

October 13, 2020

MEMORANDUM TO: The Honorable Mike DeWine, Governor
The Honorable Jon Husted, Lt. Governor

FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report



Report Overview:

Moody's Analytics and CNN created the "Back-to-Normal" Index to track the economic recovery. Index values range from zero, representing no economic activity, to 100 percent, indicating full economic recovery to pre-pandemic levels. As of October 7, 2020, the national index was at 81.2 and had increased 2.1 points in September. Ohio's index was at 87.0 and increased 1.4 points during September. Ohio is currently ranked 10th among states on this index.



The Ohio unemployment rate decreased to 8.9 percent in August, a tenth of a percentage point drop compared to the July rate. During the week ending September 26, 2020 18,592 initial unemployment claims were filed. This was a 93.2 percent decrease from the peak week in March 2020 when 274,288 initial claims were filed.



GRF non-auto sales and use tax collections in September totaled \$738.4 million and were \$13.7 million (1.8%) below the estimate, coming in below the budgeted estimate for the first time this fiscal year. Non-auto collections remain \$9.4 million (1.3%) above the prior year, boosted by strong revenues in July and August as purchasing shifted towards taxable goods.



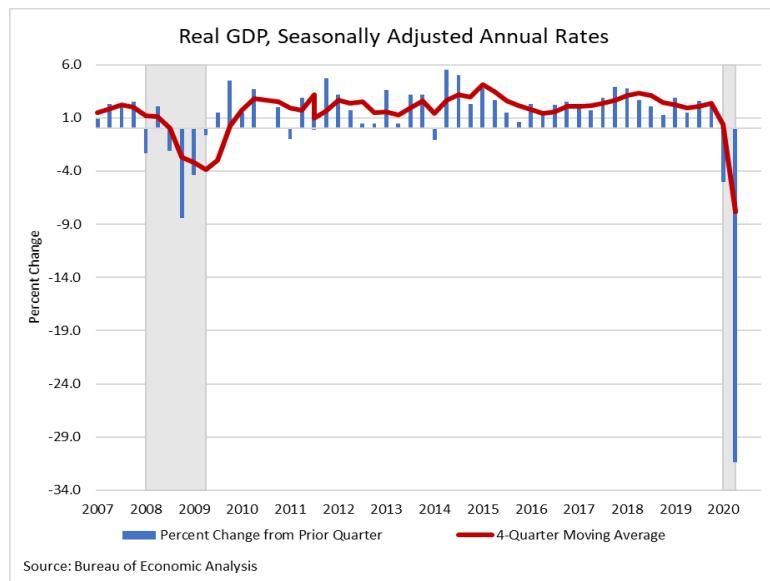
September auto sales tax revenues were \$148.3 million and were \$14.7 million (11.0%) above estimate. This September's receipts were \$20.2 million (15.8%) higher than last September. This marks four successive months in which auto sales tax has substantially exceeded estimate. This growth is likely caused by a combination of federal fiscal stimulus policies, pent-up demand, and a preference for personal vehicles over public transportation during the pandemic.



Cigarette excise tax revenue was \$16.1 million (21.8%) above estimate in September and \$23.5 (13.6%) above estimate for the first quarter of the fiscal year. The substantial overage is likely related to heightened consumption during the continuing pandemic. Revenues from this source have demonstrated growth as the pandemic wears on and the personal and economic impacts are felt by the public.

Economic Activity

According to the Bureau of Economic Analysis (BEA)'s final estimate **Real Gross Domestic Product (GDP)** contracted in the second quarter of the calendar year at an annualized rate of 31.4 percent. This was an upward revision of 0.3 percentage points from the previous estimate. As stated in previous reports, the decline in national GDP was the largest since modern record-keeping began in 1947. While the BEA uses annualized rates to allow comparisons to previous years, it was less useful this quarter. It is very likely that the economy will see a large increase in the third quarter.



Nationally, the second-quarter decrease in real GDP reflected negative contributions from personal consumption expenditures (-24.0%), exports (-9.5%), nonresidential fixed investment (-3.7%), private inventory investment (-3.5%), residential fixed investment (-1.6%), and state and local government spending (-0.4%). These decreases were partially offset by increases in federal government spending (1.2%). Imports, which are included in the above categories and then subtracted in a separate category, decreased, effectively adding to other categories by a total of 10.1 percent.

In Ohio, the GDP for the state fell slightly more than the national average (-33.0%) between the first and second quarters of 2020. The change in GDP in Ohio largely reflected negative contributions in durable goods and manufacturing (-4.9%), health care and social assistance (-4.4%), accommodation and food service (-3.7%), transportation and warehousing (-2.6%), wholesale trade (-2.4%), government and government enterprises (-2.3%), and, arts, entertainment and recreation (-2.1%). These decreases were partially offset by gains in the finance and insurance sector (1.4%).

Moody's Analytics and CNN created the **Back-to-Normal Index** to track the economic recovery. The national index combines 37 indicators of economic activity, including the 25 traditional economic indicators used in their High Frequency GDP model, with 12 real-time indicators. Each state index is a composed of a weighted average of the national index and six state level indicators. Both indices range from zero, representing no economic activity, to 100 percent, indicating full economic recovery to pre-pandemic levels. As of October 7, 2020, the national index was at 81.2 percent, while Ohio's index was 5.8 percentage points ahead of the national average at 87.0 percent. Both indices increased substantially from their low points at the end of April; however, growth in recent months has slowed substantially. The national index has grown 2.1 percentage points since September 1, and Ohio experienced 1.4 percentage points increase during the same time.

Leading Economic Index 6-Month Moving Average of Month-Over-Month Percent Change



Source: The Conference Board

The Conference Board's composite **Leading Economic Index (LEI)** is an index designed to reveal patterns in economic data by smoothing the volatility of its ten individual components. In August, the LEI increased 1.2 percent, after a 2.0 percent increase in July and a 3.1 percent increase in June. The declining rate of growth over the last three months, suggests that the economic recovery may be slowing. A weakening in new orders for capital goods, residential construction, consumer's outlook, and financial conditions, all point to increasing

downside risks to the economic recovery. Looking ahead, the LEI suggests that the U.S. economy will start 2021 under considerably weakened conditions.

Produced by the National Federation of Independent Business (NFIB), the **Small Business Optimism Index** surveys a sample of small-business owners each month. The national index increased in August by 1.4 points to 100.2. This puts the index slightly above its 46-year average, suggesting that business owners were about as optimistic as they have been in the past, despite the pandemic. Seven of the ten index components improved in August compared to July, while two declined and one stayed the same. The index for the Great Lakes Region increased 1.1 points in August to 100.9. Even as states reopen, revenues in certain sectors remain lower and small businesses are working hard to recover. However, many in the service industry are still struggling and remain uncertain about their futures.

The Ohio economy expanded in August at a slower rate than in the prior three months. The **state-level coincident economic index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased just 1.0 percent in August but has increased 11.1 percent since May. The increases in the index in recent months, however, have been at decreasing rates (5.9% in June, 3.9% in July). For comparison, the U.S. coincident index increased 1.4 percent between July and August and 3.9 percent over the last three months. Over the past month, the indexes increased in 48 states and decreased in two states. This resulted in a one-month diffusion index of 92. Between June and August, the indexes increased in 49 states and decreased in one state for a three-month diffusion index of 96.

Among forecasters, there is a consensus that the economy will grow at historic levels during the third quarter, between an annualized rate of 14.0 and 35.3 percent. This potentially dramatic expansion follows the historic contraction in the second quarter. The third quarter GDP forecasts are bolstered by strong consumer spending and residential investment; however, the third quarter expansion is only the beginning what will likely be a long, slow recovery. The Wall Street Journal's survey of economists reported that 68.5 percent of respondents agreed the recovery would look like a 'Nike swoosh', a sharp drop with a gradual recovery. A lot of uncertainty remains around the course of the virus, the prospects of a vaccine, and if, or when there will be additional federal relief.

Source	Date	3 rd Quarter GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	10/06/20	35.3%
Federal Reserve Bank of New York (NowCast)	10/02/20	14.0%
Federal Reserve Bank of St. Louis (Real GDP Nowcast)	10/02/20	20.3%
IHS Markit GDP Tracker	10/06/20	32.6%
Moody's Analytics High Frequency Model	9/28/00	29.2%
Wells Fargo	9/10/20	25.4%
Conference Board	9/09/20	32.9%
Wall Street Journal Survey	9/01/20	23.9%

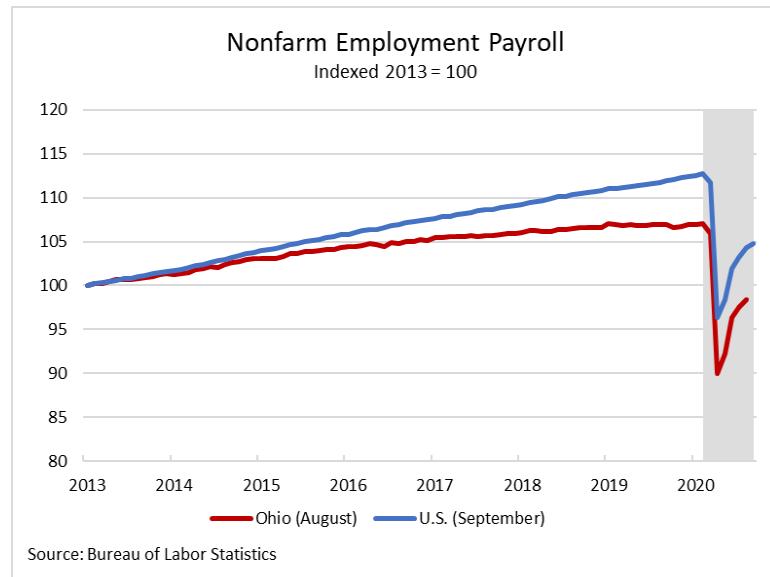
Employment

The U.S. Bureau of Labor Statistics reported that total **nonfarm payroll employment** increased by 661,000 in September. This is the fifth straight months of increases; however, the increases were smaller than the gains in the prior 4 months. Nonfarm employment remained 7.0 percent (10.7 million jobs) lower than in February. Improvements in the labor market were attributed to the recommencement of economic activity that was on hold due to the pandemic.

Job gains in September were the highest in the **leisure and hospitality**

sector, which increased by 318,000. Two-thirds of this increase occurred in food services and drinking locations. Despite adding 3.8 million jobs in the last five months, the food and services sector was still 2.3 million jobs lower than in February. **Retail trade** added 142,000 jobs in September with gains being widespread throughout the industry. However, employment within retail trade was 483,000 below the February level. Employment in **health care and social assistance** increased by 108,000 in September but remained 1.0 million below the February level. **Professional and business services** added 89,000 jobs in September. **Financial activities** added 37,000 jobs in September but remained 162,000 below the February level.

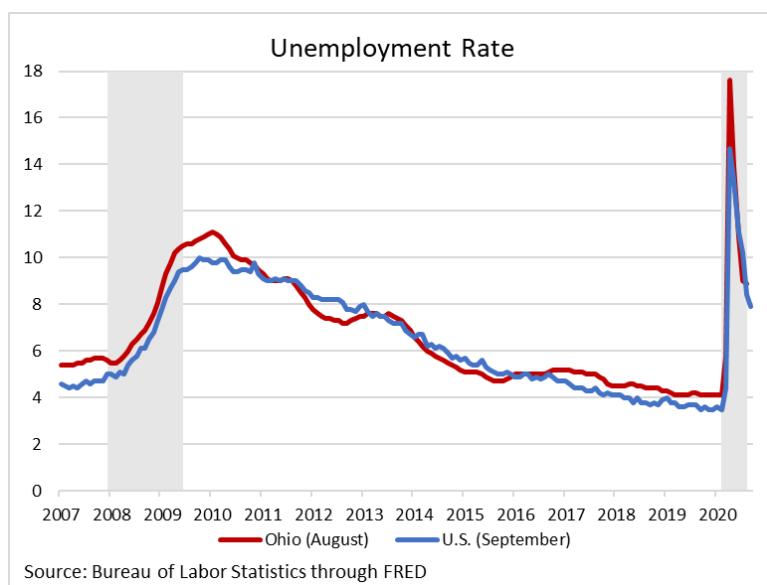
The **Manufacturing** sector added 66,000 jobs in September with two-thirds of the gains in durable goods. Despite increases over the past 5 months, employment in manufacturing was still 647,000 jobs below its February level. Employment in **transportation and warehousing** increased in September by 74,000. **Construction** employment rose by 26,000 in September but remained below its February level by 394,000 jobs. Employment in **wholesale trade** increased by 19,000 jobs with gains in both durable and non-durable goods. Employment in **mining** changed little in September with an increase of only 1,000 jobs.



The **Government** sector declined in September by 216,000 jobs. The largest decline in this sector was in local government education and state government education which decreased by 231,000 and 49,000, respectively. There was also a decline of 34,000 jobs in federal government employment attributed to the reduction of temporary Census 2020 employees. These declines were partially offset by smaller gains in the remaining categories.

Ohio nonfarm payroll employment increased 0.9 percent from July to August, to 5.1 million jobs. Despite this increase, nonfarm employment remained down 8.0 percent from last August. Sectors with the greatest job increases between July and August included education and health services (12,300); government (7,800); professional business services (7,500); trade, transportation, and utilities (6,800); leisure and hospitality (4,500); and manufacturing (4,500). These gains were partially offset by losses in construction (300) information (200). Even with these gains, employment in all sectors was below August 2019 levels due to the economic effects of the pandemic.

The Bureau of Labor Statistics reported that the national unemployment rate declined to 7.9 percent in September, a 0.5 percentage point decrease from August. Nationally, the number of unemployed individuals fell by 1.0 million to 12.6 million. However, despite declines for the past five months, compared to February the unemployment rate remained 4.4 percentage points higher and the number of unemployed persons remained 6.8 million higher.



Unemployment rates for the month decreased for all demographic groups. In September, the unemployment rate for adult men declined to 7.4 percent, for adult women to 7.7 percent, and for teenagers to 15.9 percent. In September, individuals who identify as Black had an unemployment rate of 12.1 percent, Hispanic 10.3 percent, Asian 8.9 percent, and White 7.0 percent. Those who identified as Black and Hispanic showed little change since August.

Of those people that were unemployed, the number that were on **temporary**

layoff decreased by 1.5 million in September to 4.6 million. This was down significantly from the high in April of 18.1 million but was 3.8 million higher than in February. However, people who had **permanent job losses** increased by 345,000 to 3.8 million. This measure increased by 2.5 million job losses since February. **Job leavers** are people who voluntarily leave their previous job or quit and begin looking for new employment. The number of unemployed job leavers increased by 212,000 to 801,000 in September.

Unemployed individuals who were **jobless less than 5 weeks** increased by 271,000 (11.9%) to 2.6 million, and those **jobless 5 to 14 weeks** decreased by 402,000 (12.8%) to 2.7 million. Those **jobless 15 to 26 weeks** fell by 1.6 million (24.5%) to 4.9 million. Unemployed individuals that were long-term unemployed and **jobless 27 weeks or more** increased by 781,000 (48.1%) to 2.4 million.

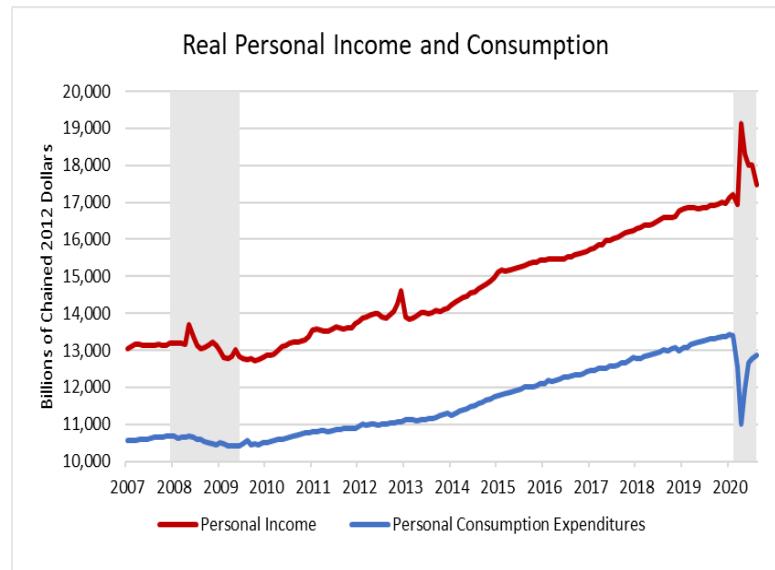
The national **labor force participation rate** decreased by 0.3 percentage points to 61.4 percent and remained 2.0 percentage points below the level in February. The **employment-population ratio** was relatively unchanged between August and September. The September rate of 56.6 percent was 4.5 percentage points lower than in February.

The Conference Board's **Employment Trends Index** aggregates eight different labor market indicators. For the fifth month in a row, the Employment Trends Index increased September. Compared to August, the index increased 1.3 points, to 54.8 in September. The increases in the index over the last two months have been modest, demonstrating that job growth may be slowing. Many companies are restructuring resulting in high layoff rates; it is unlikely the labor market will return to full capacity soon as Coronavirus remains a central concern.

The **Ohio unemployment rate** decreased to 8.9 percent in August, a tenth of a percentage point drop compared to the revised July rate. During the week ending September 26, 2020 18,592 initial unemployment claims were filed. This was a 93.2 percent decline from the peak week in March 2020 when 274,288 initial claims were filed. Continued claims in Ohio decreased substantially between the peak of 777,214 in April and the week ending September 26, 2020, in which 299,030 individuals filed continued claims. As of October 8, 2020, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning 2,610 employees of potential future layoffs and closures in October and 283 in November.

Consumer Income and Consumption

Nationally, **personal income** decreased \$543.5 billion (2.7%) in August. This decrease in personal income was the result of a \$633.5 billion (52.0%) reduction in unemployment insurance benefits caused by the termination of the Federal Pandemic Unemployment Compensation program. The program, which temporarily provided a supplemental payment of \$600 a week to those receiving unemployment benefits, ended on July 31. The decrease in government transfers from unemployment insurance was partially offset by an increase in proprietor's income of 2.7 percent and a 1.2 percent increase in compensation of employees. Specifically, government wage and salary disbursements increased by \$17.5 billion in August, \$10.8 billion of which were attributed to payments to temporary and intermittent Census workers by the federal government.



Real personal consumption expenditures, a measure of national consumer spending for goods and services, increased 0.7 percent (\$86.1 billion) between July and August. The change was due to an increase of \$87.9 billion in spending for services, which was partially offset by a \$10.3 billion reduction in spending on goods. Durable goods increased 0.9 percent in August with small increases in all categories except recreational goods and vehicles. Nondurable goods decreased 0.1 percent with small to no increases in all categories except food and beverage consumption. Service consumption increased 1.4 percent between July and August, with the largest increases being in food services and accommodation and recreation services.

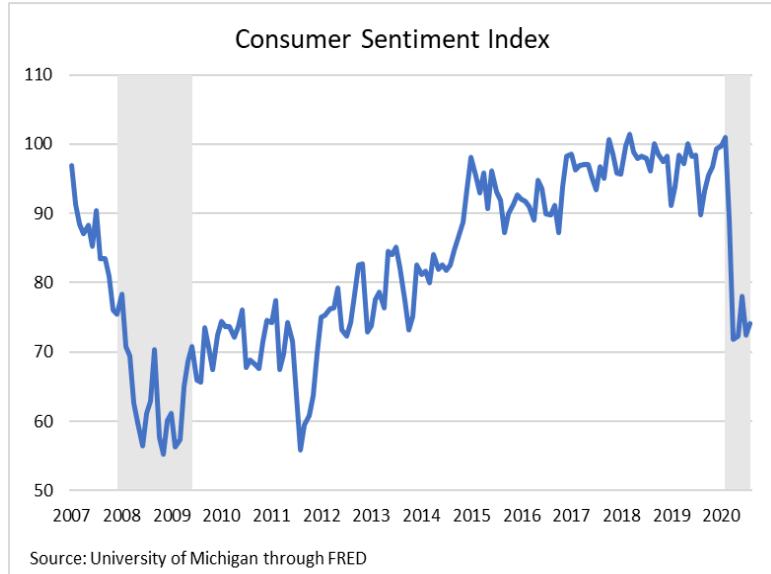
Consumer Spending by Industry, for Select Industries
(\$ in Millions)

	July 2020	August 2020	1-Month Percent Change	12-Month Percent Change
Durable Goods	\$1,723,592	\$1,739,191	0.9%	12.2%
Motor Vehicles and Parts	\$574,331	\$586,054	2.0%	12.2%
Furnishings and durable household goods	\$399,341	\$400,951	0.4%	10.5%
Other Durable Goods	\$227,413	\$230,720	1.5%	3.2%
Nondurable goods	\$3,090,702	\$3,086,454	-0.1%	2.6%
Food and beverages purchased for off-premises consumption	\$1,149,719	\$1,139,631	-0.9%	9.8%
Gasoline and other energy goods	\$248,034	\$252,547	1.8%	-25.0%
Services	\$9,414,242	\$9,543,984	1.4%	-5.4%
Health care	2,351,863	2,379,380	1.2%	-3.1%
Transportation services	\$360,324	\$366,665	1.8%	-25.2%
Recreation services	\$392,102	\$408,256	4.1%	-29.6%
Food services and accommodations	\$785,327	\$841,421	7.1%	-16.4%

Source: Bureau of Economic Analysis, Table 2.4.5U Personal Consumption Expenditures by Type of Product

Personal saving decreased 22.9 percent in August compared to July, marking the fourth month of declines after a substantial increase in April; however, personal saving remains above the February level by 75.3 percent. Personal saving as a percentage of disposable personal income or the personal saving rate is 14.1 percent. This was a decrease of 3.6 percentage points from July to August.

The latest survey results indicate consumer sentiment continued to improve in late September. The increases were largely attributed to a more optimistic outlook for the U.S. economy. In September, the University of Michigan's **Consumer Sentiment Index** increased 6.3 points to 80.4. This was an 8.5 percent increase from August but a 13.7 percent decline from September 2019. The Consumer Expectations Index increased 7.1 points from last month to 75.6 in September. This was a 10.4 percent increase from August but a 9.4 percent decline from September 2019.



The September survey saw a notable increase in the number of consumers that anticipated a reestablishment of financial good times in the economy. Lower-income households faced continued losses of jobs and income compared to limited gains by upper-income households. This gap will likely continue to widen without additional federal stimulus. There remain two other issues that represent the largest uncertainty within consumer confidence: the timeline to obtaining a vaccine with widespread availability, and the timeline of when and how the presidential election is decided.

The Conference Board's **Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, increased in September after two months of declines. The index was at 101.8, up from 86.3 in August. The Conference Board's **Present Situation Index** measures consumers' current assessment of business and labor market conditions increased significantly from 85.8 to 98.5. This was a 12.7 percentage point increase in September, which offset a decrease in the prior month. The **Expectations Index** increased in September to 104.0 from 86.6, this is a 17.4 percentage point increase from August. Consumers have determined that business and employment conditions have become more favorable in recent months and were more optimistic about the short-term financial outlook.

The travel and hospitality industries continue to face significant challenges due to the pandemic. The Transportation Security Administration (TSA) tracks how many travelers go through TSA checkpoints as "throughput". Although total travel throughput was on the rise in recent months, September 2020 throughput was 67.7 percent lower than last year.

STR, a company that provides analytics and data on the hospitality sector, estimates that it will take at least eleven quarters – three years – for hotel demand to return to 2019 levels. For the week ending September 26, 2020, STR reported an occupancy rate of just 48.7 percent, a 31.5 percent decline compared to the same week in 2019. The average daily rate earned for an occupied room declined 29.6 percent compared to the same week in 2019. Revenue per available room also declined 51.7 percent in a year-over-year comparison. All three metrics have increased since April, but as the summer travel season ends, hotel performance gains have flattened.

Commercial vehicle miles traveled on the Ohio Turnpike increased 2.0 percent compared to September of last year. However, passenger vehicle miles traveled declined 16.2 percent between August and September and are 11.1 percent lower than September 2019.

Industrial Activity

The Industrial Production Index, produced by the Board of Governors of the Federal Reserve System, is an indicator that measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. **Total industrial production** increased 0.4 percent in August for the fourth straight month. However, the index was still 7.3 percent below its February pre-pandemic level. **Manufacturing production** increased in August by 1.0 percent but gains for most industries have slowed since June and July.

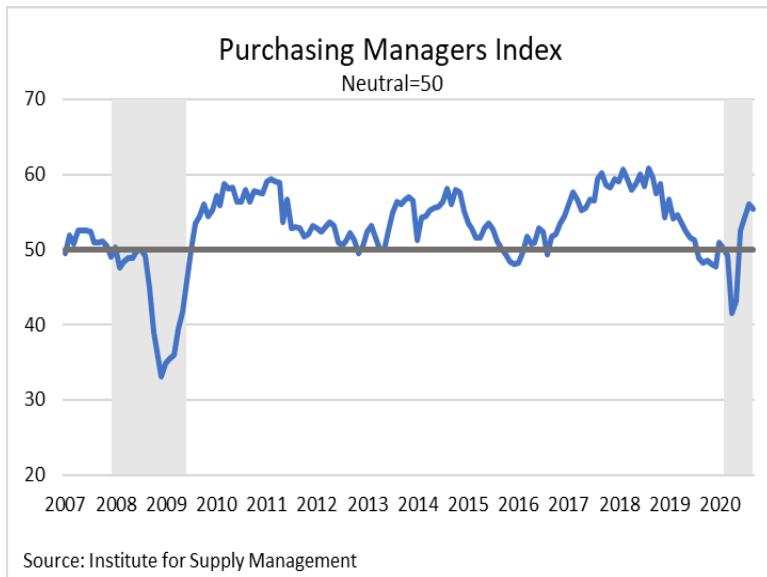
The durable goods manufacturing industry index increased by just 0.7 percent in August, while the index for nondurable goods production rose 1.2 percent. Mining production decreased by 2.5 percent in August as the impacts of Tropical Storm Marco and Hurricane Laura resulted in temporary, but sharp drops in oil and gas extraction and well drilling along the Gulf Coast. The output of utilities decreased 0.4 percent in August.

Overall, Ohio's top manufacturing industries made modest gains in August, compared to July. Aerospace and miscellaneous transportation and equipment increased by 4.2 percent; plastics and rubber products increased by 3.7 percent; and primary metal manufacturing and petroleum and coal products both increased by 2.3 percent. Fabricated metal products rose increased by 1.5 percent, and both food and beverage production and machinery increased by 1.0 percent. Electrical equipment and appliances and chemical production increased by just 0.9 percent and 0.6 percent, respectively. The output of motor vehicles and parts, decreased 3.7 percent in August, after strong gains over the previous three months.

Produced by the Institute for Supply Management (ISM), the **Purchasing Managers Index** (PMI) measures expansions and contractions of the manufacturing economy. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent it is generally contracting. In September, the PMI for the United States fell to 55.4, compared to 56.0 in August and 54.2 in July. Despite the small decline in the index level from August, it still represented an expansion of the economy for the fifth month in a row, after the significant contraction due the pandemic related closings in April.

The new orders index decreased 7.4 percentage points to 60.2 percent and the production index was down 2.3 percentage points to 61.0 percent. The backlog of orders index rose 0.6 percentage points to 55.2 percent. These changes provide additional evidence that manufacturing continues to recover since the COVID-19 stay-at-home orders were lifted.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, fourteen reported growth between August and September. Of the ten industries most important to Ohio manufacturing, only petroleum and coal products and primary metals experienced declines in September.



Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggest that the manufacturing industry was on a slow road to recovery amidst ongoing struggles with COVID. A source in the fabricated metal products industry noted, “[o]verall business conditions are improving, but not at the rates we saw them decline.” A respondent in the food, beverage and tobacco products industry said, “[r]etail sales remain strong, but food service is still down about 15 percent year-over-year. All of our factories are still struggling with manning shifts due to positive

COVID-19 cases and/or quarantine because employees came in contact with someone who contracted the virus.”

Construction

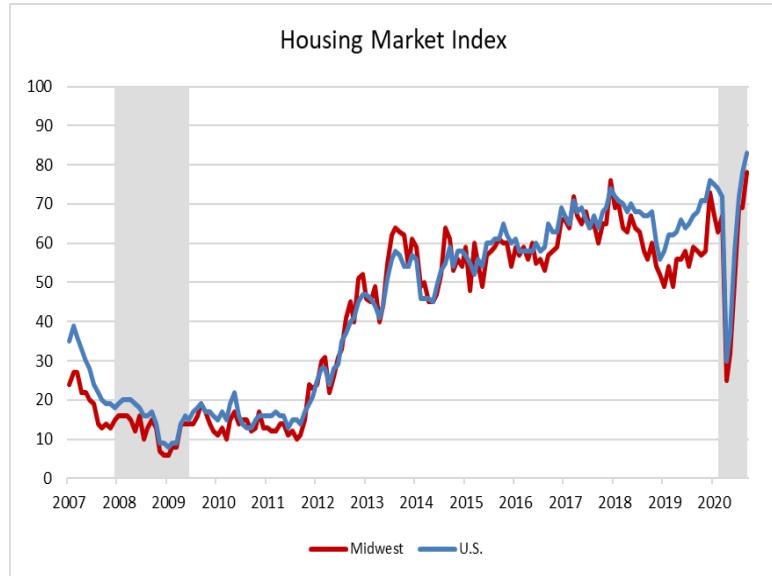
The U.S. Census Bureau estimated **total construction spending** at a seasonally adjusted annual rate of \$1.4 trillion, which was a 1.4 percent increase from July. The August estimate remains 2.5 percent above that of August 2019. Throughout the first eight months this year, construction spending totaled \$927.7 billion, 4.2 percent higher than the same time period in 2019.

In August spending on private sector construction was at a seasonally adjusted rate of \$1.1 trillion, which was a 1.9 percent increase above July. Residential construction increased 3.7 percent in August while nonresidential construction was 0.3 percent below the July estimate.

Public sector construction spending in August was at a seasonally adjusted annual rate of \$351.4 billion, this was a 0.1 percent increase compared to July. In August, educational construction was 0.6 percent above July rates and highway construction was 1.9 percent above July.

Nationally, in August 2020, privately-owned housing units approved decreased 0.5 percent from July and were 0.3 percent below the August 2019 levels. In Ohio, building permits for privately owned units decreased 18.2 percent between July and August 2020, and were 1.2 percent below the number of permits issued in August 2019. Nationally, privately-owned housing starts in August decreased 5.1 percent in August but were 2.8 percent above the August 2019 level. Midwest privately-owned housing starts increased 28.4 percent from July and increased 40.5 percent from August 2019. Nationally, privately-owned housing completions decreased 7.5 percent in August and were 2.4 percent below the August 2019 level. However, privately-owned housing completions in the Midwest increased 12.3 percent and were 12.3 percent below the August 2019 level.

The Housing Market Index (HMI) from the National Association of Home Builders and Wells Fargo takes the pulse of the single-family housing market, and asks the respondents to rate market conditions for the sale of new homes at the present time and in the next six months. Nationally the HMI increased in September to 83 from 78 in August, a 6.4 percent increase. This was the fifth month of increasing HMI levels, which suggests more favorable housing market conditions. In the Midwest, the HMI increased from 69 in August to 78 in September.



The National Association of Home Builders reported newly built single-family home sales surged 4.8 percent over the revised July rate. This was a 43.2 percent increase from the August 2019 rate. New home sales are estimated to be 14.9 percent higher for the first eight months of year compared to same period last year. Existing home sales, as reported by the National Association of Realtors, continued to rise in August, increasing 2.4 percent from July to a seasonally adjusted annual rate of 6.0 million. This was the highest level of existing home sales in nearly 14 years. According to the Ohio Realtors, activity in the Ohio housing market also increased in August with sales rising 4.2 percent from August of last year. The average home price in Ohio in August was \$222,797, a 12.4 percent increase compared to August 2019.

REVENUES

September GRF revenues were less exuberant than demonstrated over the last several months, with only a few sources exceeding estimate. Even with the mixed performance of tax sources, total tax revenues ended quite close to estimate. September could be first evidence of a new stage in the economic recovery, as some of the dynamic growth in goods consumption that has been present since June begins to moderate. Auto sales tax revenues have yet to show a slowdown, however. Finally, the employer withholding component of the personal income tax continues to demonstrate remarkable strength in the midst of an impaired labor market, with employment remaining well below its pre-pandemic level.

September GRF receipts totaled \$2.9 billion and were \$149.6 million (-4.9%) below estimate. Tax revenues were \$8.7 million (0.5%) above estimate while non-tax receipts and transfers were \$158.3 million (-13.7%) below estimate. The variance in non-tax receipts was largely driven by Federal grants, which were \$96.9 million (-8.9%) below estimate. For the year to date, tax revenues are above estimate, non-tax receipts are below estimate, and transfers are slightly above estimate as shown in the table below.

Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$262.4	4.1%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$108.4)	-2.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$1.9	2.4%
TOTAL REVENUE VARIANCE:		\$155.9	1.5%
Non-federal revenue variance		\$278.0	4.3%
Federal grants variance		(\$122.2)	-3.2%

For September, revenues and transfers were \$294.7 million (11.2%) above the previous year. Tax receipts dropped by \$8.0 million (-0.4%) while non-tax receipts increased by \$308.7 million (45.0%). For the year-to-date, tax receipts are \$822.5 million (14.3%) above last year, largely due to the shift of the personal income tax filing deadline from April to July, and non-tax receipts are \$1.1 billion (39.0%) over the prior year. In September, transfers declined by \$6.0 million from last year and are \$4.4 million (5.8%) above last year on a year-to-date basis.

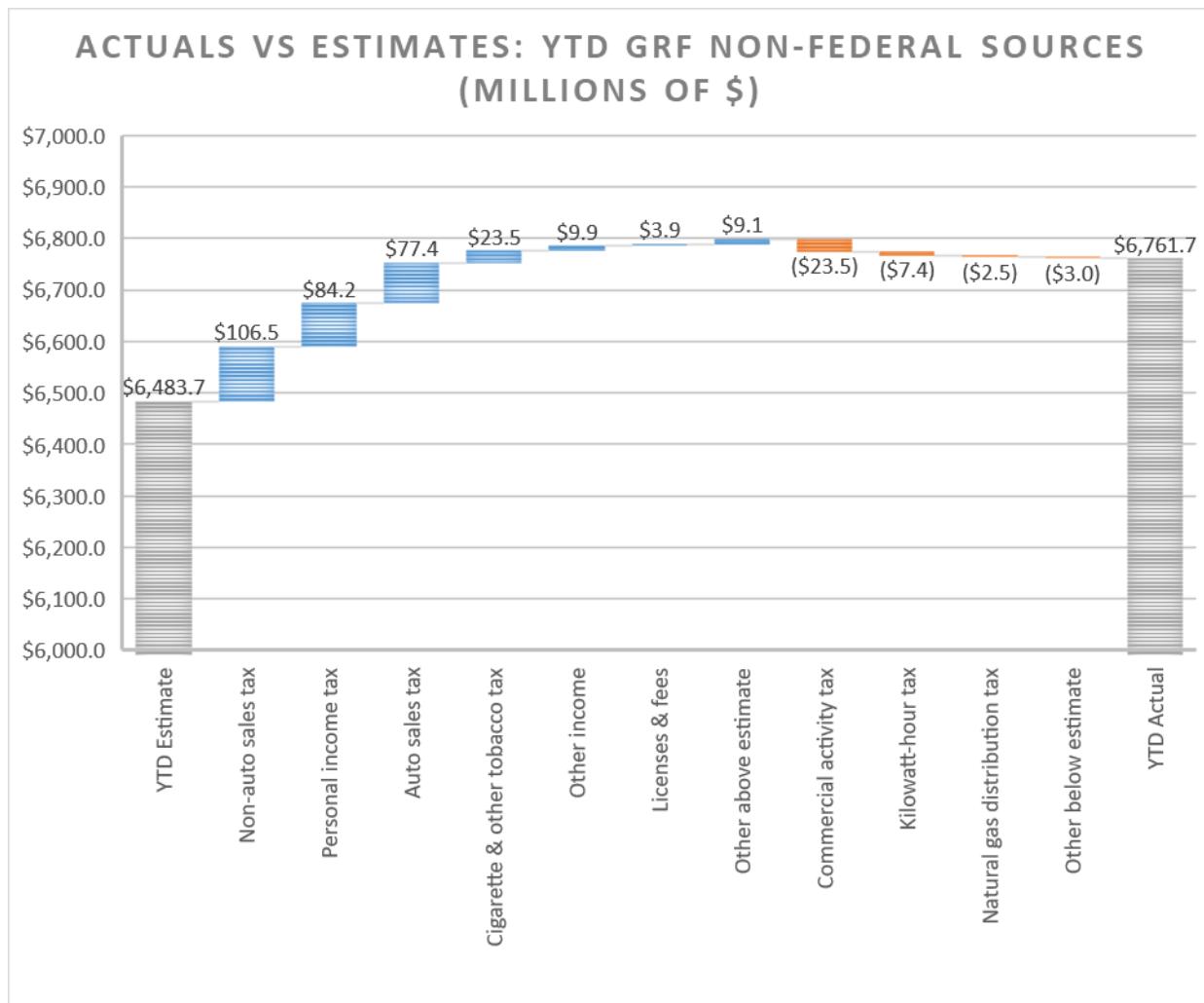
During September, the source with the largest year-over-year increase was Federal grants, at \$311.7 million (46.0%) above last year. The next-largest increases were auto sales tax at \$20.2 million (15.8%) and cigarette and other tobacco products tax at \$9.9 million (12.4%). The largest decline was experienced by personal income tax at \$42.9 million (-4.6%).

The table below shows that sources below estimate (a negative variance of \$192.3 million) in September outweighed the size of revenue overperformers (an average of \$42.7 million), resulting in a \$149.6 million net negative variance from estimate.

GRF Revenue Sources Relative to Monthly Estimates – September 2020 (\$ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Cigarette and other tobacco products tax	\$16.1	Federal grants	(\$96.9)
Auto sales tax	\$14.7	Other income	(\$64.3)
Commercial activity tax	\$8.5	Non-auto sales tax	(\$13.7)
Licenses & fees	\$2.9	Personal income tax	(\$12.1)
Other sources above estimate	\$0.5	Financial institutions tax	(\$2.4)
		Other sources below estimate	(\$2.9)
Total above	\$42.7	Total below	(\$192.3)

(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 displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for fiscal year 2021 to date, with the net difference amounting to \$278.0 million. The chart depicts the fact that several major sources contribute to the current overage.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in September totaled \$738.4 million and were \$13.7 million (-1.8%) below the estimate. Coming off a record-breaking July revenue intake (and large 11.4% overperformance relative to estimate) and the modest 2.9% overage in August, the September results appear less impressive. Non-auto collections were \$9.4 million (1.3%) above the prior year.

September revenues arguably performed at a greater level than would normally be expected from an economy which is still in the process of recovery. As cited in several preceding editions of this report, the most probable explanation for the sustained non-auto sales tax intake comes from a shift in consumption toward taxable goods. Recent high-frequency data indicate that consumption for major service industries have substantially declined from normal levels, while certain retail categories have grown at a strong pace. For example, the most recent “Monthly Event Study of Spending” table issued by the U.S. Department of Commerce’s Bureau of Economic Analysis, which uses high-frequency credit card spending data, shows significant declines in the Recreation, Accommodations, Food Services, and Gas Stations categories in July through September; such declines ranged from -19 percent to -54 percent. Much of that spending is exempt from Ohio sales tax. In contrast, retailer segments such as Furniture, Building Materials & Home Improvements, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 9 percent to 34 percent in the July through September period - the great majority of sales by these retailers are subject to Ohio sales tax. Adaptation to the current public health environment likely plays an important part in explaining these changes. To the extent that Ohioans are spending more of their time at home, spending is shifting toward items used at home and away from goods and services consumed elsewhere.

July and August sales tax return data show continued improvement in nearly all sectors, and less negative year-over-year performance shown by the Accommodations and Food Services relative to preceding months. The General Merchandise, Furniture and Office Supplies, Clothing, and Electronics category (“GAFO”) turned from negative performance, to strongly positive growth in July and August.

Auto Sales Tax

September auto sales tax revenues were \$148.3 million. This September’s receipts were \$20.2 million (15.8%) higher than last September. Auto sales tax revenue in September was also \$14.7 million (11.0%) above estimate. This marks four successive months in which auto sales tax has substantially exceeded estimate. June through September 2020 combined represent an \$111.5 million overage relative to estimate and this overage makes up for nearly 90 percent of the \$125.7 million shortfall accumulated during the March-May period.

September revenue would have been somewhat larger if not for the structural timing effects of tax administration, driven by a larger distribution of permissive (local) motor vehicle sales taxes that occurred this September. These distributions are drawn against GRF auto sales tax revenues each month. September 2020 permissive distributions were based on July collections; therefore, when auto sales tax collections increased in July, the draw against September GRF auto sales tax revenue was larger than in September 2019. If permissive distributions had remained at their September 2019 level, GRF auto sales tax revenue would have grown by \$25.2 million (19.6%) in September 2020.

Based on a seasonally adjusted annual rate (the amount of sales that occurred during the month after being adjusted for seasonal fluctuations and expressed as an annualized total), U.S. new auto sales in September reached an estimated 16.6 million units. Although there have been several consecutive months of improving unit sales, in September national sales of light vehicles finally grew relative to the prior year, by an estimated 6.4 percent. Although generally useful as a barometer of the health and direction of the motor vehicle sales, U.S. light vehicle unit sales growth data typically do not track closely with Ohio auto sales tax performance, and September was no exception.

With the close of another calendar quarter, new data on Ohio motor vehicle sales is now available from the Bureau of Motor Vehicles. The data indicate that, during the third quarter of calendar year 2020, the amount of new vehicle sales grew by 11.4 percent. Used vehicles sales grew at an even more robust 14.5 percent. Used vehicle sales accounted for 60 percent of the combined value of new and used vehicle sales during the quarter.

Ohio's vibrant auto sales tax performance since June likely reflects a combination of factors. These factors include federal fiscal stimulus policies (although such stimulus effects have mostly dissipated by now), pent-up demand, and behavioral responses to current public health circumstances (e.g., private transportation as a substitute for ride sharing and public transport). Furthermore, unlike a "typical" recession - and particularly unlike the Great Recession - financial markets are not impaired, and many consumers appear to be willing and able to make major purchases, including autos.

Personal Income Tax

September GRF personal income tax receipts totaled \$888.0 million and were \$12.1 million (-1.3%) below the estimate. On a year-over-year basis, September income tax collections were \$42.9 million (-4.6%) below September 2019 collections.

September withholding tax collections fell slightly short of expectations. For the month, withholding tax payments were \$4.0 million (-0.5%) below estimate. Year-over-year withholding tax results in September showed little change, declining by \$1.4 million (-0.2%). However, the year-over-year comparison is clouded by the four percent reduction in withholding tax rates. After adjustment, employer withholding payments in September would have increased by an estimated 3.2 percent if not for the rate reduction. Year-to-date growth would have been 3.3 percent without the rate reduction. Such an increase in rate-adjusted withholding tax collections is notable when the labor market remains in impaired condition; although it has fallen from the historically high levels experienced in the Spring, unemployment remains high, many enterprises are operating well below normal levels, and nonfarm employment in July and August was 8 percent below the prior year.

September was an important month for quarterly estimated tax payments since third-quarter payments were due during the month. Estimated payments exceeded anticipated collections by \$8.5 million

(4.3%) in September and are \$52.7 million (15.4%) above estimate for the year. Although September was \$13.7 million (-6.1%) below the previous year, calendar year 2019 was quite strong. The average payment in September was only 1% below the prior September, so the modest downturn is primarily due to a reduction in number of returns filed. In the midst of the pandemic and the associated economic downturn this year, the recent estimated payment performance is worthy of note and continued attention as the final quarterly payments are made several months from now.

Refunds exceeded estimate by \$23.1 million (64.0%). This offsets some of the \$93.6 million refund shortfall in August, likely due some taxpayers taking longer to file their tax year 2019 returns than was anticipated. For the fiscal year-to-date, refunds are \$47.4 (-12.4%) below estimate.

September is not a significant month for other types of personal income tax payments. Nonetheless, they exceeded estimate by \$9.3 million (30.4%).

SEPTEMBER PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Actual September	Estimate September	\$ Var	Actual September-2020	Actual September-2019	\$ Var Y-Over-Y
Withholding	\$737.5	\$741.5	(\$4.0)	\$737.5	\$738.9	(\$1.4)
Quarterly Est.	\$209.6	\$201.1	\$8.5	\$209.6	\$223.4	(\$13.7)
Annual Returns & 40 P	\$21.3	\$17.2	\$4.1	\$21.3	\$25.1	(\$3.8)
Trust Payments	\$12.3	\$8.4	\$3.9	\$12.3	\$11.7	\$0.6
Other	\$6.2	\$5.0	\$1.2	\$6.2	\$5.0	\$1.2
Less: Refunds	(\$59.2)	(\$36.1)	(\$23.1)	(\$59.2)	(\$36.3)	(\$22.8)
Local Distr.	(\$39.9)	(\$37.0)	(\$2.9)	(\$39.9)	(\$36.9)	(\$3.0)
Net to GRF	\$888.0	\$900.1	(\$12.1)	\$888.0	\$930.9	(\$42.9)

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

Commercial Activity Tax (CAT)

The CAT was \$8.5 million above estimate in September, offsetting some of the \$30.4 million negative variance in August. For the year to date, it is \$23.5 million (-6.3%) below estimate. CAT revenue was \$3.5 million (29.9%) above last September. The September results make up for some of the previous month's downturn which was clearly a function of the economic downturn: July-September revenues reflected the second quarter of calendar year 2020, which had the steepest and most rapid economic decline in modern U.S. history. For this reason, CAT revenue received during the July-September 2020 period may very well reflect the worst quarterly performance to be observed in fiscal year 2021.

Cigarette and Other Tobacco Products Tax

The Cigarette excise tax was \$16.1 million (21.8%) above estimate in September and \$23.5 (13.6%) above estimate on a year-to-date basis. The substantial overage is in all probability related to heightened consumption during the continuing pandemic. Revenues from this source have demonstrated growth as the pandemic wears on, and September resembles the overage experienced in April. Since this revenue source often shows month to month volatility rather than a smooth, sustained path, October revenue could very well revert to a level closer to expectations or perhaps even show a modest decline if some consumption otherwise expected in October may have shifted into September.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$995.3 million and were \$158.3 million (-13.7%) below estimate for the month of September. The negative variance was driven by the Federal Grants category, which was \$96.9 million (-8.9%) below estimate. This negative variance coincides with a negative Medicaid disbursement variance discussed in the disbursement section of this report.

Also contributing to the negative variance for the month was the Other Income category, which was \$64.3 million (-98.9%) below estimate. This variance was due to the timing of the JobsOhio deferred compensation payments from liquor profits. This payment was estimated for September but was actually received in August.

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL SEPTEMBER	ESTIMATE SEPTEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	738,370	752,100	(13,730)	-1.8%	2,490,157	2,383,700	106,457	4.5%
Auto Sales & Use	148,303	133,600	14,703	11.0%	487,223	409,800	77,423	18.9%
Subtotal Sales & Use	886,673	885,700	973	0.1%	2,977,380	2,793,500	183,880	6.6%
Personal Income	887,978	900,100	(12,122)	-1.3%	2,905,817	2,821,600	84,217	3.0%
Corporate Franchise	91	0	91	N/A	271	0	271	N/A
Financial Institutions Tax	(6,367)	(4,000)	(2,367)	-59.2%	(3,977)	(7,100)	3,123	44.0%
Commercial Activity Tax	15,553	7,100	8,453	119.1%	347,599	371,100	(23,501)	-6.3%
Petroleum Activity Tax	878	1,900	(1,022)	-53.8%	878	1,900	(1,022)	-53.8%
Public Utility	56	100	(44)	-44.4%	31,340	31,800	(460)	-1.4%
Kilowatt Hour	30,797	31,600	(803)	-2.5%	82,180	89,600	(7,420)	-8.3%
Natural Gas Distribution	121	0	121	N/A	13,691	16,200	(2,509)	-15.5%
Foreign Insurance	6,808	6,800	8	0.1%	6,845	8,400	(1,555)	-18.5%
Domestic Insurance	0	0	0	N/A	824	0	824	N/A
Other Business & Property	0	0	0	N/A	15	0	15	N/A
Cigarette and Other Tobacco	89,911	73,800	16,111	21.8%	195,993	172,500	23,493	13.6%
Alcoholic Beverage	3,603	4,600	(997)	-21.7%	15,546	14,400	1,146	8.0%
Liquor Gallonage	4,712	4,400	312	7.1%	14,738	12,900	1,838	14.2%
Estate	11	0	11	N/A	11	0	11	N/A
Total Tax Receipts	1,920,824	1,912,100	8,724	0.5%	6,589,152	6,326,800	262,352	4.1%
NON-TAX RECEIPTS								
Federal Grants	989,526	1,086,406	(96,880)	-8.9%	3,687,287	3,809,476	(122,189)	-3.2%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	5,099	2,184	2,915	133.5%	11,496	7,601	3,895	51.2%
Other Income	690	65,024	(64,334)	-98.9%	81,215	71,321	9,894	13.9%
ISTV'S	0	0	0	N/A	7	0	7	N/A
Total Non-Tax Receipts	995,314	1,153,614	(158,300)	-13.7%	3,780,005	3,888,397	(108,392)	-2.8%
TOTAL REVENUES	2,916,139	3,065,714	(149,575)	-4.9%	10,369,157	10,215,197	153,960	1.5%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	79,832	77,932	1,900	2.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	79,832	77,932	1,900	2.4%
TOTAL SOURCES	2,916,139	3,065,714	(149,575)	-4.9%	10,448,989	10,293,129	155,860	1.5%

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	SEPTEMBER FY 2021	SEPTEMBER FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	738,370	728,967	9,403	1.3%	2,490,157	2,325,404	164,753	7.1%
Auto Sales & Use	148,303	128,063	20,241	15.8%	487,223	418,613	68,610	16.4%
Subtotal Sales & Use	886,673	857,030	29,644	3.5%	2,977,380	2,744,017	233,363	8.5%
Personal Income	887,978	930,915	(42,937)	-4.6%	2,905,817	2,282,127	623,690	27.3%
Corporate Franchise	91	4	87	2254.3%	271	(26)	297	1131.1%
Financial Institutions Tax	(6,367)	(1,966)	(4,401)	-223.8%	(3,977)	(9,506)	5,529	58.2%
Commercial Activity Tax	15,553	11,975	3,577	29.9%	347,599	399,431	(51,832)	-13.0%
Petroleum Activity Tax	878	1,796	(918)	-51.1%	878	1,796	(918)	-51.1%
Public Utility	56	3	52	1645.5%	31,340	32,092	(751)	-2.3%
Kilowatt Hour	30,797	32,832	(2,035)	-6.2%	82,180	89,913	(7,733)	-8.6%
Natural Gas Distribution	121	1	120	13922.2%	13,691	12,770	921	7.2%
Foreign Insurance	6,808	8,182	(1,374)	-16.8%	6,845	8,919	(2,073)	-23.2%
Domestic Insurance	0	0	0	N/A	824	1	823	164666.6%
Other Business & Property	0	0	0	N/A	15	0	15	N/A
Cigarette and Other Tobacco	89,911	80,025	9,886	12.4%	195,993	179,389	16,605	9.3%
Alcoholic Beverage	3,603	3,468	135	3.9%	15,546	12,484	3,063	24.5%
Liquor Gallonage	4,712	4,541	171	3.8%	14,738	13,249	1,489	11.2%
Estate	11	0	11	N/A	11	38	(26)	-69.8%
Total Tax Receipts	1,920,824	1,928,806	(7,981)	-0.4%	6,589,152	5,766,691	822,461	14.3%
NON-TAX RECEIPTS								
Federal Grants	989,526	677,819	311,707	46.0%	3,687,287	2,640,938	1,046,349	39.6%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	5,099	3,093	2,006	64.8%	11,496	8,605	2,891	33.6%
Other Income	690	5,701	(5,011)	-87.9%	81,215	69,713	11,502	16.5%
ISTV'S	0	6	(6)	N/A	7	17	(11)	-61.3%
Total Non-Tax Receipts	995,314	686,619	308,695	45.0%	3,780,005	2,719,273	1,060,732	39.0%
TOTAL REVENUES	2,916,139	2,615,425	300,714	11.5%	10,369,157	8,485,964	1,883,192	22.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	6,000	(6,000)	N/A	79,832	75,480	4,352	5.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	6,000	(6,000)	N/A	79,832	75,480	4,352	5.8%
TOTAL SOURCES	2,916,139	2,621,425	294,714	11.2%	10,448,989	8,561,445	1,887,544	22.0%

DISBURSEMENTS

September GRF disbursements, across all uses, totaled \$3.1 billion and were \$230.1 million (-6.9%) below estimate. This variance was primarily attributable to below estimate disbursements in Medicaid. On a year-over-year basis, September total uses were \$4.5 million (0.1%) higher than those of the same month in the previous fiscal year, with an increase in Medicaid largely responsible for the difference. Year-over-year variances from the estimate by category are provided in the table below.

Category	Description	Year-Over-Year Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$12.0	0.4%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	(\$7.5)	-91.8%
TOTAL DISBURSEMENTS VARIANCE:		\$4.5	0.1%

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

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. September disbursements for this category totaled \$669.1 million and were \$81.0 million (-10.8%) below estimate. This variance was primarily attributable to below estimate spending in the Foundation Funding and EdChoice Expansion line items as payments for certain scholarship programs were below estimate for the month. This timing of payments is expected to offset in October with above estimated disbursements. Disbursements for the Ohio Educational Computer Network line item were also below estimate due to timing of payments, which offset prior month overspending. This below estimate spending was partially offset by above estimated disbursements for the Early Childhood Education line item as schools claimed reimbursements for prior year funds early than estimated.

Expenditures for the school foundation program totaled \$647.5 million and were \$48.3 million (-6.9%) below estimate. Year-to-date disbursements were \$2.4 billion, which was \$74.4 million (-3.0%) below estimate. On a year-over-year basis, disbursements in this category were \$50.5 million (-7.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$219.6 million (10.1%) higher than the same point in fiscal year 2020. The year-to-date variance was the result of an additional foundation payment occurring through September of fiscal year 2021 compared to fiscal year 2020.

Higher Education

September disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$196.4 million and were \$2.0 million (1.0%) above estimate. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Scholarship Program, which was above estimate by a total of \$2.4 million due to higher than expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were \$566.2 million and were \$6.4 million (-1.1%) below estimate. On a year-over-year basis, disbursements in this category were \$8.1 million (4.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$24.5 million (4.5%) higher than at the same point in fiscal year 2019.

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.

September disbursements in this category totaled \$8.0 million and were \$1.5 million (-16.1%) below estimate. Year-to-date disbursements were \$25.4 million and were \$0.2 million (-0.6%) below estimate. On a year-over-year basis, disbursements in this category were \$6.0 million (-43.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$6.3 million (-19.8%) lower than at the same point in fiscal year 2019.

Medicaid

Note: Enrollment and spending estimates represented in this report are based on updated projections precipitated by the COVID-19 pandemic and therefore differ from projections outlined with the passage of H.B. 166. If enrollment is discussed as being below or above estimate in this report, the estimate is referring to the updated COVID-19 estimate and not the H.B. 166 estimate.

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

Expenditures

September GRF disbursements for the Medicaid Program totaled \$1.3 billion and were \$184.1 million (-12.4%) below estimate and \$194.2 million (17.5%) above disbursements for the same month in the previous fiscal year.

The variance from the previous fiscal year was largely attributable to increased Medicaid enrollment resulting from both federal law changes and adverse economic conditions, both associated with the COVID-19 pandemic. The monthly variance was primarily attributable to below estimate enrollment and a timing related accounting change that moved costs from the GRF to non-GRF resources. Note that while enrollment is increasing and has been since March 2020, September reports were below the updated COVID-19 enrollment estimates (see note above). Year-to-date GRF disbursements totaled \$5.3 billion and were \$116 million (-2.2%) below estimate, and \$1.1 billion (26.6%) above disbursements for the same point in the previous fiscal year; again, attributable to increased enrollment as described above.

September all-funds disbursements for the Medicaid Program totaled \$2.5 billion and were \$45.4 million (-1.8%) below estimate, and \$16.6 million (-1.0%) below disbursements for the same month in the previous fiscal year.

The September all-funds variance was primarily attributable to the below estimate enrollment outlined above, however; the all-funds variance was smaller than the GRF variance due primarily to a provider relief payment disbursed by the Department of Developmental Disabilities from a non-GRF funding source. Year-to-date all-funds disbursements totaled \$8.1 billion and were \$97.7 (-1.2%) below estimate, and \$929.2 million (12.9%) above disbursements for the same point in the previous fiscal year; again, attributable to reasons described above.

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

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

	Sept. Actual	Sept. Projection	Variance	Variance %
GRF	\$ 1,304	\$ 1,492	\$ (188)	-12.6%
Non-GRF	\$ 1,188	\$ 1,045	\$ 143	13.7%
All Funds	\$ 2,492	\$ 2,537	\$ (45)	-1.8%

Enrollment

Total September enrollment was 3.05 million, which was 80,690 (-2.6%) below the updated post-pandemic estimate and 251,550 (9.0%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.02 million and was 63,000 (-2.0%) below estimate.

September enrollment by major eligibility category was: Covered Families and Children, 1.70 million; Aged, Blind and Disabled (ABD), 496,200; and Group VIII Expansion, 714,700.

*Please note that these data are subject to revision.

Health and Human Services

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

September disbursements in this category totaled \$98.4 million and were \$0.5 million (0.5%) above estimate. Year-to-date disbursements were \$329.9 million and were \$20.1 million (-5.8%) below estimate. On a year-over-year basis, disbursements in this category were \$24.3 million (32.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$32.3 million (10.8%) higher than at the same point in fiscal year 2019.

Department of Health

September disbursements for the Department of Health totaled \$5.4 million and were \$4.2 million (-44.2%) below estimate. This variance was primarily attributable to the Medically Handicapped Children line item, which was \$2.0 million below estimate due to delayed subsidy payments for the program, which is now expected to be made in October.

Department of Job and Family Services

September disbursements for the Department of Job and Family Services totaled \$59.4 million and were \$13.5 million (29.3%) above estimate. This variance was primarily attributable to the Family and Children Services line item, which was \$13.6 million above estimate because the disbursement for the State Child Protective Services Allocation was made in September instead of October. The Program Operations line item was \$2.0 million below estimate because invoices from various vendors were not received as anticipated. The Family Assistance - Local line item was \$1.6 million above estimate because of higher than anticipated county draw requests for the Income Maintenance allocation.

Department of Mental Health and Addiction Services

September disbursements for the Department of Mental Health and Addiction Services totaled \$26.8 million and were \$8.1 million (-23.5%) below estimate. This variance was primarily attributable to the Hospital Services line item, which was \$1.3 million below estimate due to hospital IT purchases and maintenance contracts not being completed as expected, and the Continuum of Care Services line, which was \$3.2 million below estimate due to a delay in the disbursement of earmark awards. The Criminal Justice Services line item was \$1.2 million below estimate due to a delay in addiction treatment payments, and the Community Innovations line was \$1.8 million below estimate also due to delayed payments. Offset for the delayed payments for these programs is expected to be made in October.

Justice and Public Protection

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

September disbursements in this category totaled \$189.2 million and were \$6.8 million (-3.5%) below estimate. Year-to-date disbursements were \$682.0 million and were \$29.1 million (-4.1%) below estimate. On a year-over-year basis, disbursements in this category were \$21.8 million (13.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$51.7 million (8.2%) higher than at the same point in fiscal year 2019.

Department of Public Safety

September disbursements for the Department of Public Safety totaled \$39.2 million and were \$16.0 million (68.7%) above estimate. This variance was primarily attributable to disbursements in the Highway Patrol Operating Expenses line item, which was \$12.6 million above estimate due to the timing of payroll being charged to that line item. Additionally, the Security Grants and Recovery Ohio Law Enforcement line items were \$2.1 million and \$0.9 million above estimate, respectively, due to the timing of subsidy payments.

Department of Rehabilitation and Correction

September disbursements for the Department of Rehabilitation and Correction (DRC) totaled \$109.3 million and were \$17.1 million (-13.5%) below estimate. This variance was primarily attributable to variances in the Institutional Operations line item, which was \$12.1 million below estimate, and the Institutional Medical Services line item, which was \$4.3 million below estimate. Both line items were below estimate due to agency measures to reduce expenses while making increased use of COVID relief funding to cover expenses related to the pandemic. To reduce COVID-19 risks in prisons, counties have sent fewer individuals to DRC thereby reducing the inmate population. Additionally, staff in the facilities have been limited, resulting in less overtime.

Department of Youth Services

September disbursements for the Department of Youth Services totaled \$8.7 million and were \$1.8 million (-17.4%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was \$1.7 million below estimate due to timing of payments and fewer projects being started due to social distancing concerns within facilities.

Office of the Attorney General

September disbursements for the Office of the Attorney General totaled \$8.7 million and were \$1.9 million (-17.9%) below estimate. This variance was primarily attributable to no disbursements in the School Safety Training Grants line item and a timing issue in payments to Rape Crisis Centers.

Public Defender Commission

September disbursements for the Public Defender Commission totaled \$7.3 million and were \$1.9 million (-20.6%) below estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was \$1.8 million below estimate due to lower than anticipated requests for reimbursement, which was caused by reduced court activity due to COVID-19.

General Government

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

September disbursements in this category totaled \$27.8 million and were \$15.4 million (-35.7%) below estimate. Year-to-date disbursements were \$102.8 million and were \$20.4 million (-16.6%) below estimate. On a year-over-year basis, disbursements in this category were \$1.6 million (-5.4%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$8.2 million (-7.4%) lower than at the same point in fiscal year 2019.

Department of Administrative Services

September disbursements for the Department of Administrative Services totaled \$1.6 million and were \$2.9 million (-65.4%) below estimate. This variance was primarily attributable to the Ohio Business Gateway line item; payments for Salesforce licenses and internal DAS help desk and administrative charges were lower than anticipated.

Department of Agriculture

September disbursements for the Department of Agriculture totaled \$1.8 million and were \$7.1 million (-79.6%) below estimate. This variance was primarily attributable to the Soil and Water Phosphorous Program line item, which was \$6.4 million below estimate due to the timing of paying encumbrances from fiscal year 2020.

Environmental Protection Agency

September disbursements for the Environmental Protection Agency totaled \$0.8 million and were \$1.2 million (-59.3%) below estimate. This variance was primarily attributable to the Water and Sewer System Grants line item, which was \$1.2 million below estimate due to the timing of subsidy payments to grantees.

Department of Taxation

September disbursements for the Department of Taxation were \$3.4 million and were \$1.4 million (-29.6%) below estimate. The variance is primarily attributable to lower than anticipated information technology expenditures, most of which will instead occur over the coming months. Supplies and maintenance expenditures were also lower than expected in September.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. September reimbursements totaled \$358.5 million and were \$57.7 million (19.2%) above estimate. Year-to-date reimbursements totaled \$499.0 million were \$47.5 million (-8.7%) below estimate. The year-to-date negative variance is largely caused by counties requesting reimbursements more slowly than estimated and will continue to be offset with positive variances later in the fiscal year.

Debt Service

September payments for debt service totaled \$238.0 million and were \$2.1 million (-0.9%) below estimate. Year-to-date expenses in this category total \$411.5 million and were also \$2.2 million (-0.5%) below estimate. The monthly variance was mostly in the Department of Rehabilitation and Correction's lease rental payment line, which was \$1.5 million below estimate.

Transfers Out

September transfers out totaled \$670,000 though none were estimated. Year-to-date transfers out totaled \$411.4 million and were \$25.5 million (-5.8%) below estimate. The year-to-date variance was primarily caused by a transfer to the Targeted Addiction Program Fund not occurring in first quarter, as planned. This transfer is now expected to occur later in the fiscal year.

10/8/2020

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2021 VS ESTIMATE FY 2021
(\$ 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	669,146	750,194	(81,048)	-10.8%	2,395,750	2,470,100	(74,350)	-3.0%
Higher Education	196,351	194,400	1,951	1.0%	566,239	572,620	(6,382)	-1.1%
Other Education	7,956	9,481	(1,526)	-16.1%	25,379	25,541	(162)	-0.6%
Medicaid	1,303,977	1,488,036	(184,059)	-12.4%	5,265,222	5,381,234	(116,012)	-2.2%
Health and Human Services	98,373	97,838	536	0.5%	329,919	350,051	(20,132)	-5.8%
Justice and Public Protection	189,201	196,030	(6,829)	-3.5%	682,021	711,151	(29,130)	-4.1%
General Government	27,793	43,227	(15,434)	-35.7%	102,794	123,210	(20,416)	-16.6%
Property Tax Reimbursements	358,510	300,767	57,743	19.2%	498,980	546,433	(47,453)	-8.7%
Debt Service	237,970	240,038	(2,068)	-0.9%	411,460	413,690	(2,230)	-0.5%
Total Expenditures & ISTV's	3,089,278	3,320,011	(230,733)	-6.9%	10,277,763	10,594,030	(316,267)	-3.0%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	670	0	670	N/A	411,398	436,900	(25,502)	-5.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	670	0	670	N/A	411,398	436,900	(25,502)	-5.8%
Total Fund Uses	3,089,948	3,320,011	(230,063)	-6.9%	10,689,161	11,030,930	(341,769)	-3.1%

10/8/2020

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2021 VS ACTUAL FY 2020
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	SEPTEMBER FY 2021	SEPTEMBER FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
Primary and Secondary Education	669,146	719,596	(50,450)	-7.0%	2,395,750	2,176,112	219,638	10.1%
Higher Education	196,351	188,268	8,083	4.3%	566,239	541,734	24,505	4.5%
Other Education	7,956	13,995	(6,039)	-43.2%	25,379	31,651	(6,272)	-19.8%
Medicaid	1,303,977	1,109,783	194,195	17.5%	5,265,222	4,158,325	1,106,897	26.6%
Health and Human Services	98,373	74,073	24,300	32.8%	329,919	297,636	32,283	10.8%
Justice and Public Protection	189,201	167,404	21,797	13.0%	682,021	630,320	51,701	8.2%
General Government	27,793	29,381	(1,587)	-5.4%	102,794	111,008	(8,214)	-7.4%
Property Tax Reimbursements	358,510	399,650	(41,140)	-10.3%	498,980	601,005	(102,026)	-17.0%
Debt Service	237,970	375,135	(137,165)	-36.6%	411,460	761,147	(349,687)	-45.9%
Total Expenditures & ISTV's	3,089,278	3,077,286	11,992	0.4%	10,277,763	9,308,938	968,825	10.4%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	670	8,198	(7,528)	-91.8%	411,398	656,601	(245,204)	-37.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	670	8,198	(7,528)	-91.8%	411,398	656,601	(245,204)	-37.3%
Total Fund Uses	3,089,948	3,085,484	4,464	0.1%	10,689,161	9,965,540	723,621	7.3%

FUND BALANCE

The Office of Budget and Management (OBM) continues to track national and state economic indicators and review tax revenue performance. To provide additional opportunity to collect and analyze data, OBM has decided to release the fiscal year 2021 General Revenue Fund ending balance estimate in an upcoming Monthly Financial Report.

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