was 4.8 percent in August 2024, a decrease of 0.1 percentage point from July 2024.

The **Consumer Price Index for All Urban Consumers** (CPI) increased (0.2%) in August 2024 compared to July 2024, after a 0.2 percent decrease between June and July. The “all items” index increased 2.6 percent over the last year. In August, increases in prices were mainly observed in shelter (0.5%) and food (0.1%), while energy prices decreased 0.8 percent compared to July.

Both consumer opinion surveys reported relatively small changes in confidence in September 2024. Respondents in the University of Michigan’s **Survey of Consumers** reported a slight increase (2.2 points) in consumer sentiment to 70.1 in September compared to August. The Conference Board’s **Consumer Confidence Index** decreased by 6.9 points to 98.7 in September, from an upwardly revised 105.6 in August. Despite the modest decrease in September, the Index has continued to stay within the same relatively narrow range for two years. Consumers remain relatively positive about the labor market, and the share of consumers expecting interest rates to rise decreased for the fourth month in a row.



The **Small Business Optimism Index** decreased 2.5 percentage points to 91.2 in August, the 32nd consecutive month the Index was below 98, the 50-year average. Inflation remained the top concern of 24 percent of small business owners, down one point from July. In July, 40 percent of small business owners reported job openings that they could not fill, up two points from July.

Travel and Tourism

Ohio’s three largest transit authorities, the Greater Cleveland Regional Transit Authority, Central Ohio Transit Authority, and Southwest Ohio Regional Transit Authority provided an estimated combined 3.9 million unlinked passenger trips in September 2024. This was 14 percent below August 2024 ridership levels, and 2.2 percent below September 2023 ridership levels.

Nationally, 72 million travelers went through TSA checkpoints in September. Average airline checkpoint traffic decreased 9.7 percent in September compared to August. **Total travel throughput** in September 2024 was 1.7 percent higher than in September 2023.

In the U.S., the **hotel occupancy rate** was 68.4 percent for the week ending September 28, 2024, 2.6 percent higher than the comparable week in 2023. The **average daily rate** for a hotel room was \$170.24, a 7.5 percent increase from 2023. **Revenue per available room** was \$116.50, 10.2 percent higher than in the same week in 2023.

Industrial Activity

According to data from the Board of Governors of the Federal Reserve System, **total industrial production** increased 0.8 percent between July and August 2024 and was unchanged compared to August 2023.

The **Manufacturing Production Index** increased 0.9 percent in August 2024 and was 0.2 percent higher than August 2023. Manufacturing output of motor vehicles and parts increased by 9.8 percent, driving up the overall manufacturing sector's growth. Excluding the production of motor vehicles and parts, the Manufacturing Production Index still rose by 0.3 percent. Nationally, manufacturing in seven of Ohio's top 10 industries increased production between July and August 2024. Motor vehicles and parts (9.8%), electrical equipment (2.0%), and aerospace and other transportation equipment (1.2%) led the increases in production.

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

Manufacturing Sector	Percent Change June 2024 and July 2024	Percent Change July 2024 and August 2024	Percent Change August 2023 and August 2024
Aerospace and Other Transportation Equipment	-0.8%	1.2%	1.6%
Chemicals	-0.1%	0.4%	1.8%
Electrical Equipment	-0.7%	2.0%	3.2%
Fabricated Metal Products	-1.3%	0.9%	0.6%
Food Beverage and Tobacco Products	-0.3%	-0.2%	-1.1%
Machinery	0.1%	0.8%	-2.3%
Motor Vehicles and Parts	-8.9%	9.8%	0.3%
Petroleum and Coal	2.6%	-2.3%	2.0%
Plastics and Rubber Products	-0.9%	-0.1%	-1.9%
Primary Metals	1.2%	0.2%	4.4%

In September 2024, the Institute for Supply Management reported the **Purchasing Managers Index** (PMI) for the United States at 47.2 percent, unchanged from August's reading. This is the sixth consecutive month that the Index indicated a contraction of the manufacturing economy.





Across the nation, five of the 16 industries tracked by ISM increased production in September. Of those industries with a large presence in Ohio, the manufacturing of petroleum and coal products, food, beverage and tobacco products and miscellaneous manufacturing increased the most, whereas plastics and rubber products, primary metals, transportation equipment, and electrical equipment experienced the largest declines.

According to the chair of the survey committee, contraction of the manufacturing industry continued in September at the same rate as prior months with demand slowing because of unwillingness of companies to invest in capital and inventory due to federal monetary policy. Anecdotal evidence from nationwide purchasing and supply executives surveyed by the Institute for Supply Management (ISM) provides further indication of softening demand.

“A continuing low order rate is resulting in ongoing manufacturing adjustments to balance output with demand. [Machinery Products]”

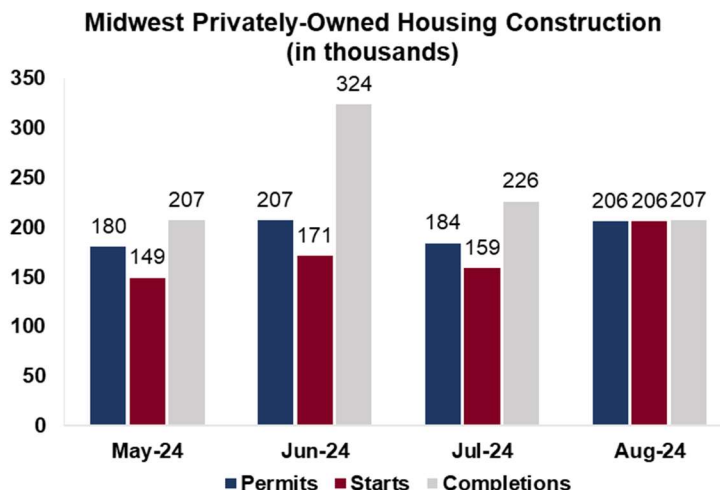
“The fourth quarter is slower than anticipated. We won’t realize the effect of interest rate adjustments with new project starts until the first quarter of 2025.” [Fabricated Metal Products]”

Ohio and Midwest Construction and Housing Market

In Ohio, **building permits** for privately-owned housing units decreased 18.8 percent between July and August 2024 and were 21.8 percent below the number of permits issued in August 2023.

Privately-owned housing starts in the Midwest increased 29.6 percent between July and August 2024 and were 28 percent above August 2023 levels.

In August 2024, privately-owned housing completions in the Midwest decreased 8.4 percent compared to July 2024 but were 10.7 percent above August 2023.



New home sales in the Midwest decreased 5.8 percent between July and August 2024 to 81,000 units and were 26.6 percent above August 2023.

Source: U.S. Census Bureau through FRED

In August 2024, 12,573 homes sold in Ohio, a 3.4 percent decrease from August 2023. The average sales price in Ohio was \$302,384, a 5.8 percent increase compared to August 2023. The president of Ohio REALTORS reported that despite the lower volume of sales, the median home price year-over-year reflects sustained demand in a competitive market with limited inventory.



Source: National Association of Home Builders

The **Housing Market Index** in the Midwest increased four points from August to September 2024 42, which was one point higher than the national level. The national index increased two points in September compared to August.



U.S. Construction and Housing Market

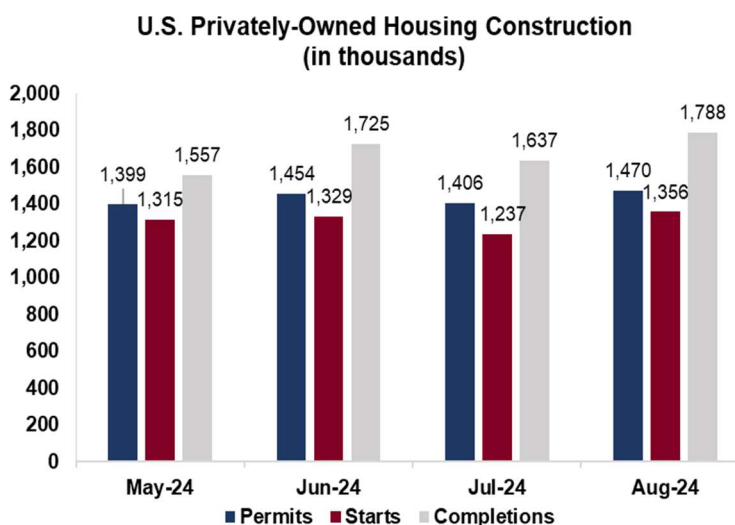
The U.S. Census Bureau reported **total construction spending** in August at a seasonally adjusted rate of \$2.13 trillion, a 0.1 percent decrease from the revised July estimate. The August 2024 spending estimate was 4.1 percent above spending in August 2023.

Public sector construction spending increased an estimated 0.3 percent in August 2024 compared to the revised July estimate, bringing the seasonally adjusted annual total to \$489.8 billion. Public spending on nonresidential construction increased 0.3 percent from July's revised estimate to \$478.3 billion in August 2024 and was 7.9 percent above August 2023 levels.

Private sector construction spending decreased 0.2 percent between July and August 2024 at a seasonally adjusted annual total of \$1.64 trillion and was 3.1 percent above August 2023 spending levels. Private residential construction in August was 0.3 percent below July's revised level and was 2.7 percent above August 2023's spending. Private nonresidential construction decreased by 0.1 percent in August 2024 compared to July 2024 and was 3.6 percent above July 2023.

In the U.S., the number of **building permits** issued for privately-owned housing units increased 4.6 percent between July and August 2024 and was 6.8 percent below the number of permits issued in August 2023.

Nationally, privately-owned housing starts increased 9.6 percent between July and August 2024 and were 3.9 percent above August 2023 levels.



Source: U.S. Census Bureau through FRED

In August, **newly built single-family home sales** decreased by 4.7 percent compared to July but were 9.8 percent above sales in August 2023. The national median sales price in August 2024 was \$420,600, a two percent decrease compared to the revised July median sales price and was 4.6 percent lower compared to August 2023.

According to the National Association of Realtors, **existing home sales** decreased 2.5 percent between July and August 2024 to an annual rate of 3.86 million housing units. Sales in August 2024 decreased 4.2 percent compared to August 2023. The median sale price of all existing homes increased 3.1 percent from a year ago to \$416,700. Available inventory in August totaled 1.35 million units, a 0.7 percent increase compared to July 2024 and a 22.7 percent increase compared to August 2023's inventory level.



Revenues

Total GRF tax revenues in September exceeded estimate by \$547.1 million (36%) and now stand \$563.5 million above estimate for the year to date. September non-auto sales tax revenues show a \$565.7 million positive variance from estimate, likely due to an overprediction of the revenue loss from the first-ever expanded sales tax holiday held from July 30-August 8. To the extent the GRF year-to-date variance comes from overestimating the impact of the holiday, the overall positive variance to the state GRF is only temporary. There will be a transfer from the Expanded Sales Tax Holiday Fund to the GRF later this calendar year. OBM now anticipates the transfer will be significantly lower than originally expected. The resulting negative variance from estimate for transfers into the GRF will offset the current positive non-auto sales tax revenue variance.



GRF sources for September totaled \$3.3 billion and were \$388.8 million (13.5%) above the estimate. As noted above, tax revenues were \$547.1 million (36%) above the estimate. Non-tax revenues were \$158.7 million (-11.7%) below the estimate while transfers were \$500,000 above the estimate. For the year-to-date, tax revenues and transfers are above the estimate and non-tax revenues are below estimate.

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	\$ 563.5	9.2%
Non-Tax Receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$ (255.2)	-5.4%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$ 0.6	N/A
Total Receipts and Transfer Variance		\$ 308.9	2.8%
Non-Federal Receipts and Transfer Variance		\$ 561.6	8.9%
Federal Grants Variance		\$ (252.7)	-5.5%

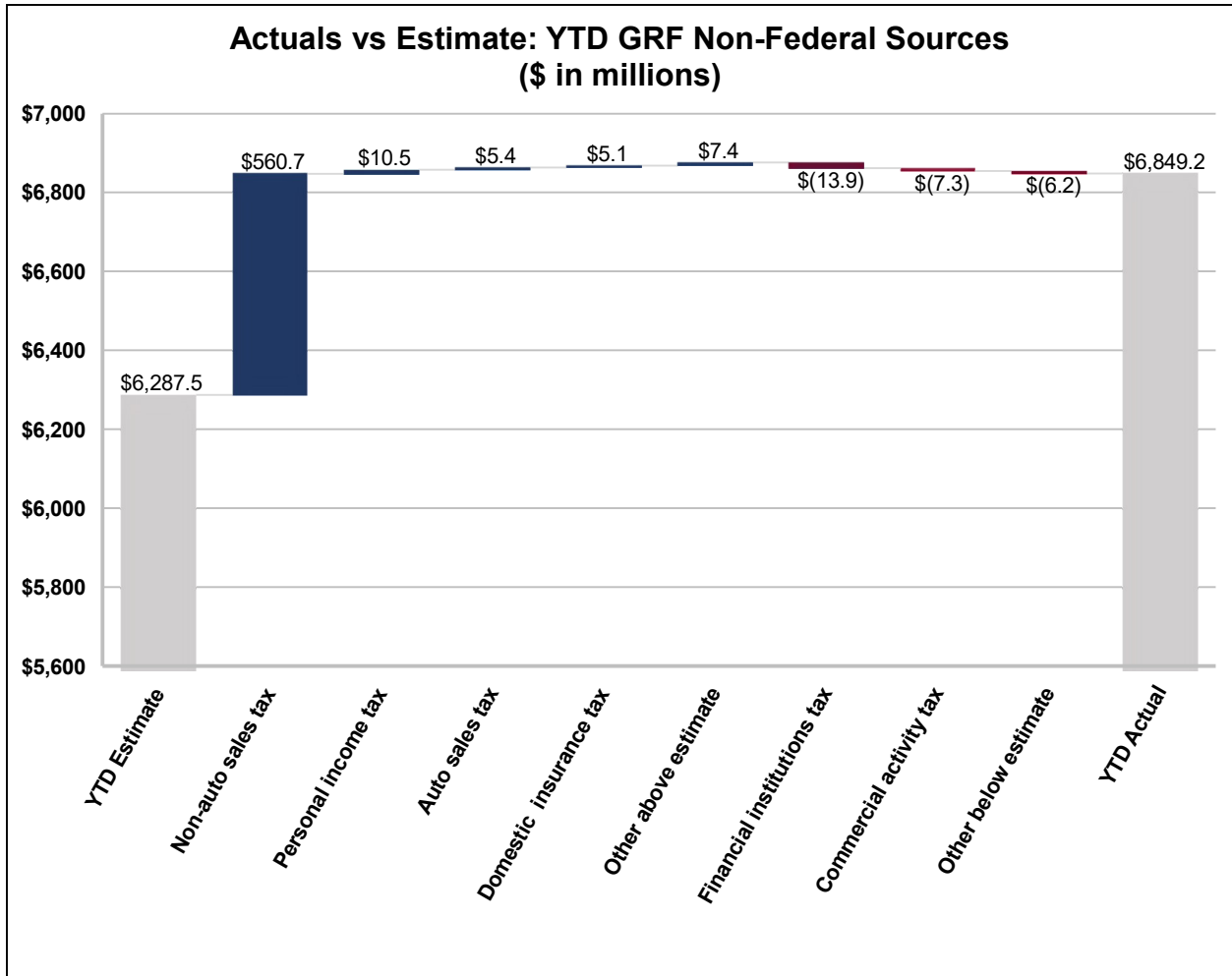
The following table shows that in September, the positive variances from estimate (\$579.2 million) exceeded the negative variances (\$190.3 million), resulting in a net positive variance from the estimate of \$388.8 million.

GRF Revenue Sources Relative to Monthly Estimates – September 2024
(\$ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-Auto Sales Tax	\$ 565.7	Federal Grants	\$ (156.9)
Domestic Insurance Tax	\$ 4.6	Commercial Activity Tax	\$ (16.2)
Public Utility Excise Tax	\$ 2.0	Financial Institutions Tax	\$ (13.2)
Auto Sales Tax	\$ 1.9	Licenses & Fees	\$ (1.8)
Kilowatt-Hour Tax	\$ 1.7	Foreign Insurance Tax	\$ (1.7)
Other revenue sources above estimate	\$ 3.3	Other revenue sources below estimate	\$ (0.6)
Total Above	\$ 579.2	Total Below	\$ (190.3)

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

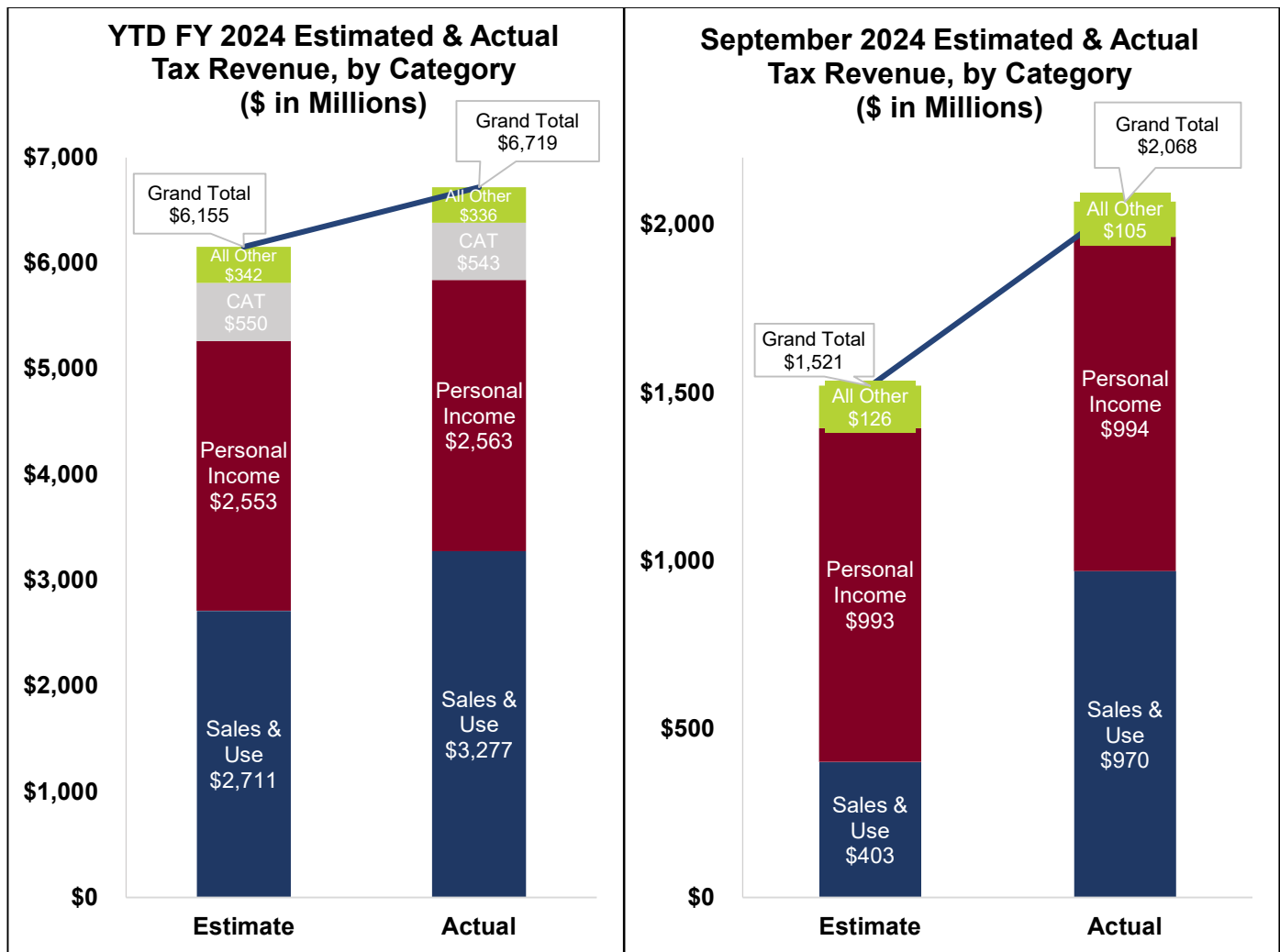




The preceding chart shows how various sources have contributed to the variance between actual and estimated non-federal revenues and transfers through September 2024. There is a \$561.6 million difference between actual and forecasted non-federal revenues, predominantly comprised of the non-auto sales tax. As noted above, most of the positive variance is temporary and will be offset by a lower transfer in to the GRF later in the fiscal year.



The following chart shows estimated and actual GRF tax revenues for the year and for September 2024, categorized by tax source. Sales and use tax revenues account for 49 percent of total tax revenues for the fiscal year to date.



In September, total receipts and transfers decreased by \$134.3 million (-3.9%) compared to last year. Tax revenues decreased \$237.23 million (-10.3%), while non-tax revenues increased \$104.3 million (9.5%) and transfers decreased \$1.4 million (-73.8%). Year-to-date, tax receipts are \$316.6 million (-4.5%) below last year, and non-tax receipts are



\$126.3 million (2.9%) above last year. On a year-to-date basis, transfers are \$1.7 million (-74.1%) below last year.

The source with the largest year-over-year dollar increase in September was federal grants at \$91.6 million (8.4%), followed by ISTVs at \$14.4 million, domestic insurance tax at \$4.5 million, and public utility excise tax at \$2.6 million. The largest decreases were in non-auto sales tax at \$130.4 million (-13.8%), personal income tax at \$81.6 million (-7.6%), and commercial activity tax at \$19.2 million (-90.9%). The largest year-to-date increases are in federal grants at \$125.3 million (3%), followed by auto sales tax at \$12.8 million (2.6%), and kilowatt-hour tax at \$12.5 million (16.8%). The largest year-to-date decreases are in non-auto sales tax at \$168.6 million (-5.7%), personal income tax at \$115.6 million (-44.3%), and commercial activity tax at \$57.4 million (-9.6%).

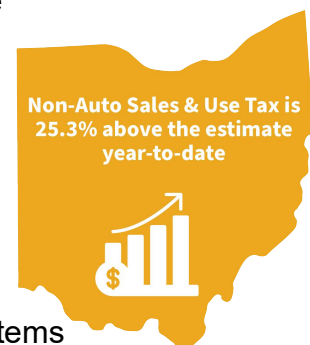
Non-Auto Sales Tax

For September, GRF non-auto sales and use tax collections totaled \$815 million, which is \$565.7 million (226.9%) above the estimate. Year-to-date revenue is \$560.7 million (25.3%) above the estimate. September revenue is \$130.4 million (-13.8%) below last year, and year-to-date revenue is \$168.6 million (-5.7%) below last year.

The expanded sales tax holiday held from July 30-August 8 explains the non-auto sales tax revenue decline from the prior year. During the 10-day period, sales of nearly all goods priced \$500 or below were exempt from Ohio state and local sales tax. The sales tax holiday primarily affected September receipts, exempting tax on items sold during August that would normally have been collected by the state in September.

Non-auto sales tax revenue greatly exceeded the September estimate. Given the magnitude of the variance, the foregone revenue from the sales tax holiday likely was overpredicted when forecasts were finalized. The lack of Ohio precedent and absence of similarly structured holidays across the nation made the holiday's fiscal impact challenging to forecast. Assuming most of the year-to-date variance comes from overestimating the impact of the holiday, such variance will be largely offset by fiscal events occurring after September.

There is a two-month lag between the state's collection of local sales tax receipts and their distribution to counties and transit authorities. The larger than expected September GRF intake likely means a higher than anticipated November revenue transfer from the GRF to the Permissive Tax Distribution Fund. This will reduce November GRF tax revenues relative to expectations, and likely result in a notable reduction to the year-to-date positive revenue variance.



After analyzing the sales tax return data, a more conclusive fiscal assessment of the holiday will emerge. Over the coming months, the Department of Taxation will use the tax return data to estimate the revenue impact of the sales tax holiday for purposes of reimbursing the GRF, Permissive Tax Distribution Fund, Public Library Fund, and the Local Government Fund for their revenue losses. Based on these estimates, the GRF will receive a transfer from the Expanded Sales Tax Holiday Fund for its revenue loss from the sales tax holiday. To the extent the estimated revenue impact from the holiday calculated by the Department of Taxation differs from the foregone revenue reflected in the monthly estimates, the transfer to the GRF from the Expanded Sales Tax Holiday Fund will also be smaller than originally anticipated. Subsequent to this transfer, any remaining variances between total actual and estimated GRF resources will no longer be due to underestimating the effects of the sales tax holiday.

Moving to economic data, the latest release from the U.S. Census Bureau's Advance Monthly Retail Trade Survey (MARTS) program shows mild year-over-year retail sales growth in August. Focusing on establishments primarily covered by Ohio's non-auto sales tax (NAICS codes 442, 443, 444, 448, 451, 452, 453, and 454), the MARTS data indicates a 3.6 percent increase in national sales, not seasonally adjusted, during August 2024. In July and June, year-over-year growth was 5.6 percent and 1.5 percent, respectively. By comparison, Ohio's non-auto GRF sales tax revenue decreased 2.5 percent in August, decreased 1.4 percent in July, and increased 1.2 percent in June.

The MARTS data show continuing growth in recent month-over-month sales performance. On a seasonally adjusted basis, August 2024 sales for the retail categories listed above were 0.5 percent higher than July, following a 0.2 percent increase in July from June and a 1.2 percent increase in June from May.

Auto Sales Tax

September auto sales tax revenues were \$155.3 million, which is \$1.9 million (1.2%) above estimate. Year-to-date revenues are \$5.4 million (1.1%) above the estimate. Revenues were \$1 million (-0.7%) above last September and are \$12.8 million (2.6%) above last year on a year-to-date basis.

Quarterly data from the Ohio Bureau of Motor Vehicles (BMV) provides details on recent taxable motor vehicle transactions, including a break-out between new and used vehicles. During the July-September 2024 quarterly period, aggregate motor vehicle sales decreased by \$37.4 million (-0.4%) from FY 2024. New vehicle sales increased by \$94.7 million (2.6%) for the quarter while used vehicle sales declined by \$132.2 million (-2.4%).



Details on transaction volumes and prices cast further light on new and used vehicle market developments. The total number of taxable motor vehicle transactions in the third quarter of calendar year 2024 were 8,943 (1.8%) above the prior year, with new vehicle and used vehicle transactions growing at nearly identical rates. Average prices for new and used vehicles went in different directions: new vehicle prices grew by \$303 (0.8%) from last year while used vehicle prices declined \$557 (-4.1%), with composite prices decreasing by 2.1 percent. Even with the recent decline in used vehicle prices, they remain 38 percent above the pandemic-era low reached in the third quarter of 2020. New vehicle prices are currently 21 percent above the same quarter.

Economic indicators provide some national context for the auto sales tax. According to the U.S. Department of Commerce's Bureau of Economic Analysis, September national sales of new light vehicles reached a seasonally adjusted annual rate (the number of sales that occurred during the month adjusted for seasonal variations and expressed as an annualized total) of 15.8 million units. September sales were up 3.3 percent from August and up 0.5 percent from a year ago. On an unadjusted basis, light vehicle unit sales in September were at 1.17 million units. This is down 17.9 percent from the previous month and 12.8 percent down from last September.

While transaction prices for new vehicles remain high, price growth for the nation slowed significantly in calendar year 2023; since then, prices have experienced a modest decline. The latest release of the Consumer Price Index for All Urban Consumers (CPI-U) data from the U.S. Bureau of Labor Statistics shows August being even with July, following six consecutive month-to-month declines. Recent year-over-year price changes show a downturn. The CPI-U for new motor vehicles in August 2024 was down 1.2 percent from August 2023, continuing the series of annual price declines that began in March 2024. Until March of this year, there have been no year-over-year declines since June 2020. Even with the recent reductions, new vehicle prices remain significantly above pre-pandemic levels, with the CPI-U for new motor vehicles being 19.2 percent higher than in February 2020.

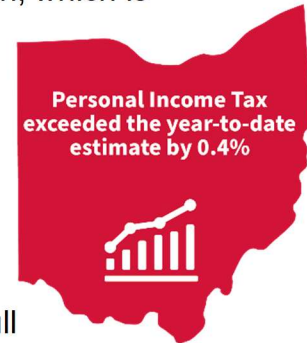
Turning to national used vehicle data, August 2024 retail sales were at 1.68 million units according to data reported by Cox Automotive. This is a quite elevated figure, higher than any month observed over the last three years. With the next data release, it may be possible to revise the August figure downward due to its outsized level. The August sales figure is 13.6 percent higher than August 2023 and 8 percent above the prior month. Retail unit sales during the first eight months of this calendar year are 3.9 percent higher than the previous year.

Used vehicle prices peaked in January 2022 and have trended downward since then. The Manheim Used Vehicle Value Index, a measure of wholesale vehicle prices, is 3.9 percent lower in August 2024 than the preceding August; the Index is 14.3 percent below March 2023 when prices attained their most recent peak. Retail prices tend to move in the same direction as wholesale prices but with a lag. The August CPI-U for used vehicles is down by 13 percent from its peak in May 2023. However, used-vehicle prices remain

significantly higher than pre-pandemic levels, with the August 2024 CPI-U index being 24.1 percent higher than in January 2020.

Personal Income Tax

September GRF personal income tax receipts totaled \$993.5 million, which is \$921,000 (0.1%) above the estimate. Year-to-date revenue is \$10.5 million (0.4%) above the estimate. On a year-over-year basis, September income tax collections are down \$81.6 million (-7.6%). Year-to-date revenue is \$115.6 million (-4.3%) lower than last year.



The FY 2024-2025 operating budget bill enacted income tax bracket and rate reductions, which took effect in taxable year 2023 with additional rate reductions in taxable year 2024 that achieve full phase-in. These tax law changes first impacted income tax collections and refunds during the tax return filing season that commenced in January 2024. An accompanying change involves two stages of reductions in employer withholding tax rates. In November 2023, the first stage took effect, resulting in an average effective withholding tax rate drop of approximately 8.9 percent, despite varying rate reductions across withholding brackets. The second stage occurred in July 2024. With this second reduction in tax rates, the cumulative estimated decrease from the pre-November 2023 average withholding rate is 12.5 percent.

Employer withholding showed strong results in September. For the month, withholding collections totaled \$830.6 million and were \$81.6 million (10.9%) above the estimate. For the fiscal year-to-date, this component is \$92.7 million (3.8%) above estimate. Collections were \$23.3 million (2.9%) above last September and are \$40.5 million (-1.6%) below last year for the fiscal year. Considering the withholding rate reduction that has taken effect since last year, the month demonstrated elevated year-over-year growth. Year-to-date collections growth is also vibrant.

Estimated taxes paid by pass-through entities (PTEs) amounted to \$100.9 million in September, \$41.1 million (-29.1%) below estimate. Year-to-date collections amount to \$162.6 million, 21.5 percent below the estimate, and representing a \$32.9 million (-24.6%) decrease from the prior year. This decrease is in line with the 23 percent decrease observed since January.

Annual tax return payments made by PTEs amounted to \$34.3 million in September, which was \$25.1 million (-42.2%) below the estimate and \$54.6 million (-61.4%) below the previous year. For the fiscal year to date, this component is \$23.8 million (-30.1%) below estimate and \$59.1 million (-51.7%) below last year. The calendar year 2024 filing season for taxable year 2023 annual returns is now almost complete. Since January, collections have decreased \$435.1 million (-49.7%) from the prior year.

Estimated tax payments made by individuals amounted to \$138.7 million in September, \$10.8 million (8.4%) above estimate; this amount also represents a \$7.5 million (5.7%) increase from last year. On a year-to-date basis, collections are \$16.5 million (11.3%) above estimate and \$17.5 million (12.1%) above FY 2024. September represents the due date for the third quarterly estimated tax payment for taxable year 2024: the month's year-over-year growth rate was consistent with the two prior payments, amounting to 6.8 percent in April and 5.1 percent in June.

The individual annual returns category primarily reflects payments that accompany individual annual income tax return filings. Such payments amounted to \$14.3 million in September, \$2.1 million (17%) above estimate. The month's intake was \$2.4 million (20.6%) above the prior year. For the year to date, annual return payments have increased \$4.4 million (13.4%) from FY 2024. October will be a more significant collections month than any month so far this year since it coincides with the tax return filing due date for taxpayers that use a filing extension.

Trust payments and other tax collections combined were \$12.6 million in September, which was \$2.2 million (-14.6%) below estimate. Year-to-date receipts are \$1.6 million (-4.6%) below the mark. Collections from these categories were \$0.9 million (7.5%) above last September, and for the year are \$7.3 million (29.3%) above FY 2024.

In September, refunds amounted to \$91.6 million, which was \$24.5 million (36.5%) above the estimate. For the year to date, refunds are \$33.6 million (12.2%) percent above estimate. September refunds were \$29.8 million (48.1%) over last September. On a year-to-date basis, refunds are \$5.8 million (1.9%) above last year.

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

	Actual Sep	Estimate Sep	\$ Var	Actual Sep-2024	Actual Sep-2023	\$ Var Y-to-Y
Employer Withholding	\$ 830.6	\$ 749.0	\$ 81.6	\$ 830.6	\$ 807.2	\$ 23.3
Pass-Through Entity Annual Returns	\$ 34.3	\$ 59.4	\$ (25.1)	\$ 34.3	\$ 88.9	\$ (54.6)
Pass-Through Entity Estimated Payments	\$ 100.9	\$ 142.3	\$ (41.4)	\$ 100.9	\$ 133.8	\$ (32.9)
Individual Estimated Payments	\$ 138.7	\$ 127.9	\$ 10.8	\$ 138.7	\$ 131.2	\$ 7.5
Individual Annual Returns	\$ 14.3	\$ 12.2	\$ 2.1	\$ 14.3	\$ 11.8	\$ 2.4
Trust Payments	\$ 8.1	\$ 8.4	\$ (0.3)	\$ 8.1	\$ 8.5	\$ (0.4)
Other	\$ 4.5	\$ 6.4	\$ (1.9)	\$ 4.5	\$ 3.3	\$ 1.2
Less: Refunds	\$ (91.6)	\$ (67.1)	\$ (24.5)	\$ (91.6)	\$ (61.8)	\$ (29.8)
Local Distributions	\$ (46.3)	\$ (45.9)	\$ (0.4)	\$ (46.3)	\$ (47.7)	\$ 1.5
Net to GRF	\$ 993.5	\$ 992.6	\$ 0.9	\$ 993.5	\$ 1,075.2	\$ (81.6)

Commercial Activity Tax (CAT)

September GRF revenues from the CAT were \$1.9 million, \$16.2 million (-89.4%) below the estimate. For the year, revenues are \$7.3 million (-1.3%) below estimate. September revenues were \$19.2 million (-90.9%) below the prior year while year to date intake is \$57.4 million (-9.6%) below FY 2024.

The FY 2024-2025 main operating budget enacted CAT law changes that took effect in calendar year 2024. These changes greatly impact year-over-year revenue comparisons. The budget increased the annual exclusion to \$3 million from the previous \$1 million level and repealed the “minimum tax.” The expanded exclusion entirely exempts most CAT taxpayers from the tax while all other taxpayers (those remaining on the tax rolls) will realize a reduction in tax liability. Businesses remaining subject to the CAT also experience a tax reduction from no longer paying the minimum tax. These two changes had their first impact on the CAT payments due in May 2024. Because some taxpayers opt to pay their tax in the month preceding the due date, the actual revenue impact began in April 2024.

September is not a significant collection month for the CAT because it immediately follows the month in which tax payments are due for the April-June gross receipts activity period. CAT revenue comes from quarterly tax payments, so it is useful to examine the revenue stream on a quarterly basis. As indicated above, during the first quarter of FY 2025, CAT revenue was \$7.3 million (-1.3%) below the estimate. During these three months, refunds



increased by \$22 million (65.8%) from last year. If not for this unanticipated increase, quarterly revenue would have reached the estimate.



Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2025 VS ESTIMATE FY 2025
(\$ in thousands)

REVENUE SOURCE	MONTH			
	ACTUAL SEPTEMBER	ESTIMATE SEPTEMBER	\$ VAR	% VAR
TAX RECEIPTS				
Non-Auto Sales & Use	814,997	249,300	565,697	226.9%
Auto Sales & Use	155,309	153,400	1,909	1.2%
Subtotal Sales & Use	970,306	402,700	567,606	141.0%
Personal Income	993,521	992,600	921	0.1%
Commercial Activity Tax	1,925	18,100	(16,175)	-89.4%
Foreign Insurance	7,408	9,100	(1,692)	-18.6%
Domestic Insurance	4,859	300	4,559	1519.5%
Kilowatt Hour	28,698	27,000	1,698	6.3%
Financial Institutions Tax	(16,520)	(3,300)	(13,220)	-400.6%
Public Utility	1,993	0	1,993	N/A
Natural Gas Distribution	43	0	43	N/A
Petroleum Activity Tax	3,035	2,100	935	44.5%
Other Business & Property	0	0	0	N/A
Corporate Franchise	7	0	7	N/A
Cigarette and Other Tobacco	63,184	62,800	384	0.6%
Alcoholic Beverage	5,195	5,100	95	1.9%
Liquor Gallonage	4,721	4,800	(79)	-1.6%
Estate	0	0	0	N/A
Total Tax Receipts	2,068,376	1,521,300	547,076	36.0%
NON-TAX RECEIPTS				
Earnings on Investments	0	0	0	N/A
License & Fees	1,126	2,899	(1,773)	-61.1%
Other Income	1,040	1,554	(515)	-33.1%
ISTV'S	14,424	14,000	424	3.0%
TOTAL STATE SOURCE	2,084,966	1,539,753	545,213	35.4%
Federal Grants	1,186,388	1,343,254	(156,866)	-11.7%
Total Non-Tax Receipts	1,202,978	1,361,708	(158,730)	-11.7%
TOTAL REVENUES	3,271,354	2,883,008	388,347	13.5%
TRANSFERS				
Budget Stabilization	0	0	0	N/A
Transfers In - Other	500	0	500	N/A
Temporary Transfers In	0	0	0	N/A
Total Transfers	500	0	500	N/A
TOTAL SOURCES	3,271,854	2,883,008	388,847	13.5%

REVENUE SOURCE	YEAR-TO-DATE			
	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
Non-Auto Sales & Use	2,773,069	2,212,400	560,669	25.3%
Auto Sales & Use	503,656	498,300	5,355	1.1%
Subtotal Sales & Use	3,276,725	2,710,700	566,025	20.9%
Personal Income	2,563,149	2,552,600	10,549	0.4%
Commercial Activity Tax	542,578	549,900	(7,322)	-1.3%
Foreign Insurance	7,432	8,600	(1,169)	13.6%
Domestic Insurance	5,668	600	5,068	844.7%
Kilowatt Hour	86,779	84,900	1,880	2.2%
Financial Institutions Tax	(15,676)	(1,800)	(13,877)	771.1%
Public Utility	46,357	44,200	2,157	4.9%
Natural Gas Distribution	11,984	13,700	(1,716)	-12.5%
Petroleum Activity Tax	3,035	2,100	935	44.5%
Other Business & Property	0	0	0	N/A
Corporate Franchise	26	0	26	N/A
Cigarette and Other Tobacco	158,351	158,100	251	0.2%
Alcoholic Beverage	18,477	17,400	1,077	6.2%
Liquor Gallonage	14,047	14,400	(354)	-2.5%
Estate	3	0	3	N/A
Total Tax Receipts	6,718,936	6,155,402	563,535	9.2%
NON-TAX RECEIPTS				
Earnings on Investments	0	0	0	N/A
License & Fees	9,607	11,189	(1,582)	-14.1%
Other Income	105,593	106,935	(1,342)	-1.3%
ISTV'S	14,429	14,001	428	3.1%
TOTAL STATE SOURCE	6,848,565	6,287,526	561,039	8.9%
Federal Grants	4,308,833	4,561,560	(252,727)	-5.5%
Total Non-Tax Receipts	4,438,462	4,693,685	(255,223)	-5.4%
TOTAL REVENUES	11,157,398	10,849,086	308,312	2.8%
TRANSFERS				
Budget Stabilization	0	0	0	N/A
Transfers In - Other	597	0	597	N/A
Temporary Transfers In	0	0	0	N/A
Total Transfers	597	0	597	N/A
TOTAL SOURCES	11,157,995	10,849,086	308,909	2.8%

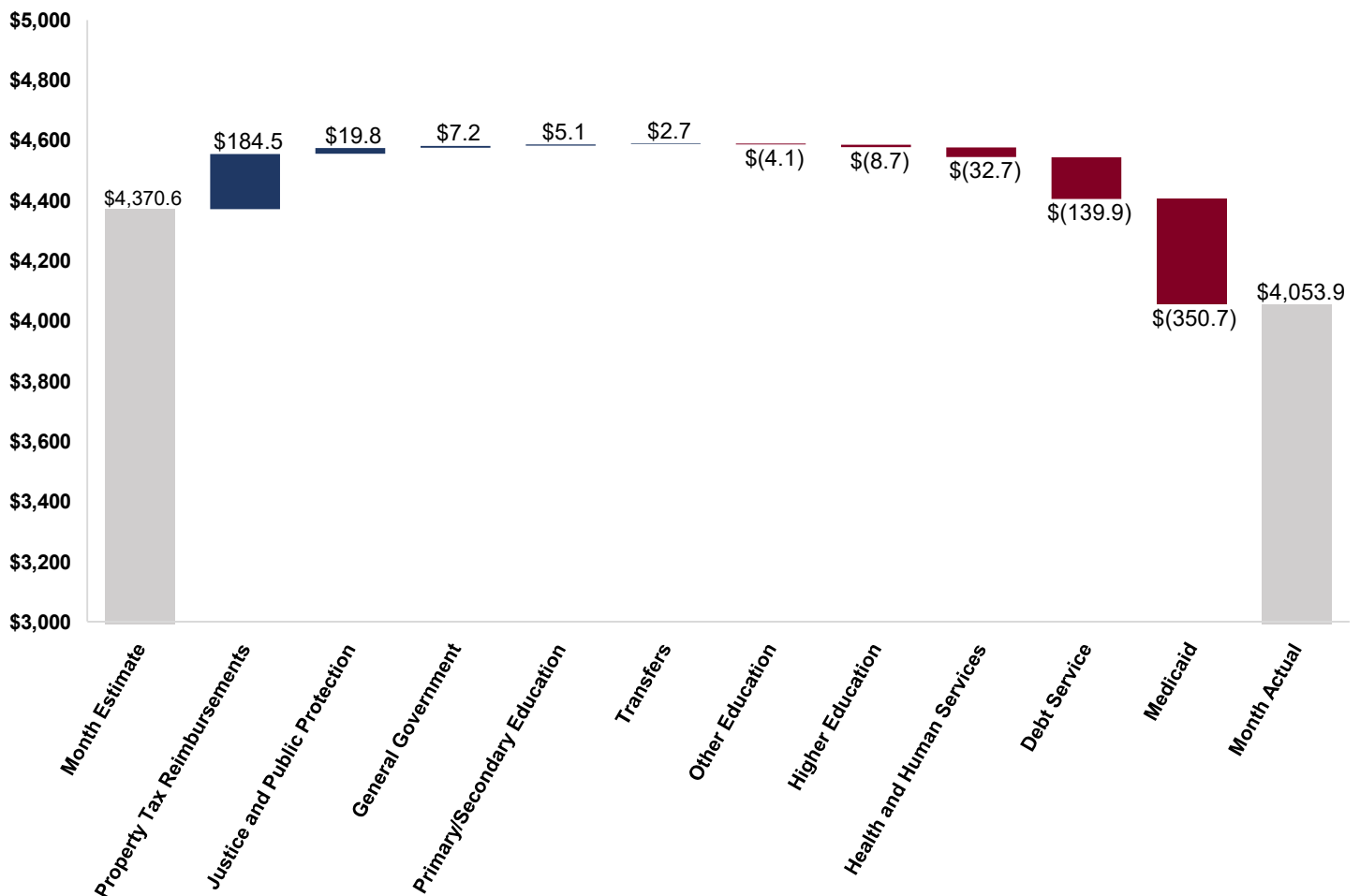
Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2025 VS ACTUAL FY 2024
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	SEPTEMBER FY 2025	SEPTEMBER FY 2024	\$ VAR	% VAR	ACTUAL FY 2025	ACTUAL FY 2024	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	814,997	945,425	(130,428)	-13.8%	2,773,069	2,941,660	(168,591)	-5.7%
Auto Sales & Use	155,309	156,342	(1,033)	-0.7%	503,656	490,859	12,797	2.6%
Subtotal Sales & Use	970,306	1,101,768	(131,462)	-11.9%	3,276,725	3,432,519	(155,794)	-4.5%
Personal Income	993,521	1,075,165	(81,644)	-7.6%	2,563,149	2,678,798	(115,649)	-4.3%
Commercial Activity Tax	1,925	21,171	(19,247)	-90.9%	542,578	599,931	(57,352)	-9.6%
Foreign Insurance	7,408	8,734	(1,325)	-15.2%	7,432	9,976	(2,545)	-25.5%
Domestic Insurance	4,859	324	4,534	1397.6%	5,668	1,145	4,524	395.2%
Kilowatt Hour	28,698	26,833	1,865	6.9%	86,779	74,275	12,504	16.8%
Financial Institutions Tax	(16,520)	(7,751)	(8,769)	113.1%	(15,676)	(8,496)	(7,180)	-84.5%
Public Utility	1,993	(628)	2,620	417.4%	46,357	41,049	5,308	12.9%
Natural Gas Distribution	43	0	43	N/A	11,984	13,497	(1,513)	-11.2%
Petroleum Activity Tax	3,035	2,931	105	3.6%	3,035	2,931	105	3.6%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Corporate Franchise	7	26	(19)	-73.6%	26	111	(85)	-76.7%
Cigarette and Other Tobacco	63,184	68,265	(5,081)	-7.4%	158,351	159,774	(1,423)	-0.9%
Alcoholic Beverage	5,195	3,923	1,272	32.4%	18,477	15,537	2,939	18.9%
Liquor Gallonage	4,721	4,790	(69)	-1.4%	14,047	14,534	(487)	-3.4%
Estate	0	0	0	N/A	3	0	3	5370.5%
Total Tax Receipts	2,068,376	2,305,551	(237,175)	-10.3%	6,718,936	7,035,580	(316,644)	-4.5%
NON-TAX RECEIPTS								
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	1,126	1,262	(136)	-10.8%	9,607	9,445	162	1.7%
Other Income	1,040	2,671	(1,631)	-61.1%	105,593	119,243	(13,650)	-11.4%
ISTV'S	14,424	17	14,407	84639.9%	14,429	23	14,406	61708.3%
TOTAL STATE SOURCE	2,084,966	2,309,502	(224,535)	-9.7%	6,848,565	7,164,291	(315,726)	-4.4%
Federal Grants	1,186,388	1,094,760	91,628	8.4%	4,308,833	4,183,486	125,347	3.0%
Total Non-Tax Receipts	1,202,978	1,098,710	104,268	9.5%	4,438,462	4,312,197	126,265	2.9%
TOTAL REVENUES	3,271,354	3,404,261	(132,907)	-3.9%	11,157,398	11,347,777	(190,379)	-1.7%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	500	1,909	(1,409)	-73.8%	597	2,308	(1,711)	-74.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	500	1,909	(1,409)	-73.8%	597	2,308	(1,711)	-74.1%
TOTAL SOURCES	3,271,854	3,406,171	(134,316)	-3.9%	11,157,995	11,350,085	(192,090)	-1.7%

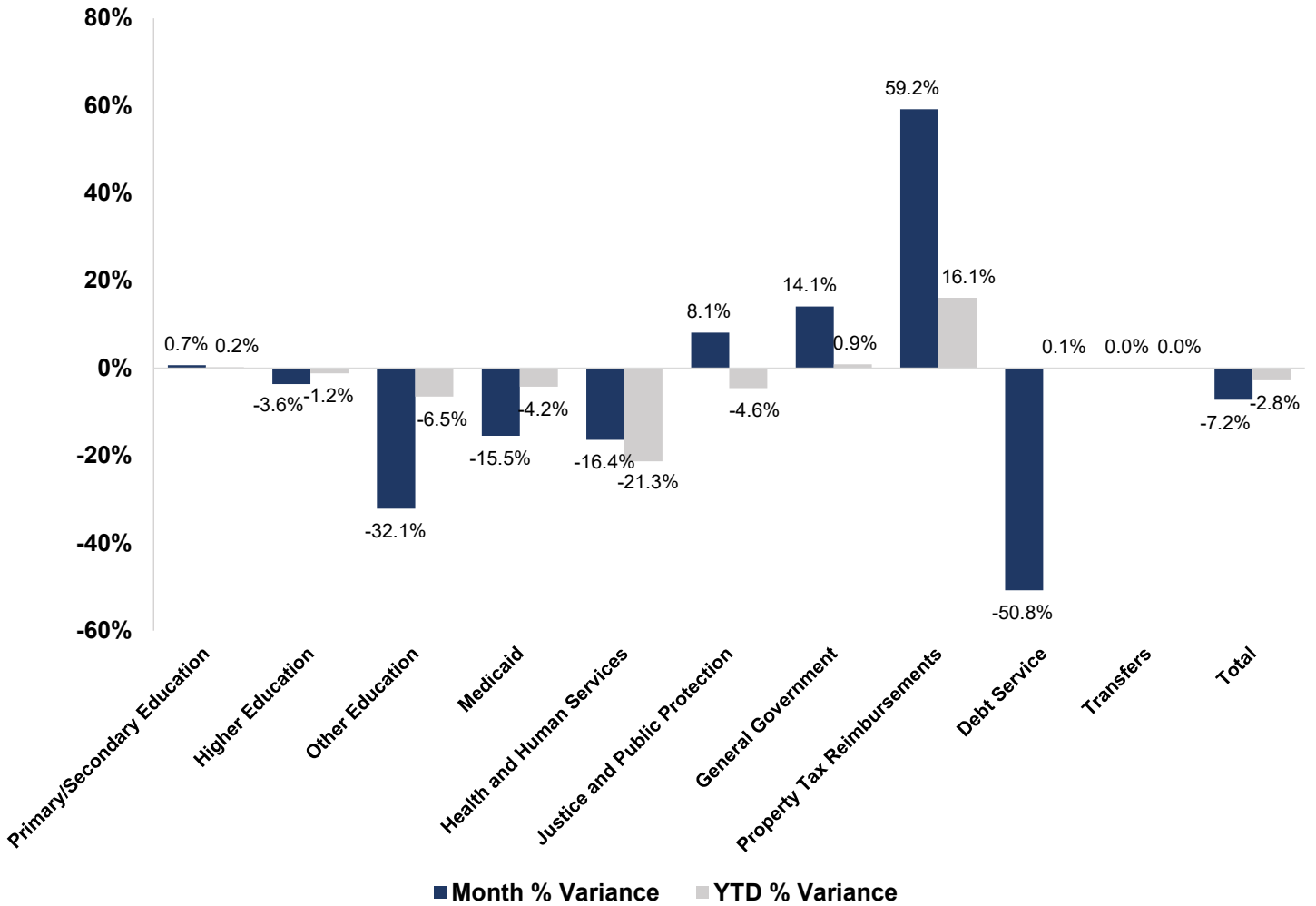
Disbursements

September GRF disbursements, for all uses, totaled \$4.1 billion and were \$319.4 million (-7.3%) below estimate. Property Tax Reimbursements and Justice and Public Protection spending were higher-than-estimated, partially offsetting the lower-than-estimated Medicaid, Debt Services, and Health and Human Services spending. On a year-over-year basis, total September disbursements were \$156.2 million (-3.7%) lower than those of the same month last fiscal year, with the General Government and Debt Service categories largely responsible for the difference.

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



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



Medicaid

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

Medicaid Expenditures

September GRF disbursements for the Medicaid Program totaled \$1.9 billion and were \$350.6 million (-15.5%) below estimate. Year-to-date GRF disbursements totaled \$6.8 billion and were \$300.7 million (-4.2%) below estimate and \$566 million (9%) above disbursements for the same period in the previous fiscal year.

The September GRF disbursement variance occurred primarily due to processing issues with a portion of payments to managed care plans that are anticipated to be resolved in October. Additionally, the Medicare Premium Assistance Payments were below estimate due to a Centers for Medicare and Medicaid Services (CMS) data transmission error that has been resolved and should foster a higher-than-expected spending variance in October for the program.

September all-funds disbursements for the Medicaid Program totaled \$3.9 billion and were \$198.7 million (-4.9%) below estimate. Year-to-date all-funds disbursements totaled \$10.6 billion and were \$343.5 million (-3.1%) below estimate and \$1.9 billion (21.3%) above disbursements for the same period in the previous fiscal year. The September all-funds disbursement variance was partly due to lower-than-expected administrative costs. The variance was partly offset by the collection of Hospital Care Assurance Program (HCAP) assessments, as HCAP payments were made in September that were projected for August.

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

	September Estimate	September Actual	Variance	Variance %
GRF	\$2,266.7	\$1,916.0	\$(350.7)	-15.5%
Non-GRF	\$1,783.4	\$1,935.4	\$152.0	8.5%
All Funds	\$4,050.0	\$3,851.4	\$(198.7)	-4.9%

Medicaid Enrollment

Total September enrollment was 3.05 million, which was a 3,715 decline from the prior month and 311,472 (-9.3%) below enrollment for the same period last year. Year-to-date average monthly enrollment was 3.05 million and was 1,494 (-0.1%) below estimate.



September enrollment by major eligibility category was: Covered Families and Children (CFC), 1.63 million; Group VIII Expansion, 782,597, and Aged, Blind and Disabled (ABD), 499,782.

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

Property Tax Reimbursements

Local governments and school districts receive payments from the property tax reimbursement category to compensate for the revenues lost due to the 10 percent and 2.5 percent rollback, as well as the homestead exemption. September reimbursements totaled \$496.1 million and were \$184.5 million (59.2%) above estimate. The county reimbursement requests primarily cause the monthly variance, and lower disbursements are expected to offset this in future months.

Debt

September payments for debt service totaled \$135.7 million and were \$139.9 million (50.8%) below estimate. Year-to-date disbursements in this category total \$660.7 million and are \$350,000 (0.1%) above estimate. The monthly variance is primarily attributable to the timing of a debt service payment for common schools. Late August saw the disbursement of this payment, which had originally been estimated for early September, bringing the year-to-date for this category nearly on estimate.

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 expenditures to the extent that these agencies spend GRF to support Medicaid services.

September disbursements in this category totaled \$167.1 million and were \$32.7 million (-16.4%) below the estimate. The variance is primarily because spending by the Department of Children and Youth was \$25.7 million (-41.8%) below estimate. Spending in two major programs transferred to the new Department were below estimate for the month: Early Childhood Education (-\$10.3 million) and Early Care and Education (-\$8.6 million). In August, the Department of Education and Workforce handled payments for the Early Childhood Education program, as the agencies continue to transition systems to the new Department of Children and Youth. Spending in Early Care and Education was underestimate primarily because the Department prioritized using federal dollars that expired at the end of the month. The Department of Job and Family Service

partially offset this variance, spending \$15 million overestimate to meet and maintain FY 2024 federally required maintenance of effort payments for the Temporary Assistance for Needy Families (TANF) program.

Justice and Public Protection

This category includes non-debt service GRF expenditures made by the Department of Rehabilitation and Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities. September disbursements in this category totaled \$263.5 million and were \$19.8 million (8.1%) above the estimate.

The Department of Rehabilitation and Correction was the primary source of the variance in this category. Spending by the Department of Rehabilitation and Correction was \$204.3 million, \$39.5 million above estimate for September. Community Nonresidential Programs, Community Misdemeanor Programs, and Community Residential Programs disbursed subsidies earlier than anticipated, and thus \$43.5 million of the variance is attributable to these programs. The other main cause of the variance was the institution medical services spending which was \$15.7 million overestimate due to an additional Ohio State University medical payment occurring this month.

The Office of the Public Defender's below estimate spending partially offset this variance. The Office of the Public Defender disbursed \$2.3 million, \$14 million underestimate due to the processing schedule for county reimbursements, which received decreased requests in the past month.

Year-to-date disbursements in this category totaled \$864.2 million and were \$41.3 million (-4.6%) below the estimate. On a year-over-year basis, disbursements in this category were \$1.8 million (0.7%) above the same month last fiscal year while year-to-date expenditures are \$69.3 million (8.7%) above the same point in FY 2024.

Primary and Secondary Education

This category contains GRF spending for the Ohio Department of Education and Workforce. September disbursements for this category totaled \$773.8 million and were \$5.1 million (0.7%) above the estimate. A majority of this variance was attributable to \$5.3 million more in disbursements than was estimated for scholarship payments. The School Lunch Match program paid \$2.3 million less than estimated in September, partially offsetting the variance, and a prior year payment, which was planned to be disbursed in September, will not be paid until next month.

Year-to-date disbursements total \$2.6 billion and are \$5.8 million (0.2%) above the estimate. On a year-over-year basis, disbursements in this category were \$99.4 million (14.7%) higher than for the same month in the previous fiscal year while year-to-date expenditures are \$245.9 million (10.3%) higher than the same point in FY 2024.

Higher Education

September disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$231.9 million and were \$8.7 million (-3.6%) below the estimate.

Year-to-date disbursements were \$677.6 million, which was \$8.2 million (-1.2%) below the estimate. On a year-over-year basis, disbursements in this category were \$19.5 million (9.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$84.5 million (14.2%) higher than at the same point in FY 2024.



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.

September disbursements for this category totaled \$58.4 million and were \$7.2 (14.1%) above the estimate. This was primarily attributable to above estimate disbursements for the Ohio Department of Transportation which totaled \$18.9 million and were \$8 million (72.7%) above estimate. \$8.3 million of this variance is attributable to sub-recipient funding outlays for the Rural Transit Program's exceeding estimates. This variance was partially offset by spending (\$1.1 million) less on State Road Improvement projects due to a slower pace in receiving project invoices.

Year-to-date disbursements total \$193.9 million and are \$1.7 million (0.9%) above the estimate. On a year-over-year basis, disbursements in this category were \$593.6 million (-91%) lower than for the same month in the previous fiscal year while year-to-date expenditures are \$547.1 million (-73.8%) higher than the same point in FY 2024. This change is attributable to a large on-time economic development payment made in September of FY 2024.

Other Education

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

September disbursements in this category totaled \$8.7 million and were \$4.1 million (-32.1%) below the estimate. Year-to-date disbursements were \$39.7 million, which was \$2.8 million (-6.5%) below the estimate. On a year-over-year basis, disbursements in this category were \$102 thousand (-1.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$1.2 million (3.1%) higher than at the same point in FY 2024.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2025 VS ESTIMATE FY 2025
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL SEPTEMBER	ESTIMATED SEPTEMBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	773,815	768,680	5,135	0.7%	2,622,949	2,617,143	5,806	0.2%
Higher Education	231,856	240,537	(8,681)	-3.6%	677,614	685,846	(8,232)	-1.2%
Other Education	8,676	12,783	(4,106)	-32.1%	39,670	42,429	(2,760)	-6.5%
Medicaid	1,916,022	2,266,672	(350,650)	-15.5%	6,819,903	7,120,608	(300,705)	-4.2%
Health and Human Services	167,055	199,758	(32,703)	-16.4%	504,712	641,151	(136,438)	-21.3%
Justice and Public Protection	263,521	243,713	19,808	8.1%	864,229	905,513	(41,284)	-4.6%
General Government	58,405	51,184	7,221	14.1%	193,888	192,195	1,693	0.9%
Property Tax Reimbursements	496,139	311,639	184,500	59.2%	620,015	534,122	85,894	16.1%
Debt Service	135,725	275,637	(139,912)	-50.8%	660,653	660,303	350	0.1%
Total Expenditures & ISTV's	4,051,214	4,370,603	(319,389)	-7.3%	13,003,632	13,399,309	(395,677)	-3.0%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	2,735	0	2,735	N/A	729,850	727,093	2,757	0.4%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	2,735	0	2,735	N/A	729,850	727,093	2,757	N/A
Total Fund Uses	4,053,949	4,370,603	(316,654)	-7.2%	13,733,483	14,126,402	(392,920)	-2.8%

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2025 VS ACTUAL FY 2024
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	SEPTEMBER FY 2025	SEPTEMBER FY 2024	\$ VAR	% VAR	ACTUAL FY 2025	ACTUAL FY 2024	\$ VAR	% VAR
Primary and Secondary Education	773,815	674,382	99,433	14.7%	2,622,949	2,377,061	245,888	10.3%
Higher Education	231,856	212,319	19,537	9.2%	677,614	593,126	84,488	14.2%
Other Education	8,676	8,778	(102)	-1.2%	39,670	38,475	1,194	3.1%
Medicaid	1,916,022	1,662,896	253,126	15.2%	6,819,903	6,254,286	565,616	9.0%
Health and Human Services	167,055	167,521	(466)	-0.3%	504,712	440,860	63,852	14.5%
Justice and Public Protection	263,521	261,675	1,845	0.7%	864,229	794,905	69,324	8.7%
General Government	58,405	651,966	(593,561)	-91.0%	193,888	741,013	(547,125)	-73.8%
Property Tax Reimbursements	496,139	259,523	236,616	91.2%	620,015	380,704	239,312	62.9%
Debt Service	135,725	308,309	(172,584)	-56.0%	660,653	644,954	15,698	2.4%
Total Expenditures & ISTV's	4,051,214	4,207,369	(156,155)	-3.7%	13,003,632	12,265,385	738,247	6.0%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	150,000	(150,000)	N/A
Operating Transfer Out	2,735	442,000	(439,265)	-99.4%	729,850	6,109,218	(5,379,368)	-88.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	2,735	442,000	(439,265)	-99.4%	729,850	6,259,218	(5,529,368)	-88.3%
Total Fund Uses	4,053,949	4,649,369	(595,420)	-12.8%	13,733,483	18,524,604	(4,791,121)	-25.9%

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2025
(\$ in thousands)

July 1, 2024 Beginning Cash Balance*	2,141,622.3
Plus FY 2025 Estimated Revenues	28,152,448.7
Plus FY 2025 Estimated Federal Revenues	14,121,392.6
Plus FY 2025 Estimated Transfers to GRF	949,300.0
Total Sources Available for Expenditures & Transfers	45,364,763.6
Less FY 2025 Estimated Disbursements**	43,707,773.4
Less FY 2025 Estimated Total Encumbrances as of June 30, 2025	686,297.1
Less FY 2025 Estimated Transfers Out	739,408.2
Total Estimated Uses	45,133,478.7
FY 2025 Estimated Unencumbered Ending Fund Balance	231,284.9

*Includes reservations of \$1,050.5 million for prior year encumbrances. After accounting for this adjustment, the unencumbered beginning fund balance for fiscal year 2025 is \$1,091.2 million.

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

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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 Saving Rate	Produced by the Bureau of Economic Analysis, this indicator calculates the percentage of an individual's income 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.
Unlinked Passenger Trips	The number of times a passenger takes a public transit trip on a public transit vehicle regardless of fare paid, transfer pass used, received a free ride, or paid using another method. If a passenger transfers to another vehicle, that person takes two unlinked passenger trips.
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.