

November 10, 2020

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

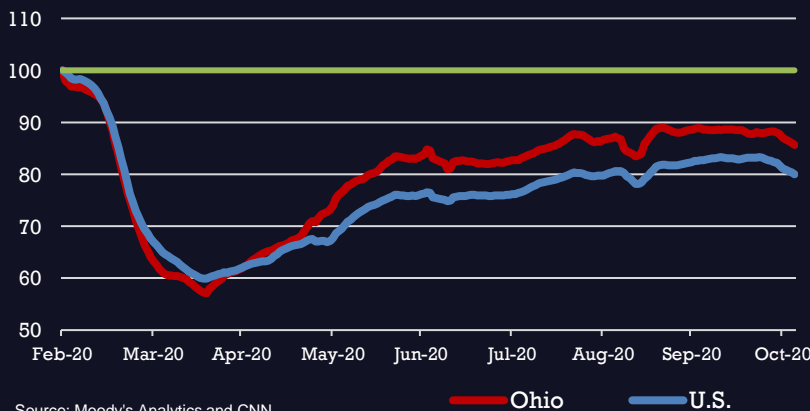
FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report



Report Overview:

Back-to-Normal Index



Source: Moody's Analytics and CNN

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 November 4, 2020, the national index was at 80.0 percent, while Ohio's index was at 85.7 percent. In recent weeks, the pace of economic recovery has leveled off. Ohio is currently the 5th highest ranking state on this index.



GRF non-auto sales and use tax collections in October totaled \$837.5 million and were \$77.0 million (10.1%) above the budgeted estimate. October revenues continued to perform at a greater level than would normally be expected from an economy which is still in the process of recovery. A probable factor for this continued growth is a shift in consumption toward taxable goods and away from service industries.



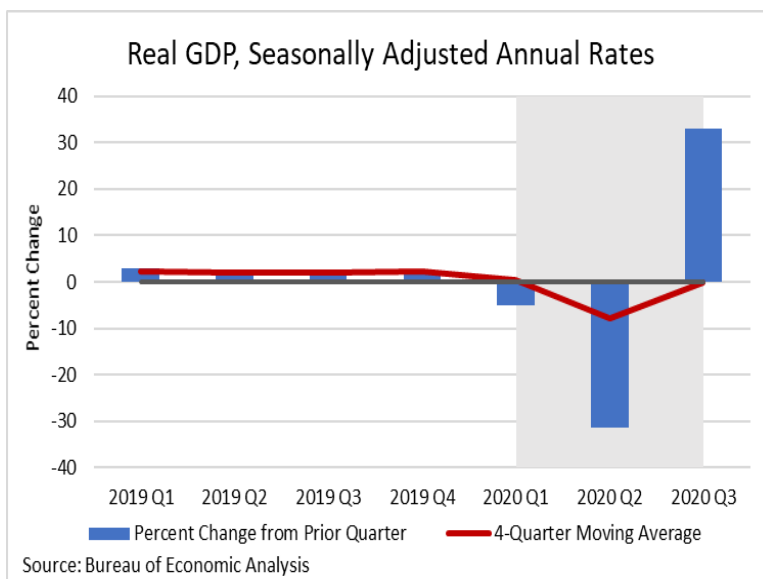
The U.S. Bureau of Labor Statistics reported that total nonfarm payroll employment increased nationally by 638,000 in October. This is the sixth straight month of increases; however, the increases in October were smaller than the gains in the prior five months. Nonfarm employment remained 6.6 percent (10.7 million jobs) lower than in February.



The consensus among forecasters suggests that the economy will continue to grow in the fourth quarter of calendar year 2020. With most forecasts falling within the range of 1.5 to 3.8 percent, a more modest rate of growth is expected. The Wall Street Journal's October Survey of Economists found that most respondents did not expect GDP to fully recover to the levels seen in the fourth quarter of 2019 until the fourth quarter of 2021.

Economic Activity

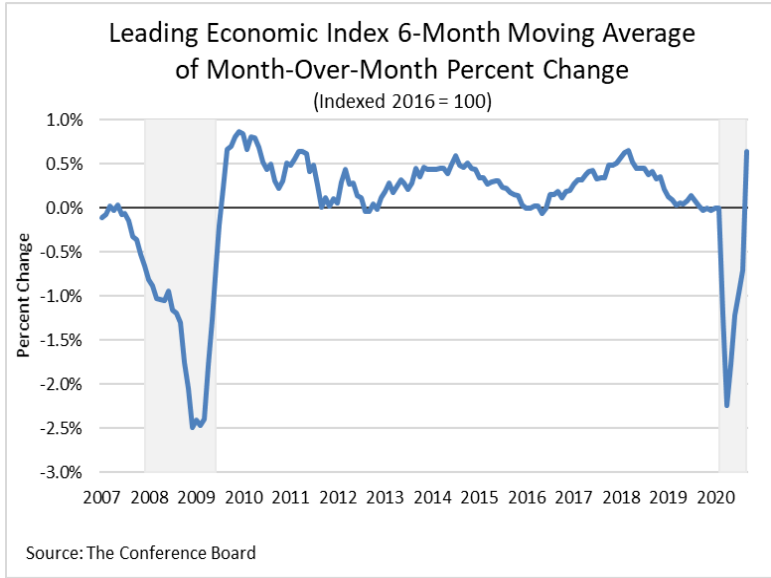
According to the Bureau of Economic Analysis (BEA)'s advanced estimate **Real Gross Domestic Product (GDP)** expanded in the third quarter of the calendar year at an annualized rate of 33.1 percent. This followed the 31.4 percent decrease in the second quarter. The historic third quarter increase reflected ongoing efforts to reopen businesses and resume activities that had been restricted while managing the effects of the COVID-19 Pandemic. While the BEA uses annualized rates to allow comparisons to previous years, that comparison was less useful for both the second and third quarter of 2020. In the third quarter of 2020, Real GDP declined 2.9 percent compared to the third quarter of 2019.



The third-quarter increase in real GDP resulted from increases in personal consumption expenditures (25.7%), private inventory investment (6.6%), exports (4.9%), nonresidential fixed investment (2.9%), and residential fixed investment (2.1%). These increases were partially offset by decreases in federal government spending (-0.4%) and state and local government spending (-0.3%). 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 8.0 percent.

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 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 November 4, 2020, the national index was at 80.0 percent, while Ohio's index was 5.7 percentage points ahead of the national average at 85.7 percent. Both indices increased substantially from their low points at the end of April; however, growth in recent months slowed and, in the last week, decreased. Despite the recent decrease, Ohio currently has the 5th highest ranking on this index among the states.

The Federal Reserve's Beige Book evaluates current economic conditions across its 12 districts. According to this report, the economy in the Fourth District, which includes Ohio, expanded at a moderate pace since the beginning of September. Although many firms increased staffing to keep pace with increasing demand, labor shortages existed as workers chose not to return to the labor force. Auto dealers reported continued strong sales in August and September, but general merchandisers and apparel retailers indicated that sales flattened out during that time. Looking ahead respondents noted cautious optimism that consumer spending would continue to recover.



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 September, the LEI increased 0.7 percent, after a 1.4 percent increase in August and a 2.0 percent increase in July. The increase in the LEI in September resulted from declining unemployment claims and rising housing permits. However, the declining rate of growth over the last four months, suggests that the economic recovery may be moderating.

Produced by the National Federation of Independent Business (NFIB), the **Small Business Optimism Index** surveys a sample of small-business owners to determine the health of the small businesses each month. The national index rose 3.8 points in September to a historic high of 104.0. However, uncertainty among the survey respondents remained high. Nine of the ten index components improved in September compared to August, while the expected credit conditions measure declined. Some small businesses continued to struggle to operate at full capacity while navigating state and local COVID-19 regulations and are uncertain about the future.

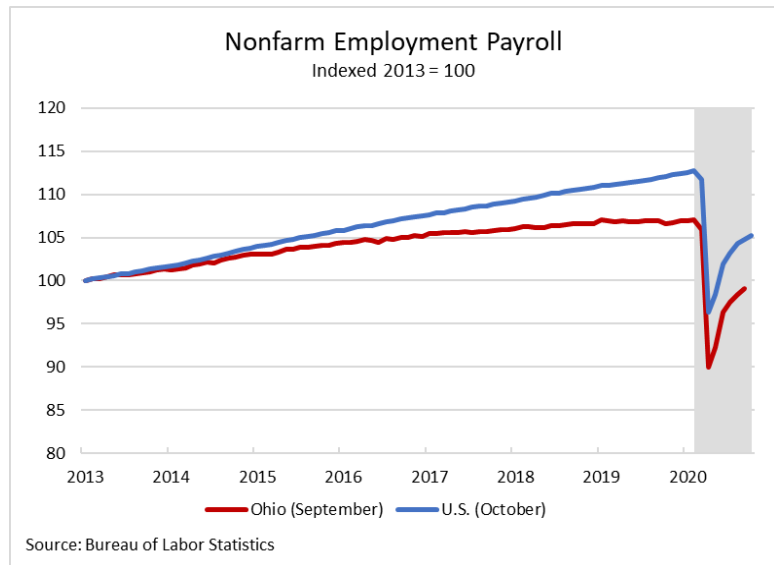
The Ohio economy expanded slightly more in September than it did in August. The **state-level coincident economic index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased 1.3 percent in September and 2.2 percent over the last three months. For comparison, the U.S. coincident index increased 0.5 percent between August and September, and 2.3 percent over the last three months. Between August and September, the indexes increased in 39 states, decreased in eight states and remained stable in three. This resulted in a one-month diffusion index of 62. Between July and September, the indexes increased in 48 states and decreased in two state for a three-month diffusion index of 92.

Source	Date	4 th Quarter GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	11/02/20	3.4%
Federal Reserve Bank of New York (NowCast)	10/30/20	3.2%
IHS Markit GDP Tracker	11/06/20	3.8%
Moody’s Analytics Baseline Model	10/20/20	1.5%
Wells Fargo	10/07/20	6.1%
Conference Board	10/14/20	1.5%
Wall Street Journal Survey	10/01/20	-3.8%

The consensus among forecasters suggests that the economy will continue to grow in the fourth quarter of calendar year 2020. With most estimates falling within the range of 1.5 to 3.8 percent, a more modest growth is expected. The Wall Street Journal’s October Survey of Economists found that most respondents did not expect GDP to fully recover to the levels seen in the fourth quarter of 2019 until the fourth quarter of 2021.

Employment

The U.S. Bureau of Labor Statistics reported that total **nonfarm payroll employment** increased by 638,000 in October. This is the sixth straight months of increases; however, the increases were smaller than the gains in the prior five months. Nonfarm employment remained 6.6 percent (10.7 million jobs) lower than in February. Improvements in the labor market were attributed to the resumption of economic activity on hold due to the pandemic.



Job gains in October were the highest in the **leisure and hospitality** sector, which increased by 271,000. Over two-thirds of this increase occurred in food services and drinking locations which added 192,000 jobs. Leisure and hospitality added 4.8 million jobs since April, but employment remained down from February levels by 3.5 million. **Professional and business services** added 208,000 jobs in October with about half of the gain in temporary help services (109,000). Employment in professional and business services is 1.1 million below February levels. **Retail trade** added 104,000 jobs in October with about one-third of gains in electronics and appliance stores. Since April, retail trade rose 1.9 million but remained 499,000 below February levels. Employment in **health care and social assistance** increased by 79,000 in October but remained 950,000 lower than in February. In October the **other services industry** category added 47,000 but was 271,000 below its February level. **Financial activities** increased by 31,000 in October but remained 129,000 lower than in February.

In October, **construction** added 84,000 jobs. Over the last six months 789,000 construction jobs were added but the category remained down by 294,000 since February. Employment in **transportation and warehousing** rose by 63,000 in October but remained 271,000 below its February level. **Manufacturing** employment increased by 38,000 jobs in October but was 621,000 below the February level. There was little change in October in wholesale trade and mining.

The **government** sector decreased 268,000 jobs in October. The largest decline in this sector was in federal government jobs, which decreased by 138,000. This large decline in employment was attributed to the reduction of temporary Census 2020 employees. Local government education was reduced by 98,000 jobs and state government education declined by 61,000 jobs.

The national **labor force participation rate** in October increased by 0.3 percentage points to 61.7 percent and remains 1.7 percentage points below the February level. The **employment-population ratio** increased in October by 0.8 percentage points to 57.4 percent. This ratio remains 3.7 percentage points lower than in February.

Ohio nonfarm payroll employment increased 0.8 percent from August to September, to 5.2 million jobs. Despite this increase, nonfarm employment remained down 7.2 percent from September 2019. Sectors with the greatest job increases between August and September included leisure and hospitality (12,400); professional and business services (9,600); trade, transportation, and utilities (5,600); government (3,100); manufacturing (3,100); education and health services (2,800); and other services (2,800). Even with these gains, employment in all sectors were below September 2019 levels due to the economic effects of the pandemic.

The Bureau of Labor Statistics reported that the national unemployment rate declined to 6.9 percent in October, a 1.0 percentage point decline from September. Nationally, the number of unemployed individuals fell by 1.5 million to 11.1 million. However, despite declines for the past six months, compared to February the unemployment rate remained 3.5 percentage points higher and the number of unemployed persons remained 5.8 million higher.

Unemployment rates for the month decreased for all demographic groups. In October, the unemployment rate for adult men declined to 6.7 percent, for adult women to 6.5 percent, and for teenagers to 13.9 percent. In October, individuals who identify as Black had an unemployment rate of 10.8 percent, Hispanic 8.8 percent, Asian 7.6 percent, and White 6.0 percent.

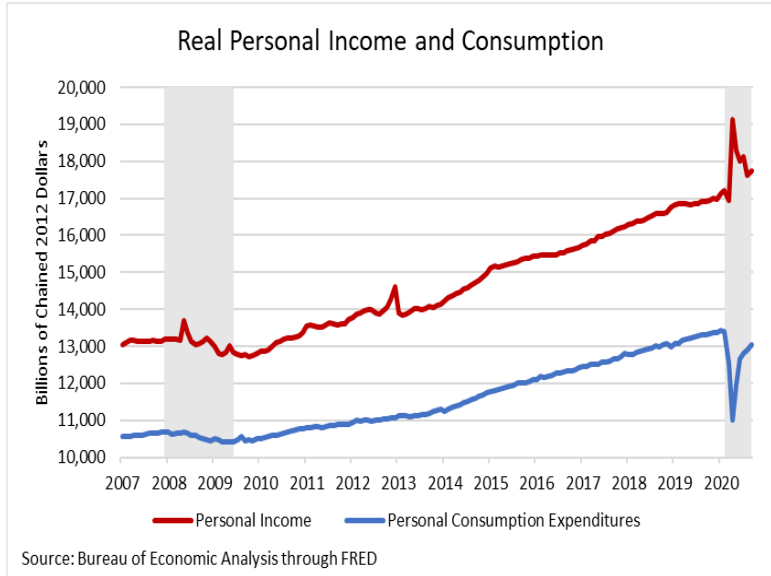
Of those people that were unemployed, the number that were on **temporary layoff** decreased by 1.4 million in October to 3.2 million. This was down significantly from the high of 18.1 million in April but remained 2.4 million higher than in February. The number of people with **permanent job losses** changed little (-72,000) between September and October to 3.7 million and remained 2.4 million higher than in February.

Unemployed individuals who were **jobless for less than 5 weeks** was relatively unchanged at 2.5 million (-2.0%), and those who were **jobless 5 to 14 weeks** decreased by 457,000 (-16.7%) to 2.3 million. Those **jobless 15 to 26 weeks** decreased by 2.3 million (-46.8%) to 2.6 million. Unemployed individuals that were long-term unemployed and **jobless 27 weeks or more** increased by 1.2 million (47.9%) to 3.6 million.

The **Ohio unemployment rate** decreased to 8.4 percent in September, a 0.5 percentage point drop compared to the August rate. During the week ending October 24, 2020, 21,263 initial unemployment claims were filed. This was a 92.2 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 October 24, 2020, in which 161,221 individuals filed continued claims. However, 104,392 people filed for extended benefits during the same week; these individuals were unemployed for 26 or more weeks. As of November 5, 2020, the Ohio Department of Job and Family Services received Worker Adjustment and Retraining Notification (WARN) Act notices warning 285 employees of potential future layoffs and closures in November and 287 in December.

Consumer Income and Consumption

Nationally, **personal income** increased by \$170.3 billion (0.9%) in September. This increase in personal income was a result of increased activity in proprietors' income (5.1%), compensation of employees (0.8%), and rental income of persons (1.0%). This helped to offset the decline in government social benefits. Within the compensation category, government wage and salary disbursements decreased \$7.4 billion in September following an increase in August. There was a continued decrease in unemployment insurance benefits with the leading contributor being the



Federal Pandemic Unemployment Compensation program. This program, which temporarily provided a supplemental payment of \$600 a week to those receiving unemployment benefits ended on July 31. The other social benefit program category increased due to an increase in Lost Wage Supplemental payments. This program administered by Federal Emergency Management Administration provided wage assistance to individuals unemployed as a result of the COVID-19 pandemic between August 1 and September 5, 2020.

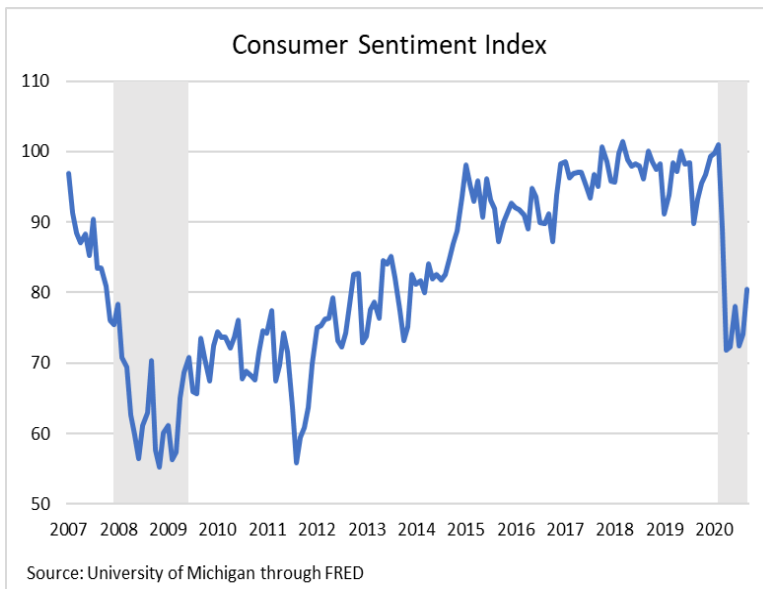
Consumer Spending by Industry, for Select Industries (\$ in Millions of Chained 2012 dollars)

	August 2020	September 2020	1-Month Percent Change	12-Month Percent Change
Durable Goods	\$2,008,361	\$ 2,066,003	2.9%	14.3%
Motor Vehicles and Parts	\$ 574,807	\$ 600,551	4.5%	10.8%
Recreational goods and vehicles	\$ 733,018	\$ 756,614	3.2%	24.8%
Furnishings and durable household equipment	\$ 451,934	\$ 456,928	1.1%	10.3%
Nondurable goods	\$ 3,116,286	\$ 3,170,807	1.8%	5.1%
Clothing and footwear	\$ 391,360	\$ 422,625	8.0%	3.0%
Gasoline and other energy goods	\$ 402,749	\$ 409,887	1.8%	-7.3%
Services	\$ 7,937,341	\$ 7,998,378	0.8%	-6.5%
Recreational Services	\$339,579	\$360,549	6.2%	-28.3%
Health care	\$2,094,024	\$ 2,138,753	2.1%	-4.6%
Food services and accommodations	\$693,058	\$699,799	.97%	-17.4%

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

Real personal consumption expenditures, a measure of national consumer spending for goods and services, increased 1.2 percent (\$159.2 billion) between August and September. This change resulted from an increase of \$109.9 billion in spending on goods of which clothing and footwear, and motor vehicles and parts were leading contributors. Durable goods increased 1.2 percent and nondurable goods increased 1.8 percent in September. Spending for services increased \$61.0 billion with the largest increase in health care, which was led by outpatient services and recreational services.

Personal saving decreased 2.6 percent in September compared to August, marking the fifth month of declines after a substantial increase in April; however, personal saving remains above the February level by 80.9 percent. Personal saving as a percentage of disposable personal income, the personal saving rate, was 14.3 percent. This was a decrease of 0.5 percentage points from August to September.



The latest survey results indicated that consumer sentiment continued to improve slightly. In October, the **University of Michigan’s Consumer Sentiment Index** increased 1.4 points to 81.8. This was a 1.7 percent increase from September but a 14.3 percent decline from October 2019. The Consumer Expectations Index increased 3.6 points from last month to 79.2. This was a 4.8 percent increase from September but a 5.9 percent decline from October 2019. Survey respondents reported an increased level of uncertainty with the rise of COVID-19 infection rates and tension leading up to the election.

The Conference Board’s **Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, decreased 0.4 percentage points in October to 100.9. This small decline followed a substantial increase in September. The Conference Board’s **Present Situation Index** measures consumers’ current assessment of business and labor market conditions increased 5.8 percentage points from 98.9 in September to 104.6 in October. The Conference Board’s **Expectation Index** is based on consumers short term outlook for the economy. In October it decreased to 98.4 from 102.9 in September; a 4.4 percentage point decrease.

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, October 2020 throughput remained 64.5 percent lower than last year.

For the week ending October 24, 2020, STR reported an occupancy rate of just 48.0 percent, a 31.7 percent decline compared to the same week in 2019. The average daily rate earned for an occupied room declined 29.4 percent compared to the same week in 2019. Revenue per available room also declined 51.8 percent in a year-over-year comparison. All three metrics have increased since April, and in October weekly data showed occupancy reached 50% for the second time since the industry's low point.

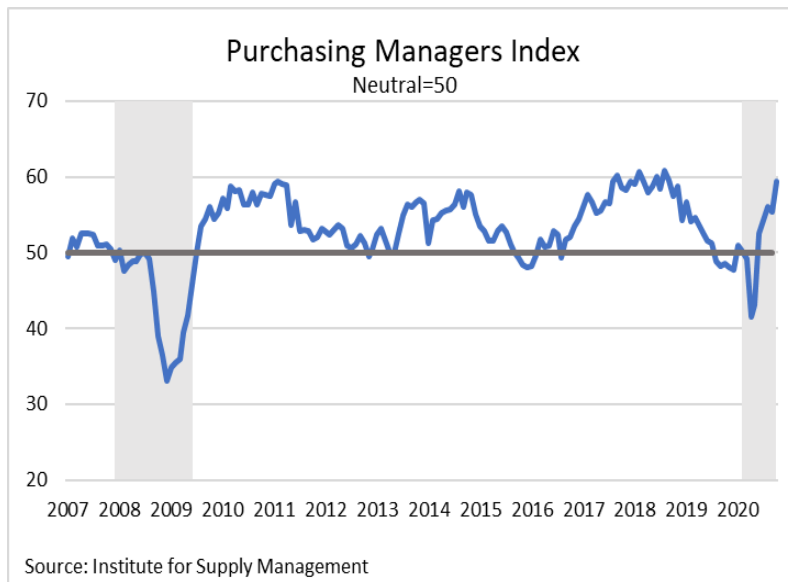
Commercial vehicle miles traveled on the Ohio Turnpike increased 8.2 percent compared to October of last year. However, passenger vehicle miles traveled declined 4.8 percent between September and October and were 16.3 percent lower than October 2019.

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** decreased 0.5 percent in September, the first decline after four months of increases. While the index had recovered more than half of its pandemic decline, it remained 7.1 percent below its February level and 7.3 percent below September 2019. **Manufacturing production** decreased in September by 0.3 percent and was 6.4 percent below February's level.

The durable goods manufacturing industry index decreased by 0.5 percent in September, while the index for nondurable goods production stayed the same. The output of utilities decreased 5.6 percent in September as demand for air conditioning declined more than usual.

Some of Ohio's top manufacturing industries made small gains in September compared to August. Aerospace and miscellaneous transportation and equipment increased production by 4.6 percent, primary metal manufacturing and fabricated metals products both increased by 1.7, and plastics and rubber products and chemicals both increased by 0.7 percent. These gains were partially offset by the productivity in motor vehicles and parts, which decreased another 4.0 percent in September, after very strong gains between May and July. The production of petroleum and coal decreased by 3.5 percent; and both food, beverage and tobacco production and machinery decreased by 0.4 percent. Production of electrical equipment and appliances decreased by 0.2 percent.



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 October, the PMI for the United States increased to 59.3 percent, compared to 55.4 in September 2020. This is the highest the PMI has been since September 2018. This increase represents an overall expansion of the economy for the

sixth month in a row after the significant contraction in April.

The new orders index increased 7.7 percentage points to 67.9 percent and the production index was up 2.0 percentage points to 63.0 percent. The backlog of orders index rose 0.5 percentage points to 55.7 percent. The inventories index increased 4.8 percentage points to 51.9 percent compared to September. These changes provide evidence that manufacturing continues to recover since the COVID-19 stay-at-home orders were lifted.

Of the 18 industries tracked by the Manufacturing ISM[®] *Report on Business*, 15 reported growth between September and October. All ten industries that are most important to Ohio manufacturing reported gains with fabricated metals; food, beverage and tobacco products; and plastics and rubber products reporting the highest growth.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggest that the manufacturing industry was returning to normal, amidst ongoing struggles with COVID-19. A source in the fabricated metal products industry noted that they, “continue to see increases in customer demand. We are not back to pre-COVID-19 levels but are continually improving.” A respondent in the machinery industry said, “Business is almost back to normal levels; however, customers are still cautious with capital spending.”

Construction

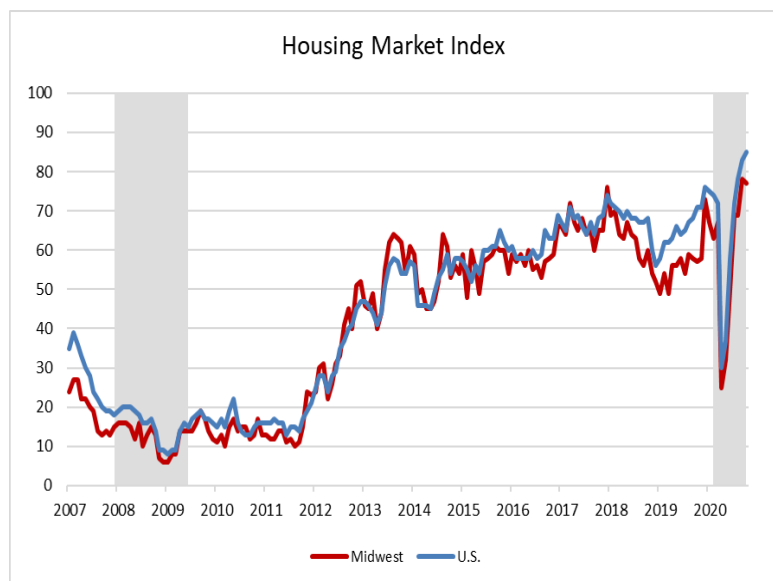
The U.S. Census Bureau estimated **total construction spending** at a seasonally adjusted annual rate of \$1.4 trillion, which was a 0.3 percent increase from August. The September estimate remains 1.5 percent above that of September 2019. In September spending on private sector construction was at a seasonally adjusted rate of \$1.1 trillion, which was a 0.9 percent increase above August. Residential construction increased 2.7 percent in September while nonresidential construction decreased 1.6 percent between August and September.

Public sector construction spending in September was at a seasonally adjusted annual rate of \$339.1 billion, a 1.7 percent decrease compared to August. In September, highway construction was down 5.4 percent from August and 6.3 percent compared to September 2019. Conservation and development spending decreased 7.2 percent compared to August, and 18.6 percent compared to September 2019.

Nationally, in September 2020 the number of privately-owned housing units approved increased by 4.7 percent from August and were 7.5 percent above September 2019 levels. In Ohio, building permits for privately owned units increased 9.1 percent between August and September 2020, and were 10.5 percent above permits issued in September 2019. Nationally, privately-owned housing starts in September increased 1.9 percent compared to August but were 11.1 percent above the September 2019 level. Midwest privately-owned housing starts fell 32.7 percent from August but increased 4.4 percent from September 2019. Nationally, privately-owned housing completions increased 15.3 percent in September and were 25.8 percent above the September 2019 level. Privately-owned housing completions in the Midwest increased 24.5 percent compared to August and were 11.2 percent above the August 2019 level.

The National Association of Home Builders reported newly built single-family home sales decreased 3.5 percent to 959,000 compared to the revised August numbers. Despite this decline, September's levels were 32.1 percent higher than last year. Existing home sales, as reported by the National Association of Realtors, continued to rise in September for the fourth consecutive month. Sales have increased 9.4 percent from the prior month to a seasonally adjusted rate of 6.5 million and an increase of 20.9 percent from a year ago. Sales in the Midwest grew 7.1 percent in September and increased 14.8 percent from September 2019. According to the Ohio Realtors, activity in the Ohio housing market strongly increased in September with sales rising 18.1 percent from September 2019. The average home price in Ohio in September was \$224,081, a 15.7 percent increase compared to September last year.

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 October to 85 from 83 in September, a 2.4 percent increase. This was the sixth month of increasing HMI levels and the second month the index has been above 80. This suggests more favorable housing market conditions. In the Midwest, the HMI decreased from 78 in September to 77 in October.



REVENUES

October GRF tax revenues appear to have rebounded modestly from the September results, with most sources exceeding estimate during October. The overall result was a \$84.8 million positive variation from estimated tax revenues; this represents a 4.3 percent overage, which is at a rate close to the 4.2 percent year-to-date positive variation. Non-auto sales tax demonstrated the strongest performance for the month, while auto sales tax revenues remained quite vibrant if somewhat less so than the immediately preceding months. The employer withholding component of the personal income tax continued to show solid, steady performance in October.

October total GRF receipts totaled \$3.1 billion and were \$179.6 million (-5.5%) below estimate. Tax revenues were \$84.8 million (4.3%) above estimate. In contrast, non-tax receipts were \$264.4 million (-19.7%) below estimate due primarily to Federal grants being \$269.2 million (-20.3%) 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	\$347.2	4.2%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$372.8)	-7.1%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$1.9	2.4%
TOTAL REVENUE VARIANCE:		(\$23.7)	-0.2%
Non-federal revenue variance		\$367.7	4.4%
Federal grants variance		(\$391.4)	-7.6%

For October, revenues and transfers were \$219.9 million (7.6%) above the previous year. Tax receipts increased by \$34.5 million (1.7%) while non-tax receipts increased by \$185.5 million (20.8%). For the year-to-date, tax receipts are \$857.0 million (11.0%) above last year and non-tax receipts are \$1.2 billion (34.5%) over the prior year. Transfers are \$4.3 million (5.7%) above last year on a year-to-date basis.

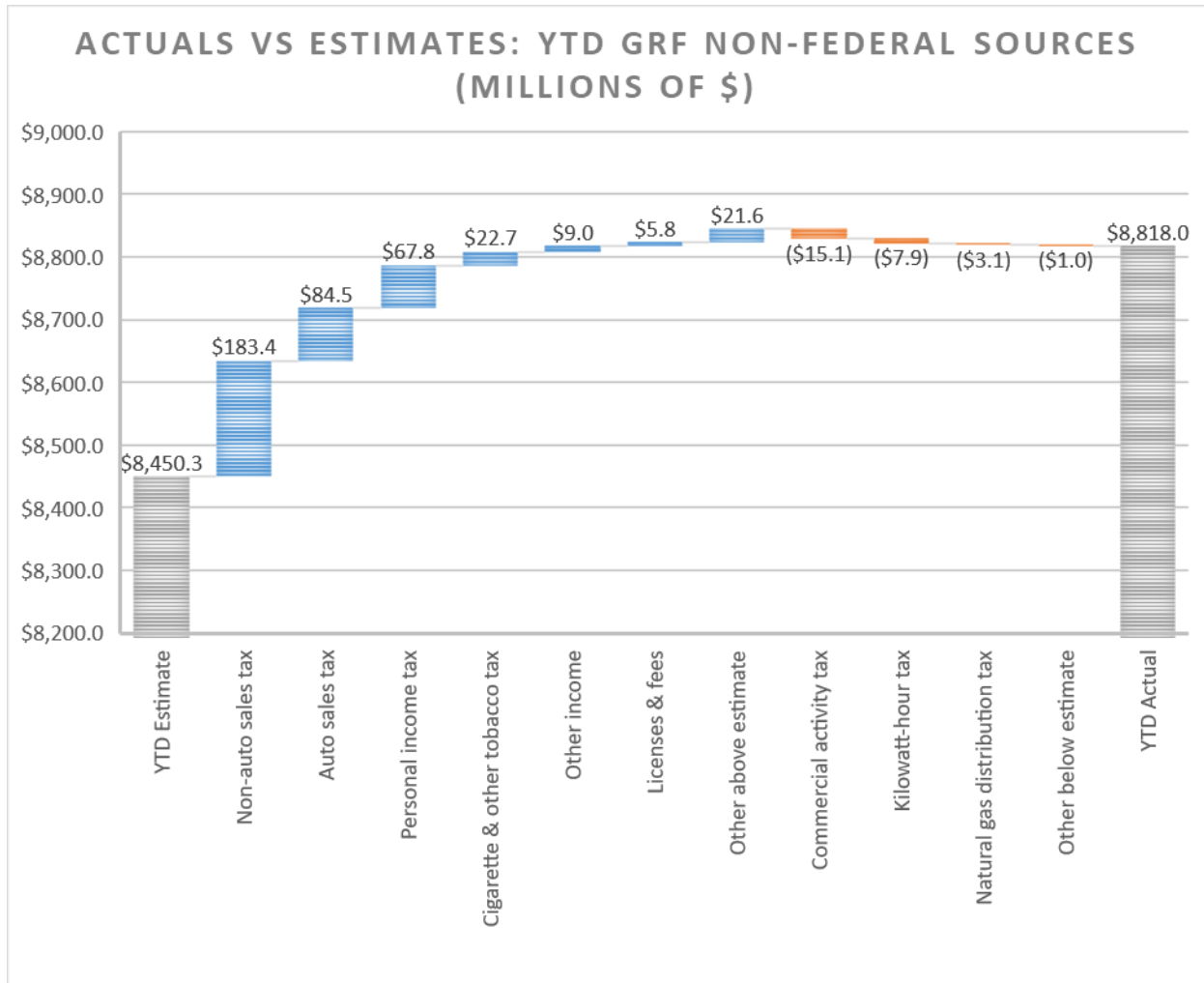
During October, the source with the largest year-over-year increase was Federal grants, at \$208.3 million (24.6%) above last year. The next-largest increases were non-auto sales tax at \$34.8 million (4.3%) and commercial activity tax at \$14.2 million (20.5%). The largest decline was experienced by earnings on investments at \$23.7 million (-57.5%) and personal income tax at \$18.7 million (-2.6%).

The table below shows that sources below estimate (a negative variance of \$288.3 million) in October outweighed the size of revenue overperformers (an overage of \$108.8 million), resulting in a \$179.6 million net negative variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto sales tax	\$77.0	Federal grants	(\$269.2)
Commercial activity tax	\$8.4	Personal income tax	(\$16.4)
Auto sales tax	\$7.0	Other sources below estimate	(\$2.7)
Foreign insurance tax	\$5.7		
Earnings on investments	\$3.8		
Other sources above estimate	\$6.8		
Total above	\$108.8	Total below	(\$288.3)

(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 \$367.6 million. The chart shows that non-auto sales tax accounts for one-half of the current overage.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in October totaled \$837.5 million and were \$77.0 million (10.1%) above the estimate. To briefly recap the fiscal year to date, July revenue came in at a record-breaking 11.4 percent overperformance relative to estimate, August demonstrated a modest 2.9 percent overage, and the September results were 1.8 percent below estimate. Across all four months of the fiscal year, revenues are now \$183.4 million (5.8%) above estimate. October non-auto sales tax revenue was \$34.8 million (4.3%) above the prior year, while year to date revenue is \$199.6 million (6.4%) above fiscal year 2020. Although October's 10.1 percent overage implies very strong performance on a scale similar to July, this is tempered by year-over-year growth of 4.3 percent. To some extent, the month's positive variation from estimate could be due to an apparent shift in the timing of consumption and payment patterns, with more revenue occurring in October than had been anticipated from earlier historical patterns.

Anticipated payment patterns aside, October revenues continued to perform at a greater level than would normally be expected from an economy which is still in the process of recovery. As cited in various preceding editions of this report, a probable factor 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. 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 October; such declines ranged from -23 percent to -49 percent in the partial October data. 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 21 percent in partial October data: the great majority of sales by these retailers are subject to Ohio sales tax. Worth noting, however, is that several retailer categories showed slower growth in October compared to the prior month. Adaptation to the current public health environment likely plays an important part in explaining these changes across retail and service categories. To the extent 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.

Auto Sales Tax

October auto sales tax revenues were \$138.8 million. Sales tax revenue in October was \$7.0 million (5.3%) above estimate but was \$5.5 million (-3.8%) below last October. This marks five successive months in which auto sales tax has exceeded estimate. June through October 2020 combined represent an \$118.5 million overage relative to estimate and this overage makes up for 94 percent of the \$125.7 million shortfall accumulated during the March through May period.

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 October reached an estimated 17.1 million units. This represents 3.5 percent growth from September, and one percent growth from the prior year. Although generally useful as a barometer of the health and direction of the motor vehicle sales, U.S. light vehicle unit monthly sales growth data typically do not track closely with Ohio auto sales tax performance.

Although October implies a year over year slowdown (in contrast to the large gains posted during the June through September period), October 2019 auto sales tax revenue was unusually strong and there was one less pay-in day this year. Considering the outsized level of last year's revenue, this October's performance does not necessarily reflect the start of a downward drift. Even so, OBM will continue to monitor auto sales tax revenue during the next several months, which will be particularly important in demonstrating whether possible recent upward influences on revenues — such as federal fiscal stimulus policies, pent-up demand, and behavioral responses to current public health circumstances (e.g., private transportation as a substitute for ride sharing and public transport) — may begin to dissipate.

Personal Income Tax

October GRF personal income tax receipts totaled \$697.6 million and were \$16.4 million (-2.3%) below the estimate. On a year-over-year basis, October income tax collections were \$18.7 million (-2.6%) below October 2019 collections.

Similar to September, the October withholding tax collections fell slightly short of expectations. For October, withholding tax payments were \$7.7 million (-1.0%) below estimate and are \$10.6 million (-0.4%) below estimate for the year-to-date. Withholding tax payments declined by \$46.0 million (-5.8%) in October compared to last year. However, a year-over-year comparison is obscured by the four percent reduction in withholding tax rates, as well as one extra pay-in day last October (22 days last year compared to 21 this year). Applying a rate adjustment and factoring in an additional average daily payment to reflect 22 days, monthly employer withholding payments in October would have increased by an estimated 1.1 percent. Year-to-date growth would have been just over 2 percent without the rate reduction. As noted previously, any increase in rate-adjusted withholding tax collections is notable when the labor market remains in its current impaired condition. Yet it is also apparent that employer withholding has not gathered notable momentum over the last three months.

Taxpayers that choose to make a full extension of their taxable year 2019 annual return filing deadline were required to file the return in October. However, because payments were required to have been made by July 15, only a modest amount of revenue was anticipated during October. Annual return payments almost exactly matched the October estimate, exceeding the anticipated amount by just \$0.3 million (0.5%).

After exceeding the September estimate by \$8.5 million, estimated payments in October were \$9.4 million (27.1%) below estimate. Estimated payments are now \$43.3 million (11.5%) above estimate for the year. October collections were \$1.1 million (4.5%) above the prior year. Combined September and October estimated payments are \$12.6 (-5.1%) below last year, but considering the pandemic and the historic economic challenges occurring this year (as well as the fact that 2019 was a strong year for estimated payments), the recent performance of this payment stream is impressive.

Refunds were quite close to estimate, falling \$1.8 million short of the anticipated level. For the fiscal year-to-date, refunds are \$49.2 (-9.9%) below estimate.

OCTOBER PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Actual October	Estimate October	\$ Var	Actual October- 2020	Actual October- 2019	\$ Var Y-Over-Y
Withholding	\$753.0	\$760.7	(\$7.7)	\$753.0	\$799.0	(\$46.0)
Quarterly Est.	\$25.3	\$34.7	(\$9.4)	\$25.3	\$24.2	\$1.1
Annual Returns & 40 P	\$54.6	\$54.3	\$0.3	\$54.6	\$60.8	(\$6.2)
Trust Payments	\$4.5	\$4.4	\$0.1	\$4.5	\$5.1	(\$0.6)
Other	\$4.9	\$7.0	(\$2.1)	\$4.9	\$7.0	(\$2.1)
Less: Refunds	(\$110.3)	(\$112.1)	\$1.8	(\$110.3)	(\$146.2)	\$35.9
Local Distr.	(\$34.4)	(\$35.0)	\$0.6	(\$34.4)	(\$33.7)	(\$0.8)
Net to GRF	\$697.6	\$714.0	(\$16.4)	\$697.0	\$716.3	(\$18.7)

(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)

October revenues were \$8.4 million (11.2%) above estimate. For the year to date, the source is \$15.1 million (-3.4%) below estimate. In addition, CAT revenue in October was \$14.2 million (20.5%) above last year. Following a quarter in which CAT revenue performed below estimate, October shows potential evidence of a better outcome for the second quarter of fiscal year 2021. Although November revenue will be far larger than October and therefore constitutes a more significant month for the quarter (November is the month during which payments are due), payments during the month preceding the due date can serve as a good bellwether for quarterly performance. Meanwhile, the October results make up for some of the downturn that occurred during the July-September period, which reflected economic activity during the second quarter of calendar year 2020 when the economic decline was the steepest and swiftest in modern U.S. history.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$1.1 billion and were \$264.4 million (-19.7%) below estimate for the month of October. The negative variance was driven by the Federal Grants category, which was \$269.2 million (-20.3%) below estimate. This negative variance coincides with a negative Medicaid disbursement variance discussed in the disbursement section of this report.

Preliminary

11/2/2020

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL OCTOBER	ESTIMATE OCTOBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	837,486	760,500	76,986	10.1%	3,327,643	3,144,200	183,443	5.8%
Auto Sales & Use	138,843	131,800	7,043	5.3%	626,066	541,600	84,466	15.6%
Subtotal Sales & Use	976,329	892,300	84,029	9.4%	3,953,709	3,685,800	267,909	7.3%
Personal Income	697,610	714,000	(16,390)	-2.3%	3,603,427	3,535,600	67,827	1.9%
Corporate Franchise	16	0	16	N/A	287	0	287	N/A
Financial Institutions Tax	(12,174)	(13,600)	1,426	10.5%	(16,152)	(20,700)	4,548	22.0%
Commercial Activity Tax	83,502	75,100	8,402	11.2%	431,101	446,200	(15,099)	-3.4%
Petroleum Activity Tax	0	0	0	N/A	878	1,900	(1,022)	-53.8%
Public Utility	4,015	3,000	1,015	33.8%	35,355	34,800	555	1.6%
Kilowatt Hour	30,056	30,500	(444)	-1.5%	112,236	120,100	(7,864)	-6.5%
Natural Gas Distribution	29	600	(571)	-95.1%	13,720	16,800	(3,080)	-18.3%
Foreign Insurance	168,815	163,100	5,715	3.5%	175,660	171,500	4,160	2.4%
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	76,803	77,600	(797)	-1.0%	272,796	250,100	22,696	9.1%
Alcoholic Beverage	5,692	3,900	1,792	45.9%	21,238	18,300	2,938	16.1%
Liquor Gallonage	4,642	4,000	642	16.1%	19,381	16,900	2,481	14.7%
Estate	0	0	0	N/A	12	0	12	N/A
Total Tax Receipts	2,035,335	1,950,500	84,835	4.3%	8,624,487	8,277,300	347,187	4.2%
NON-TAX RECEIPTS								
Federal Grants	1,056,255	1,325,494	(269,239)	-20.3%	4,743,542	5,134,970	(391,428)	-7.6%
Earnings on Investments	17,576	13,750	3,826	27.8%	17,576	13,750	3,826	27.8%
License & Fees	2,600	737	1,863	252.9%	14,096	8,338	5,759	69.1%
Other Income	768	1,676	(908)	-54.2%	81,983	72,997	8,986	12.3%
ISTV'S	65	0	65	N/A	71	0	71	N/A
Total Non-Tax Receipts	1,077,263	1,341,657	(264,394)	-19.7%	4,857,268	5,230,054	(372,786)	-7.1%
TOTAL REVENUES	3,112,598	3,292,157	(179,559)	-5.5%	13,481,755	13,507,354	(25,599)	-0.2%
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	3,112,598	3,292,157	(179,559)	-5.5%	13,561,587	13,585,286	(23,699)	-0.2%

Preliminary

11/2/2020

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	OCTOBER	OCTOBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2021	FY 2020	VAR	VAR	FY 2021	FY 2020	VAR	VAR
TAX RECEIPTS								
Non-Auto Sales & Use	837,486	802,643	34,843	4.3%	3,327,643	3,128,047	199,596	6.4%
Auto Sales & Use	138,843	144,389	(5,546)	-3.8%	626,066	563,002	63,064	11.2%
Subtotal Sales & Use	976,329	947,032	29,297	3.1%	3,953,709	3,691,049	262,660	7.1%
Personal Income	697,610	716,303	(18,693)	-2.6%	3,603,427	2,998,430	604,996	20.2%
Corporate Franchise	16	23	(7)	-28.7%	287	(4)	291	8217.3%
Financial Institutions Tax	(12,174)	(17,282)	5,107	29.6%	(16,152)	(26,788)	10,636	39.7%
Commercial Activity Tax	83,502	69,275	14,227	20.5%	431,101	468,707	(37,605)	-8.0%
Petroleum Activity Tax	0	0	0	N/A	878	1,796	(918)	-51.1%
Public Utility	4,015	2,794	1,221	43.7%	35,355	34,886	470	1.3%
Kilowatt Hour	30,056	29,314	743	2.5%	112,236	119,227	(6,991)	-5.9%
Natural Gas Distribution	29	534	(504)	-94.5%	13,720	13,304	417	3.1%
Foreign Insurance	168,815	166,510	2,304	1.4%	175,660	175,429	231	0.1%
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	76,803	77,616	(814)	-1.0%	272,796	257,005	15,791	6.1%
Alcoholic Beverage	5,692	4,675	1,017	21.8%	21,238	17,158	4,080	23.8%
Liquor Gallonage	4,642	4,029	614	15.2%	19,381	17,278	2,103	12.2%
Estate	0	0	0	N/A	12	38	(26)	-69.0%
Total Tax Receipts	2,035,335	2,000,823	34,512	1.7%	8,624,487	7,767,514	856,973	11.0%
NON-TAX RECEIPTS								
Federal Grants	1,056,255	847,981	208,274	24.6%	4,743,542	3,488,919	1,254,623	36.0%
Earnings on Investments	17,576	41,306	(23,731)	-57.5%	17,576	41,306	(23,731)	-57.5%
License & Fee	2,600	860	1,740	202.3%	14,096	9,465	4,631	48.9%
Other Income	768	1,639	(871)	-53.1%	81,983	71,351	10,632	14.9%
ISTV'S	65	2	62	2792.2%	71	20	52	262.2%
Total Non-Tax Receipts	1,077,263	891,789	185,475	20.8%	4,857,268	3,611,062	1,246,206	34.5%
TOTAL REVENUES	3,112,598	2,892,612	219,987	7.6%	13,481,755	11,378,576	2,103,179	18.5%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	67	(67)	N/A	79,832	75,548	4,284	5.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	67	(67)	N/A	79,832	75,548	4,284	5.7%
TOTAL SOURCES	3,112,598	2,892,679	219,919	7.6%	13,561,587	11,454,124	2,107,463	18.4%

DISBURSEMENTS

October GRF disbursements, across all uses, totaled \$2.9 billion and were \$418.2 million (-12.6%) below estimate. This variance was primarily attributable to below estimate disbursements in the Medicaid category. On a year-over-year basis, October total uses were \$115.5 million (-3.8%) lower than those of the same month in the previous fiscal year, with a decrease in the Primary and Secondary Education category 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)	(\$110.6)	-3.7%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	(\$5.0)	-98.5%
TOTAL DISBURSEMENTS VARIANCE:		(\$115.5)	-3.8%

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. October disbursements for this category totaled \$369.6 million and were \$57.5 million (18.4%) above estimate. This variance was primarily attributable to above estimated spending in the Foundation Funding and EdChoice Expansion line items as payments for certain scholarship programs were above estimate for the month. This timing of payments partially offset underspending for these line items in prior months. This above estimate spending was partially offset by below estimated disbursements for the Early Childhood Education line item as schools claimed reimbursements for prior year funds at a different rate than estimated.

Expenditures for the school foundation program totaled \$339.7 million and were \$49.2 million (16.9%) above estimate. Year-to-date disbursements were \$2.8 billion, which was \$16.9 million (-0.6%) below estimate. On a year-over-year basis, disbursements in this category were \$316.2 million (-46.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$96.6 million (-3.4%) lower than the same point in fiscal year 2020. The year-over-year variance was the result of one foundation payment occurring in October of fiscal year 2021 compared to two payments in fiscal year 2020.

Higher Education

October disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$191.0 million and were \$6.1 million (-3.1%) below the estimate for the month. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Scholarship Program, which was below estimate by a total of \$4.3 million due to lower than expected requests for reimbursement from higher education institutions. Another significant source of the variance was spending in the Adult Basic and Literacy Education (ABLE) state match line item, which was below estimate by a total of \$1.1 million due to requests from ASPIRE Centers being lower than anticipated.

Year-to-date disbursements were \$757.3 million and were \$12.5 million (-1.6%) below estimate. On a year-over-year basis, disbursements in this category were \$6.4 million (-3.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$18.1 million (2.5%) higher than at the same point in fiscal year 2020.

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.

October disbursements in this category totaled \$9.6 million and were \$0.2 million (-1.8%) below estimate. Year-to-date disbursements were \$35.0 million and were \$0.3 million (-1.0%) below estimate. On a year-over-year basis, disbursements in this category were \$3.5 million (57.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$2.8 million (-7.4%) lower than at the same point in fiscal year 2020.

Medicaid

Note: Medicaid 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 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

October GRF disbursements for the Medicaid Program totaled \$1.5 billion and were \$429.5 million (-22.8%) below estimate and \$176.6 million (13.8%) above disbursements for the same month in the previous fiscal year.

The October variance was primarily attributable to a delayed managed care withhold payment. This payment is estimated to disburse in November and will likely have significant effects on that month’s reporting as well. Additionally, the monthly variance was influenced by below estimate enrollment in all major eligibility categories. The variance from the previous fiscal year was primarily attributable to increased Medicaid enrollment resulting from both federal law changes and adverse economic conditions, both associated with the COVID-19 pandemic

Year-to-date GRF disbursements totaled \$6.7 billion and were \$554.7 million (-7.6%) below estimate, and \$1.3 billion (23.6%) above disbursements for the same point in the previous fiscal year. The year-to-date and year-over-year variances were primarily attributable to enrollment; the program underspent for the month due to below estimate enrollment figures while overspending year-over-year due to significant enrollment increases in that time frame. Note that this report uses updated COVID-19 enrollment estimates and therefore reports of below estimate enrollment for the month and fiscal year are possible despite significant overall increases in enrollment.

October all-funds disbursements for the Medicaid Program totaled \$2.4 billion and were \$433.8 million (-15.2%) below estimate, and \$321.3 million (15.3%) above disbursements for the same month in the previous fiscal year. The October all-funds variance was primarily attributable to the delayed managed care withhold payment and below estimate enrollment outlined above while the year-over-year variance was primarily attributable to higher enrollment when compared to October 2019.

Year-to-date all-funds disbursements totaled \$10.6 billion and were \$531.5 (-4.8%) below estimate, and \$929.2 million (12.9%) above disbursements for the same point in the previous fiscal year. The year-to-date all funds variance was primarily attributable to below estimate spending in the managed care program, again due to the delayed managed care withhold payment mentioned above and general below estimate enrollment. Additionally, the variance was partially attributable to below estimate spending in administration related expenses, notably in information technology.

The year-over-year variance is primarily attributable to higher costs associated with significant increases in enrollment due to the pandemic - enrollment has increased by approximately 270,000 individuals since October 2019. Again, note that this report uses updated COVID-19 enrollment estimates and therefore reports of below estimate enrollment for the month and fiscal year are possible despite significant overall increases in enrollment. This can cause spending underages on a month-to-month basis while still exhibiting significant increases in spending on a year-over-year basis.

The chart below shows the current month’s disbursement variance by funding source.
(in millions, totals may not add due to rounding)

	Oct. Actual	Oct. Projection	Variance	Variance %
GRF	\$ 1,452.7	\$ 1,882.2	\$ (430)	-22.8%
Non-GRF	\$ 968.6	\$ 972.9	\$ (4)	-0.4%
All Funds	\$ 2,421.3	\$ 2,855.1	\$ (434)	-15.2%

Enrollment

Total October enrollment was 3.1 million, which was 112,600 (-3.5%) below estimate and 269,512 (9.6%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.0 million and was 80,270 (-2.6%) below estimate.

October enrollment by major eligibility category was: Covered Families and Children, 1.7 million; Aged, Blind and Disabled (ABD), 496,630; and Group VIII Expansion, 724,620.

**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.

October disbursements in this category totaled \$143.8 million and were \$47.0 million (-24.6%) below estimate. Year-to-date disbursements were \$473.7 million and were \$67.2 million (-12.4%) below estimate. On a year-over-year basis, disbursements in this category were \$71.5 million (-33.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$39.2 million (-7.6%) lower than at the same point in fiscal year 2020.

Department of Job and Family Services

October disbursements for the Department of Job and Family Services totaled \$68.1 million and were \$44.8 million (-39.7%) below estimate. This variance was primarily attributable to the Family and Children Services line item, which was \$29.5 million below estimate because the disbursement for the State Child Protective Services Allocation was made in September instead of October. The Child Care State/Maintenance of Effort line item was \$10.0 million below estimate because weekly childcare provider payments have been lower than expected due to the pandemic. Schools are temporarily conducting blended or remote learning, and this is impacting day care enrollment and/or attendance. The Family Assistance - Local line item was \$2.3 million below estimate because of lower than anticipated county draw requests for the Income Maintenance allocation.

Department of Mental Health and Addiction Services

October disbursements for the Department of Mental Health and Addiction Services totaled \$59.3 million and were \$3.8 million (6.9%) above estimate. This variance was primarily attributable to the Hospital Services line item, which was \$2.3 million above estimate due to delayed expenditures for IT maintenance and a computer purchase estimated for September but that occurred in October, and the Family and Children First line item, which was \$0.8 million above estimate due to payments for prior months being 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.

October disbursements in this category totaled \$282.6 million and were \$11.6 million (-4.0%) below estimate. Year-to-date disbursements were \$964.6 million and were \$40.8 million (-4.1%) below estimate. On a year-over-year basis, disbursements in this category were \$46.0 million (19.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$97.7 million (11.3%) higher than at the same point in fiscal year 2020.

Department of Public Safety

October disbursements for the Department of Public Safety totaled \$4.7 million and were \$12.2 million (-72.2%) below estimate. This variance was primarily attributable to disbursements in the Highway Patrol Operating Expenses line item, which was \$12.6 million below estimate due to the timing of payroll being charged to that line item. This variance was partially offset by above estimate spending in the Security Grants – Personnel line item, which was \$0.6 million above estimate due to the timing of subsidy payments.

Department of Rehabilitation and Correction

October disbursements for the Department of Rehabilitation and Correction totaled \$222.9 million and were \$2.9 million (-1.3%) below estimate. This variance was primarily attributable to variances in the Institutional Operations line item, which was \$3.6 million below estimate due to the implementation of agency cost-saving measures, and the Halfway House line item which was \$1.6 million below estimate due to timing of payments. This variance was partially offset by the Institution Medical Services line item, which was \$2.2 million above estimate due to continued rising costs of medical care and timing of medical billing.

Office of the Attorney General

October disbursements for the Office of the Attorney General totaled \$7.3 million and were \$1.1 million (-12.9%) below estimate. This variance was primarily attributable to lower than estimated disbursements in the School Safety Training Grants line item.

Public Defender Commission

October disbursements for the Public Defender Commission totaled \$9.6 million and were \$5.3 million (122.5%) above estimate. This variance was attributable to disbursements in the County Reimbursement ALI which was \$5.3 million above estimate as the agency made additional payments this month to account for delayed payments earlier in the fiscal year.

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.

October disbursements in this category totaled \$54.0 million and were \$1.7 million (3.3%) above estimate. Year-to-date disbursements were \$156.7 million and were \$18.7 million (-10.6%) below estimate. On a year-over-year basis, disbursements in this category were \$12.2 million (29.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$4.0 million (2.6%) higher than at the same point in fiscal year 2020.

Department of Administrative Services

October disbursements for the Department of Administrative Services totaled \$3.1 million and were \$3.9 million (-55.7%) below estimate. This variance was primarily attributable to the State Agency Support Services line item, which was \$2.6 million below estimate because rent for certain GRF agencies and vacant space in state office buildings will be billed later than projected. In addition, the Ohio Business Gateway line item was \$1.0 million below estimate due to lower payments for internal DAS help desk and administrative charges than anticipated.

Department of Agriculture

October disbursements for the Department of Agriculture totaled \$9.0 million and were \$5.0 million above estimate (125.5%). This variance was primarily attributable to the Soil and Water Phosphorous Program line item, which was \$4.2 million above estimate due to the timing of paying encumbered amounts from fiscal year 2020.

Environmental Protection Agency

October disbursements for the Environmental Protection Agency totaled \$2.3 million and were \$1.4 million above estimate (149.3%). This variance was primarily attributable to the Water and Sewer System Grants line item, which was \$1.2 million above estimate due to a payment being made in October that was originally scheduled in September.

Department of Veteran Services

October disbursements for the Department of Veteran Services totaled \$4.0 million and were \$1.5 million (-26.9%) below estimate. This variance was primarily attributable to disbursements in the Veterans' Homes line item, which was \$1.3 million below estimate due to unfilled positions related to the hiring freeze.

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. October reimbursements totaled \$321.9 million and were \$26.0 million (8.8%) above estimate. Year-to-date reimbursements totaled \$820.9 million and were \$21.4 million (-2.5%) 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

October payments for debt service totaled \$66.0 million and were \$29,000 (-0.0%) below estimate. Year-to-date expenses in this category total \$477.5 million and were \$2.3 million (-0.5%) below estimate. The year-to-date variance was mostly due to a lease rental payment in September coming in \$1.5 million below estimate.

Transfers Out

October transfers out totaled \$77,000 and were \$8.9 million (-99.1%) below estimate. Year-to-date transfers out totaled \$411.5 million and were \$34.4 million (-7.7%) 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.

Preliminary

11/6/2020

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2021 VS ESTIMATE FY 2021
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL OCTOBER	ESTIMATED OCTOBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	369,571	312,121	57,450	18.4%	2,765,321	2,782,221	(16,900)	-0.6%
Higher Education	191,039	197,138	(6,099)	-3.1%	757,277	769,758	(12,481)	-1.6%
Other Education	9,574	9,749	(175)	-1.8%	34,953	35,290	(337)	-1.0%
Medicaid	1,452,705	1,882,249	(429,544)	-22.8%	6,717,927	7,263,483	(545,556)	-7.5%
Health and Human Services	143,809	190,842	(47,033)	-24.6%	473,729	540,893	(67,165)	-12.4%
Justice and Public Protection	282,608	294,257	(11,649)	-4.0%	964,628	1,005,408	(40,780)	-4.1%
General Government	53,956	52,220	1,736	3.3%	156,750	175,430	(18,680)	-10.6%
Property Tax Reimbursements	321,903	295,879	26,024	8.8%	820,883	842,312	(21,429)	-2.5%
Debt Service	66,042	66,071	(29)	0.0%	477,502	479,761	(2,259)	-0.5%
Total Expenditures & ISTV's	2,891,207	3,300,526	(409,319)	-12.4%	13,168,970	13,894,556	(725,586)	-5.2%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	77	9,000	(8,923)	-99.1%	411,475	445,900	(34,425)	-7.7%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	77	9,000	(8,923)	-99.1%	411,475	445,900	(34,425)	-7.7%
Total Fund Uses	2,891,284	3,309,526	(418,242)	-12.6%	13,580,445	14,340,456	(760,011)	-5.3%

Preliminary

11/6/2020

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	OCTOBER FY 2021	OCTOBER FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
Primary and Secondary Education	369,571	685,779	(316,207)	-46.1%	2,765,321	2,861,890	(96,569)	-3.4%
Higher Education	191,039	197,411	(6,372)	-3.2%	757,277	739,145	18,133	2.5%
Other Education	9,574	6,092	3,482	57.1%	34,953	37,743	(2,791)	-7.4%
Medicaid	1,452,705	1,276,142	176,562	13.8%	6,717,927	5,434,467	1,283,459	23.6%
Health and Human Services	143,809	215,283	(71,474)	-33.2%	473,729	512,919	(39,191)	-7.6%
Justice and Public Protection	282,608	236,638	45,970	19.4%	964,628	866,957	97,671	11.3%
General Government	53,956	41,712	12,244	29.4%	156,750	152,721	4,029	2.6%
Property Tax Reimbursements	321,903	250,356	71,547	28.6%	820,883	851,362	(30,479)	-3.6%
Debt Service	66,042	92,352	(26,310)	-28.5%	477,502	853,499	(375,997)	-44.1%
Total Expenditures & ISTV's	2,891,207	3,001,766	(110,559)	-3.7%	13,168,970	12,310,704	858,266	7.0%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	77	5,066	(4,989)	-98.5%	411,475	661,667	(250,192)	-37.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	77	5,066	(4,989)	-98.5%	411,475	661,667	(250,192)	-37.8%
Total Fund Uses	2,891,284	3,006,831	(115,547)	-3.8%	13,580,445	12,972,371	608,074	4.7%

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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