

January 11, 2021

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

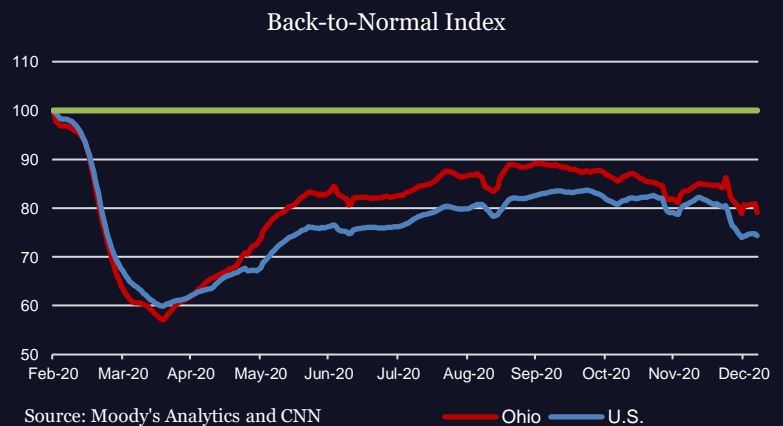
FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report



Report Overview:

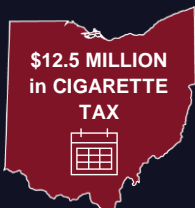
Moody's Analytics and CNN created the "Back-to-Normal" Index to track the economic recovery. Index values range from zero, representing no economic activity, to 100 percent, indicating full economic recovery to pre-pandemic levels. As of January 8, 2021, the national index was at 74.4 percent, while Ohio's index was 4.6 percentage points ahead at 79.0 percent. Both indices increased substantially from their low points; however, in recent months, growth first slowed and then in the last two months declined. Moody's suggests that the recent decreases may be a result of typical slowdowns during the holiday season.



GRF non-auto sales and use tax collections in December totaled \$920.3 million and were \$41.9 million (4.8%) above the estimate. Across the first half of the fiscal year, revenues are now \$251.1 million (5.2%) above estimate; actual revenue has exceeded estimate in five of these months.



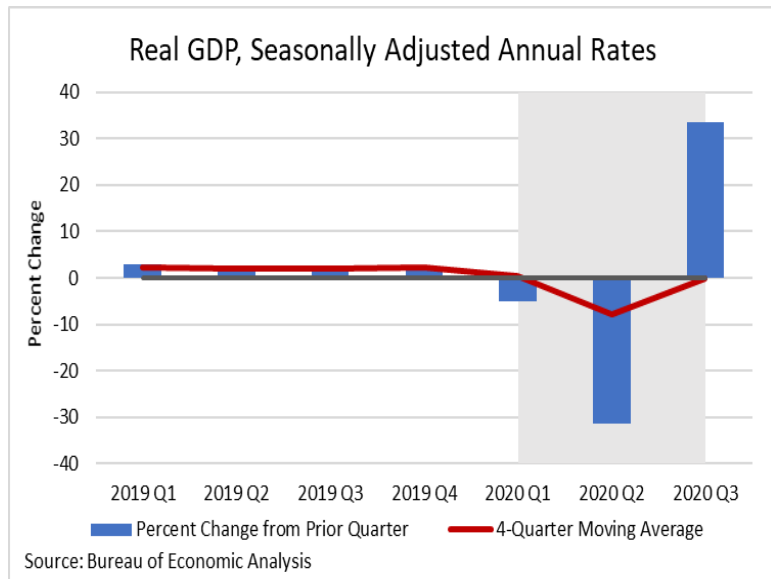
December auto sales tax revenues were \$132.1 million, \$12.7 million (10.7%) above last December and \$7.7 million (6.2%) above estimate for the month. This makes seven consecutive months in which auto sales tax has exceeded estimate.



The cigarette excise tax was \$12.5 million (17.9%) above estimate in December and \$38.5 (9.8%) above estimate on a year-to-date basis. The substantial overage seems to be related to heightened consumption during the continuing pandemic, raising concerns about future health costs.

Economic Activity

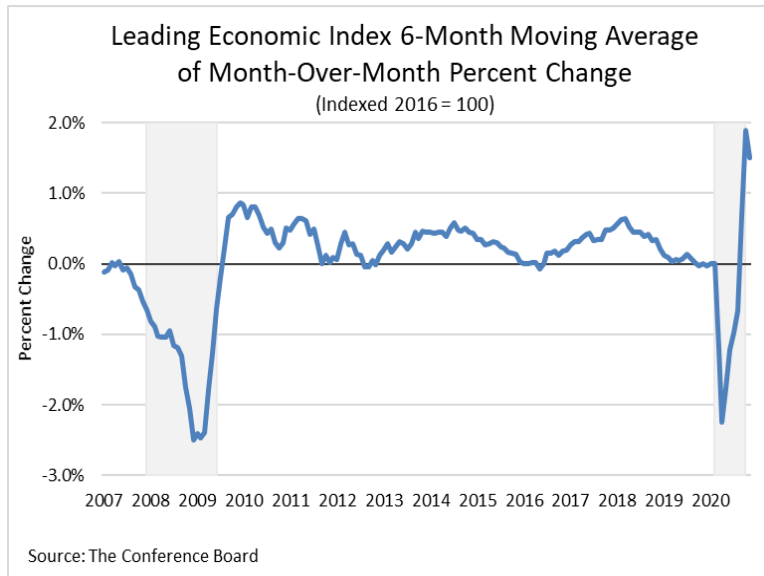
According to the Bureau of Economic Analysis (BEA)'s final estimate **Real Gross Domestic Product (GDP)** expanded in the third quarter of the calendar year at an annualized rate of 33.4 percent. This was an upward revision of 0.3 percentage points from BEA's second estimate. The third quarter increase in real GDP followed a 31.4 percent decrease during the second quarter. The historic third quarter increase reflected ongoing efforts to reopen businesses and resume activities restricted to manage 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.



The third-quarter increase in real GDP resulted from growth in personal consumption expenditures (25.4%), private inventory investment (12.0%), exports (4.9%), nonresidential fixed investment (3.2%), and residential fixed investment (2.2%). These increases were partially offset by decreases in federal government spending (-0.4%) and state and local government spending (-0.4%). 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 8.1 percent.

In Ohio, the GDP for the state rose slightly more than the national average (36.9%) between the second and third quarters of 2020. The change in GDP in Ohio largely reflected positive contributions in durable goods and manufacturing (6.9%), health care and social assistance (5.6%), accommodation and food service (3.3%), nondurable goods manufacturing (2.8%), retail trade (2.6%) and wholesale trade (2.6%).

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 January 8, 2021, the national index was at 74.4 percent, while Ohio's index was 4.6 percentage points ahead at 79.0 percent. Both indices increased substantially from their low points at the end of April; however, in recent months, growth first slowed and then in the last two months declined. Moody's suggests that the recent decreases may be a result of typical slowdowns during the holiday season.



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 November, the LEI increased 0.6 percent to reach 109.1 following similar increases in September and October. The increase in the LEI in November resulted from improvements in seven of the ten indicators. Fewer national initial unemployment claims and new orders for manufacturing, and building permits were among the positive contributors. However, gains in these

indicators were partially offset by a lowering of average working hours in manufacturing, and a worsening consumer's outlook. The declining rate of growth in the LEI over the last five months, suggests that the rate of growth in the U.S. economy may be slowing significantly.

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 small businesses each month. The national index declined 2.6 points to 101.4 in November. This remains above the 47-year historical average of 98. Six of the ten index components declined and the remaining four increased in November. Owners expecting better business conditions over the next six months declined 19 points since October, to a net 8.0 percent. Small business owners are facing mounting uncertainty, which is influencing their views on upcoming business conditions. The Uncertainty Index decreased to 90 in November, which was an 8-point decline from last month but remains historically high.

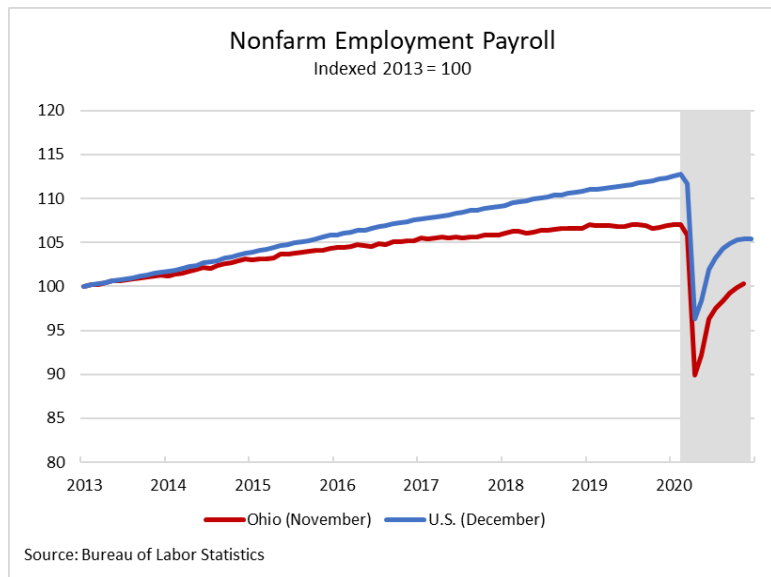
The Ohio economy expanded in November. The **state-level coincident economic index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased 1.3 percent between October and November, and 4.9 percent over the last three months. For comparison, the U.S. coincident index increased 0.3 percent between October and November, and 1.5 percent over the last three months. Between October and November, the indexes increased in 43 states and decreased in seven. This resulted in a one-month diffusion index of 72. Between September and November, the indexes increased in 49 states and decreased in one state, for a three-month diffusion index of 96.

Uncertainty continues for both the fourth quarter of 2020 and calendar year 2021. Increased distribution of vaccines brings hope for the end of the pandemic. However, the first quarter of 2021 is likely to be grim. With COVID-19 cases, hospitalizations, and deaths at high levels in Ohio and across the country; businesses facing additional constraints; and jobless claims remaining high, economists expect only modest growth in the fourth quarter of 2020 and first quarter of 2021.

Source	Date	4 th Quarter Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	01/04/21	8.6%
Federal Reserve Bank of New York (NowCast)	12/31/20	2.1%
IHS Markit GDP Tracker	1/4/2021	3.0%
Moody's Analytics High Frequency GDP Model	12/31/21	7.1%
Wells Fargo	12/10/20	5.3%
Conference Board	12/09/20	2.8%
Wall Street Journal Survey	12/01/20	4.1%

Employment

The U.S. Bureau of Labor Statistics reported that total **nonfarm payroll employment** decreased by 140,000 in December. This was the first month of decline following seven months of increases. Declines were attributed to a rise in coronavirus cases and efforts to contain the pandemic. Nonfarm employment was below its February level by 9.8 million or 6.5 percent. Job losses in December were greatest in leisure and hospitality, private education, and government. The losses were partially offset by gains in professional and business services, retail trade, construction, and transportation and warehousing.



In December **leisure and hospitality** jobs declined substantially with a loss of 498,000 jobs, three-quarters of which occurred in food services and drinking places (-372,000). Since February, employment in the leisure and hospitality sector was down 23.2 percent or 3.9 million jobs. **Private education** employment declined by 63,000 jobs in December, with employment being down 450,000 jobs since February. Employment in **government** decreased by 45,000 jobs. Since February, government employment is down 1.3 million jobs.

Employment in **professional and business services** increased by 161,000 jobs in December, with nearly half of the gains being made in temporary help services (68,000). Since February employment in professional and business services was down by 858,000. **Retail trade** employment added 121,000 jobs in December with nearly half of the gains being made in general merchandise stores that include warehouse clubs and super centers (59,000). Employment within retail trade is 411,000 jobs lower than in February. **Construction** employment increased by 51,000 jobs but remained 226,000 jobs below its February level. Employment in **transportation and warehousing** increased by 47,000 jobs, due largely due to an increase in couriers and messengers (37,000). Transportation and warehousing were 89,000 jobs lower than in February but over the same period couriers and messengers have added 222,000 jobs.

The **national labor force participation rate** and **employment-population ratio** remained unchanged in December. The labor force participation rate remained at 61.5 percent and employment population ratio remained at 57.4 percent. Both measures are higher than they were after reaching their low in April. However, they are lower than they were in February by 1.8 percentage points and 3.7 percentage points, respectively.

Ohio nonfarm payroll employment increased 0.6 percent from October to November, reaching 5.2 million jobs. Despite this increase, nonfarm employment remained down 6.0 percent from November 2019. Sectors with the greatest job increases between October and November included leisure and hospitality (11,300); professional and business services (7,400); trade, transportation, and utilities (5,000); financial activities (2,200); education and health services (4,500); government (1,800) and, construction (1,000). These gains were partially offset by job losses in manufacturing (-2,000); and information (-300). Even with these overall gains, employment in all sectors were below November 2019 levels due to the economic effects of the pandemic.

The Bureau of Labor Statistics reported that the national **unemployment rate** remained unchanged at 6.7 percent. The number of **unemployed individuals** was unchanged as well at 10.7 million. Despite both measures being lower than their highs in April they are nearly twice their February pre pandemic levels.

When examined by demographics, most unemployment rates had small changes in December. Unemployment rates in December increased for teenagers to 16.0 percent, this is a 2.1 percentage point increase. All other age groups showed little change from their November rates. In December, the unemployment rate for adult men dropped slightly to 6.4 percent, this was a 0.2 percentage point decline. The jobless rates for adult women remained virtually the same at 6.3 percent, this was a 0.1 percentage point increase. In December, the unemployment rate for individuals who identify as White had little change at 6.0 percent, this was a 0.1 percentage point increase. Those who identified as Black had a slight decline to 9.9 percent, this was a 0.4 percentage point decrease. In addition, those who identified as Asian decreased to 5.9 percent, this was a 0.8 percentage point decrease. Individuals who identified as Hispanic increased to 9.3 percent, this was a 0.9 percentage point increase.

Of those people that were unemployed, the number of individuals that were on **temporary layoff** increased by 277,000 in December to 3.0 million. This was down substantially from its high in April of 18.0 million and 2.3 million higher than its February level. The number of people with **permanent job losses** decreased by 348,000 jobs to 3.4 million in December but remained 2.1 million higher than in February. The number of **unemployed reentrants** increased to 2.3 million with an increase of 282,000. This was 452,000 jobs higher than its February level.

The number of unemployed individuals who were **jobless less than 5 weeks** increased by 449,000 to 2.9 million individuals. Those who were **jobless 5 to 14 weeks** decreased by 182,000 to 2.2 million individuals. Those **jobless 15 to 26 weeks** decreased by 303,000 jobs to 1.6 million unemployed persons. Unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, increased by 27,000 to 4.0 million, accounting for 37.1 percent of the total unemployed.

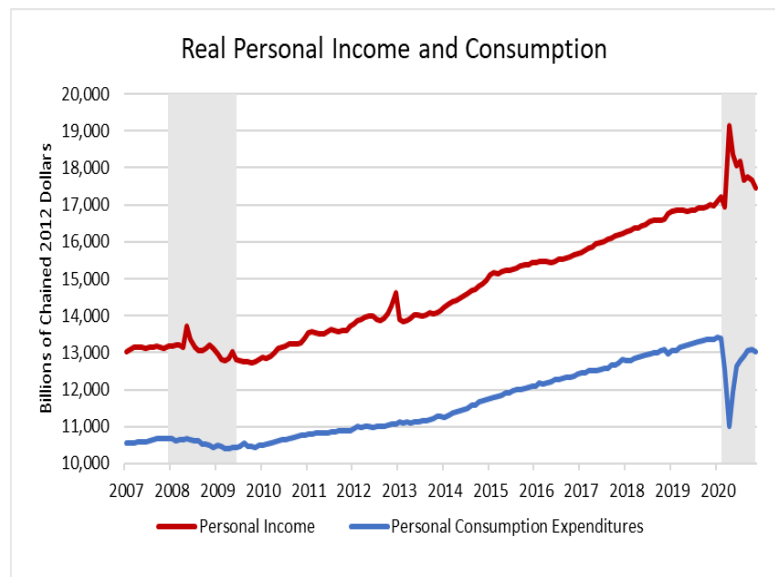
The number of people **not in the labor force who currently want a job** changed little over the month at 7.3 million. This was 2.3 million higher than it was in February. These individuals who want a job are not counted as unemployed because they were not actively looking for work over the last 4 weeks or were unavailable to take a job for a variety of reasons including caring for children or other family members.

The Conference Board's Employment Trends Index aggregates eight different labor market indicators. For the seventh month in a row, the Employment Trends Index increased in November. Compared to October, the index increased 0.49 points to 98.81 in October. Despite the increase in the index the pace of improvement in employment has moderated. This suggests that the recovery of the labor market was slowing due to a rise in COVID-19 cases and uncertainty surrounding another round of government stimulus during November.

The **Ohio unemployment rate** decreased to 5.7 percent in November, a 0.4 percentage point drop compared to the revised October rate. During the week ending December 26, 2020, 29,709 initial unemployment claims were filed. This was an 89.2 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 December 26, 2020, in which 169,784 individuals filed continued claims. However, 104,676 people filed for extended benefits during the same week; these individuals were unemployed for 27 or more weeks. As of January 6, 2021, the Ohio Department of Job and Family Services received Worker Adjustment and Retraining Notification (WARN) Act notices warning 890 employees of potential future layoffs and closures in January and 351 in February.

Consumer Income and Consumption

Nationally, **personal income** decreased by 221.8 billion (-1.1%) in November. This decrease in personal income was mainly a result of a decrease in both nonfarm and farm proprietors' income, along with government social benefits. Nonfarm proprietors' income declined by 96.0 billion (-5.4%) in November, largely due to the decline in the Paycheck Protection Program loans. Farm proprietors' income declined by 67.3 billion (-44.8%) in November, primarily due to a decrease in payments within the Coronavirus Food Assistance program (CFAP) and the Payment Protection Program. Government social benefits declined 126.7 billion (-3.3%) and within that "other" social benefits decreased 100.1 billion (-13.7%). This decline was due to a decrease in the Lost Wages Supplemental Payments, the Federal Emergency Management Agency program that provided wage assistance to those unemployed by the pandemic. These decreases were partially offset by an increase of 50.3 billion (0.4%) in compensation particularly within wages and salaries, which increased by 39.1 billion (0.4%).



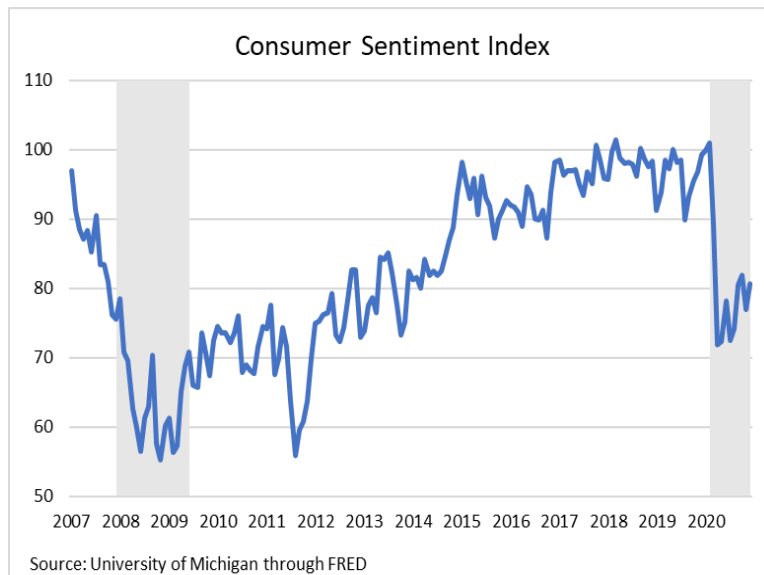
Real personal consumption expenditures, a measure of national consumer spending for goods and services, decreased 0.4 percent (\$58.5 billion) between October and November. This change resulted from a decrease of \$53.7 billion in spending on goods, primarily driven by a decline in spending on clothing and footwear, and motor vehicles and parts. Spending for services decreased \$12.1 billion which was driven by a decrease in spending for household utilities as well as food services and accommodations.

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

	October 2020	November 2020	1-Month Percent Change	12-Month Percent Change
Durable Goods	\$ 2,066,558	\$2,032,208	-1.7%	12.1%
Motor vehicles and parts	\$579,133	\$559,667	-3.4%	3.1%
Recreational goods and vehicles	\$772,622	\$764,979	-1.0%	24.8%
Nondurable goods	\$3,187,838	\$3,166,554	-0.7%	4.9%
Food and beverages purchased for off-premise consumption	\$1,050,245	\$1,059,935	0.9%	7.4%
Gasoline and other energy goods	\$405,414	\$396,391	-2.2%	-10.8%
Clothing and footwear	\$435,363	\$414,266	-4.8%	-0.1%
Services	\$8,025,878	\$8,013,736	-0.2%	-6.7%
Food services and accommodations	\$693,075	\$664,461	-4.1%	-21.1%
Transportation services	\$340,778	\$332,784	-2.3%	-25.7%
Other services	\$980,548	\$986,995	0.7%	-12.8%

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

Personal savings decreased 6.4 percent in November compared to October, marking the seventh month of declines after a substantial increase in April; however, personal savings remained above the February level by 59.9 percent. Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 12.9 percent, a decrease of 0.7 percentage points between October and November.



The latest University of Michigan's **Surveys of Consumers** results indicated that consumer sentiment increased in December, although it slipped in the later part of the month. The Consumer Sentiment Index increased 3.8 points to 80.7. This was a 4.9 percent increase from November and an 18.7 percent decline compared to December 2019. The increase was partially explained by a resurgence of confidence in the passage of another federal stimulus package. The Current Economic Conditions Index increased 3.0 points to 90.0.

This was a 3.4 percent increase from last month but a 22.1 percent decline from last year. The index identified a gap in how consumers evaluate their own finances and how they view the overall economy. While nearly all respondents gave negative assessments of the national economic condition, opinions of personal finances were variable based on individual employment circumstances and the growth in home and stock prices. This historic gap in viewpoints is the largest it has been in the last fifty years, topping the gap surrounding the economic downturn in the aftermath of the September 11th terror attacks. Despite the rollout of the vaccines, it will take time for consumer behavior to return to normal. The Consumer Expectations Index increased 4.1 points from last month to 74.6 in December. This was a 5.8 percent increase from November and a 16.1 percent decline compared to December 2019.

The Conference Board's **Consumer Confidence Index**, which reflects consumer attitudes and buying intentions decreased for the third month. In December, consumer confidence decreased 4.3 percentage points to 88.6 down from November's revised value of 92.9. The Conference Board's **Present Situation Index**, which measures consumers' current assessment of business and labor market conditions, significantly decreased by 15.6 percentage points, from 105.9 in November to 90.3 in December. The Conference Board's **Expectation Index** examines consumers short term outlook for the economy. In December it increased to 87.5 from 84.3 in November; a 3.2 percentage point increase. Consumers attitudes to current economic conditions significantly deteriorated as COVID-19 continued its surge.

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, December 2020 throughput remained 62.4 percent lower than last year. Even with an increase because of holiday travel, travel between November and December 2020 was 3.4 percent higher.

For the week ending December 26, 2020, STR reported an occupancy rate of just 32.5 percent, a 33.0 percent decline compared to the same week in 2019. The average daily rate earned for an occupied room declined 28.8 percent compared to the same week in 2019. Revenue per available room also declined 52.3 percent in a year-over-year comparison. Despite more travelers passing through TSA check points is has not corresponded to an increase in demand for hotel rooms. Occupancy rates have declined to their lowest levels since early May 2020.

Commercial vehicle miles traveled on the Ohio Turnpike increased 25.1 percent compared to December of last year. However, passenger vehicle miles traveled decreased 4.6 percent between November and December and were 26.0 percent lower than December 2019.

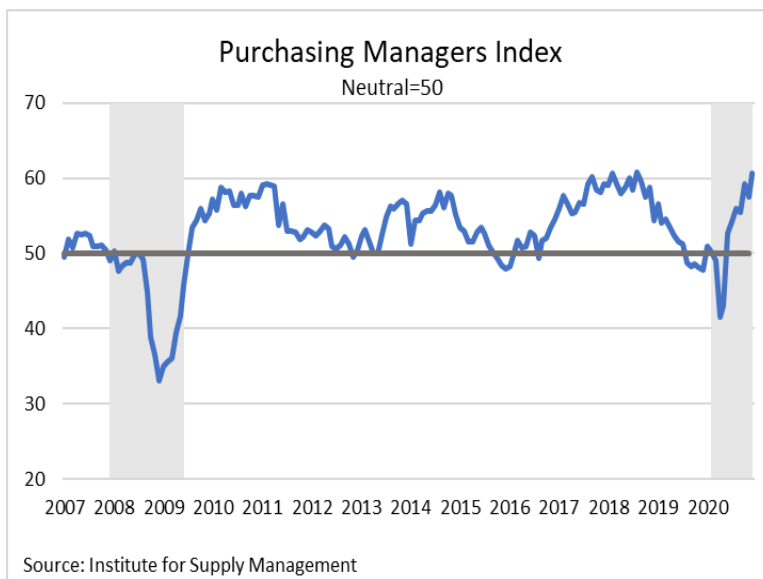
Industrial Activity

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 between October and November. The index recovered more than half of its pandemic decline but remained 5.0 percent below its pre-pandemic reading in February and 5.5 percent below November 2019.

Manufacturing production increased in November by 0.8 percent and was 3.7 percent below November 2019 levels. This is the seventh consecutive month of gains. The durable goods manufacturing industry index increased by 1.5 percent in November, while the index for nondurable goods production increased 0.1 percent. The output of utilities decreased 4.3 percent in November as warmer temperatures reduced the demand for heating.

Most of Ohio's top manufacturing industries made small gains nationally in November when compared to October. The largest gain was in the production of motor vehicles and parts, which increased by 5.3 percent in November after very strong gains between May and July. Primary metal manufacturing increased by 3.8 percent, aerospace and miscellaneous transportation and equipment increased production by 1.8 percent and production food, beverage and tobacco products increased by 1.0. The productivity of fabricated metals products increased by 0.4 percent. The remaining categories decreased in November. The production of plastics and rubber products decreased by 1.0 percent, petroleum and coal decreased by 0.8 percent and, electrical equipment and appliances decreased by 0.8 percent. In addition, chemicals and machinery goods decreased by 0.5 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 December, the PMI for the United States increased to 60.7 percent, compared to 57.5 in November 2020. This indicated an overall expansion of the economy for the eighth month in a row after the significant contraction between March and May.



The new orders index increased 2.8 percentage points to 67.9 percent and the production index was up 4.0 percentage points to 64.8 percent. The backlog of orders index rose 2.2 percentage points to 59.1 percent. The employment index expanded 3.1 percentage points to 51.5. Overall, these changes provide evidence that manufacturing sector and the economy overall continued to grow after the rapid decline in the spring.

Of the 18 industries tracked by the Manufacturing ISM[®] *Report on Business*, 16 reported growth between

November and December. The top ten industries most important to Ohio manufacturing all reported gains.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM demonstrates the vast differences in experiences depending on industry. A source in the fabricated metals industry reported “Current business outlook is strong through the first quarter of 2021. We are anticipating 20 percent growth in sales for 2021.” However, a source in the food, beverage and tobacco products industry noted “COVID-19 is affecting us more strongly now than back in March. Vendors/service suppliers [are] unable to maintain levels of service due to employee shortages. Logistic issues [are] also hurting us due to coronavirus-related problems.”

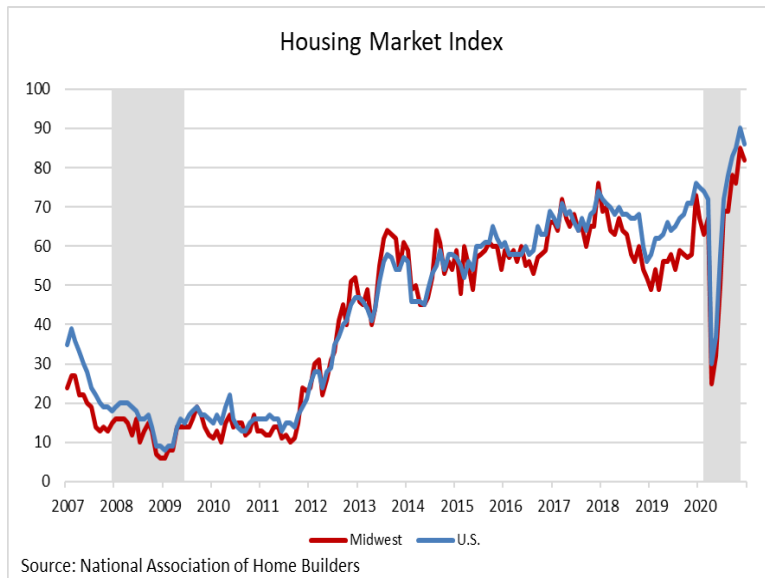
Construction

The U.S. Census Bureau estimated **total construction spending** in November to be at a seasonally adjusted annual rate of \$1.5 billion, which was a 0.9 percent increase from the revised October estimate. The November estimate was 3.8 percent above that of November 2019. The first eleven months in 2020 construction spending was 4.4 percent above the same period within 2019. Residential construction increased 2.7 percent in November while nonresidential construction decreased 0.8 percent between October and November.

Public sector construction spending in November was at a seasonally adjusted annual rate of \$347.6 billion, a 0.2 percent decrease compared to the revised October estimate. In November, educational construction was 0.3 percent above October 2020 levels, and 4.3 percent below the same period during 2019. Highway construction was 1.8 percent above October 2020, and 8.5 percent above compared to November 2019.

Nationally, the number of privately-owned housing units approved increased 6.2 percent between October and November and were 8.5 percent above November 2019 levels. In Ohio, building permits for privately owned units decreased 33.2 percent between October and November 2020, and were 6.3 percent below permits issued in November 2019. Nationally privately-owned housing starts in November increased 1.2 percent compared to October and were 4.8 percent below the November 2019 level. Midwest privately-owned housing starts decreased 4.9 percent from October and increased 15.3 percent from November 2019. Nationally, privately-owned housing completions decreased 12.1 percent in November and was 4.8 percent below the November 2019 rate. November privately-owned housing completions in the Midwest decreased 17.4 percent compared to October and had no change from the November 2019 level.

The National Association of Home Builders reported newly built single-family home sales decreased 11.0 percent to 841,000. Despite this decline, November’s rate was 20.9 percent higher than last year. So far, year-to-date sales in the Midwest were up 24.0 percent. Existing home sales, as reported by the National Association of Realtors, declined for the first time in six months. This decline can be attributed to an inventory shortage and surging prices. Sales decreased 2.5 percent in November to a seasonally adjusted annual rate of 6.7 million housing units in November and an increase of 25.8 percent from a year ago. Available inventory in November has hit a record low of 1.28 million units, this is down 1.64 million units from a year ago. Sales in the Midwest declined 2.5 percent in November but increased 24.2 percent from November 2019. According to the Ohio Realtors, activity in the Ohio housing market strongly increased for the fifth consecutive month. The Ohio housing market rose 14.2 percent from November 2019. The average home price in Ohio in November was \$217,576, a 14.4 percent increase compared to November 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 decreased in December to 86.0 from 90.0 in November, a 4.4 percent decline. This follows seven months of increases in the HMI level. Despite a decline, this is the index's second highest month, following November of this year, in the history of the series. Builder confidence has fallen due to

limited housing supply, limited availability of building materials and a shortage in skilled labor. In the Midwest, HMI decreased 3.5 percent from a revised 85.0 in November to 82.0 in December. These decreases suggest a decline in favorable housing market conditions from November.

REVENUES

December's revenues reflect another monthly overage relative to expectations, an outcome which is consistent with other months throughout the first half of this fiscal year. December's positive variance was in line with the average post-July monthly overages. The overall result was a \$64.2 million positive variation from estimated tax revenues; representing a 3.3% overage, which is a rate close to the 3.7% year-to-date positive variation. As has been the pattern, non-auto sales tax demonstrated the strongest performance for the month based on absolute dollars while auto sales tax revenues also remained quite vibrant. The employer withholding component of the personal income tax showed even better performance in December than in preceding months, allowing this tax source to modestly exceed estimate despite larger than expected refunds. The tax source with the poorest performance was the public utility excise tax, which was attributable to one-time refunds not anticipated in the estimates.

December total GRF receipts totaled \$2.5 billion and were \$269.7 million (-9.8%) below estimate. Tax revenues were \$64.2 million (3.3%) above estimate. Non-tax receipts were \$339.0 million (-41.6%) below estimate, with Federal grants accounting for the vast majority of that result. For the year to date, tax revenues are above estimate, non-tax receipts are below estimate, and transfers are over 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	\$457.7	3.7%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$622.3)	-8.5%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$7.1	9.1%
TOTAL REVENUE VARIANCE:		(\$157.5)	-0.8%
Non-federal revenue variance		\$478.6	3.9%
Federal grants variance		(\$636.1)	-8.8%

For December, revenues and transfers were \$719.1 million (-22.5%) below the previous year. Tax receipts increased by \$102.2 million (5.4%) while non-tax receipts declined by \$826.5 million (-63.4%). For the year-to-date, tax receipts are \$1.0 billion (8.8%) above last year and non-tax receipts are \$1.2 billion (21.2%) over the prior year. Transfers are \$9.5 million (12.5%) above last year on a year-to-date basis.

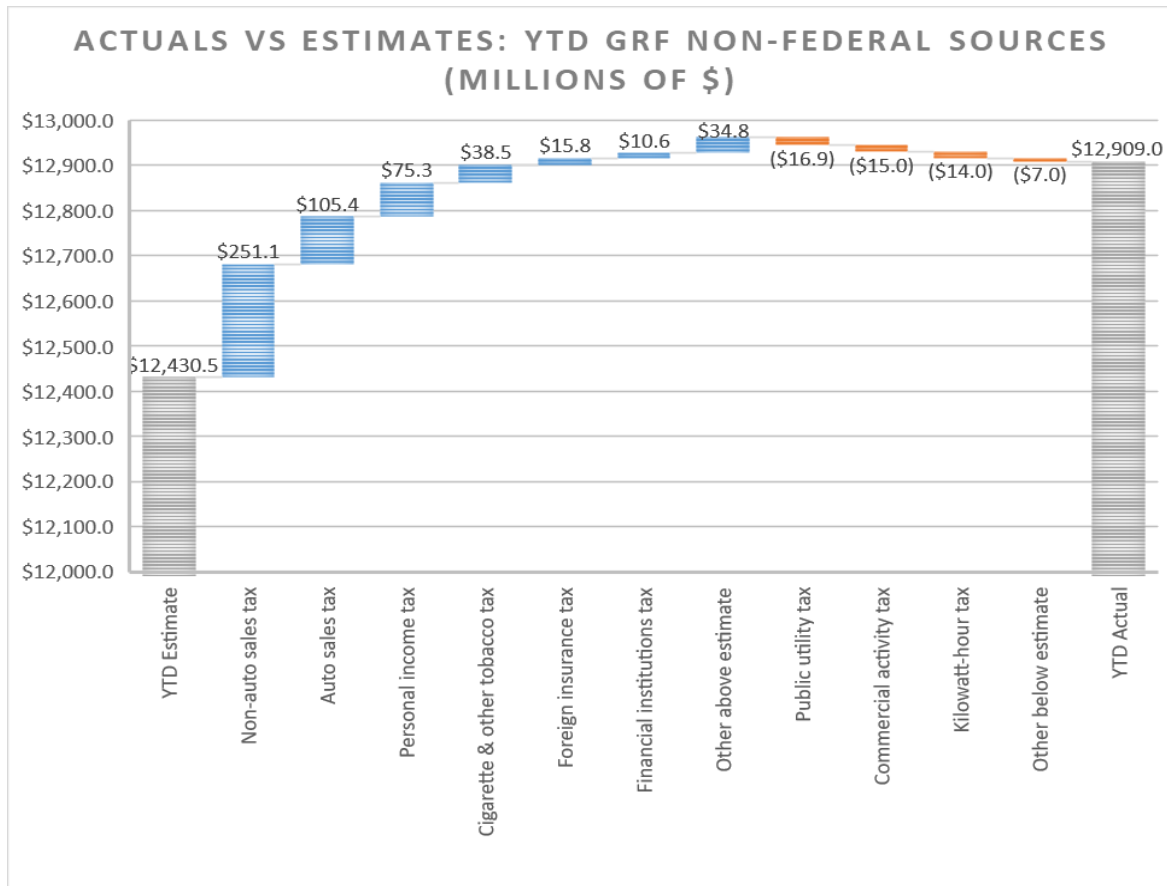
During December, the source with the largest year-over-year increase was non-auto sales tax, at \$81.3 million (9.7%) above last year. The next-largest increases were auto sales tax at \$12.7 million (10.7%) and cigarette & other tobacco products tax at \$9.0 million (12.2%). The largest decline was experienced by Federal grants at \$822.8 (-63.4%). The next-largest decline was attributable to public utility excise tax at \$15.3 million.

The table below shows that sources below estimate (a negative variance of \$359.0 million) in December outweighed the size of revenue overperformers (a positive variance of \$89.4 million), resulting in a \$269.7 million net negative variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto sales tax	\$41.9	Federal grants	(\$335.6)
Cigarette & other tobacco products tax	\$12.5	Public utility excise tax	(\$15.0)
Auto sales tax	\$7.7	Other income	(\$3.7)
Corporate franchise tax	\$6.6	Other sources below estimate	(\$4.7)
Commercial activity tax	\$6.4		
Personal income tax	\$5.4		
Transfers in-other	\$5.2		
Other sources above estimate	\$3.7		
Total above	\$89.4	Total below	(\$359.0)

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



The preceding chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for fiscal year 2021 to date, with the net difference amounting to \$478.6 million. The chart shows that non-auto sales tax accounts for just over one-half of the current overage.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in December totaled \$920.3 million and were \$41.9 million (4.8%) above the estimate. Across the first half of the fiscal year, revenues are now \$251.1 million (5.2%) above estimate; actual revenue has exceeded estimate in five of these months. December non-auto sales tax revenue was \$81.3 million (9.7%) above the prior year, while year to date revenue is \$305.5 million (6.4%) above fiscal year 2020.

As has been demonstrated since June, non-auto sales tax performance has been more exuberant than expected for an economy still in recovery and contending with an ongoing public health crisis. OBM continues to observe a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods, fostering increased revenue intake. High-frequency data indicate that consumption for major service industries has substantially declined from levels observed in the immediate pre-pandemic period, while certain retail categories have grown at a strong pace. The most recent update of the “Monthly Event Study of Spending” table issued by the U.S. Department of Commerce’s Bureau of Economic Analysis, which uses credit card spending data, continues to indicate significant declines in industries generally not subject to sales tax. The Recreation, Accommodations, Food Services, and Gas Stations categories show declines ranging from -18 percent to -55 percent in December relative to the levels existing prior to the pandemic. In contrast, retailer segments such as Furniture, Building Materials & Garden Equipment, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 19 percent to 54 percent in December: the great majority of sales by these retailers are subject to Ohio sales tax.

Industry category data is also available from Ohio sales tax returns. Data from returns filed during November, the most recent available month, indicates that Non-store Retailers (which include marketplace facilitators, who were required to begin collecting sales tax in October 2019) experienced 32 percent year-over-year growth. This was followed by Building Materials & Garden Supplies stores which had 13 percent growth over the previous November. Most other categories showed modest increases. In contrast, the Accommodations & Food Services and Recreation & Amusements categories exhibited declines of 35 percent and 25 percent, respectively.

As the public and retailers have adapted to the health environment, consumption of goods has remained much stronger than would have been expected, even as infection rates increased over the last several months and as hundreds of thousands of Ohioans remain out of work. Evidence has not yet emerged of consumers restricting their spending, although it is also true that as the holiday season comes to an end and as public health and economic challenges continue, this could change in early 2021.

Auto Sales Tax

December auto sales tax revenues were \$132.1 million. This December's numbers come in at \$12.7 million (10.7%) above last December. Auto sales tax revenue in December was \$7.7 million (6.2%) above estimate. This makes seven successive months in which auto sales tax has exceeded estimate.

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 December reached an estimated 16.3 million units. This represents a 4 percent increase from November, and a 3 percent decrease from the prior year. Although useful as a barometer of the health and direction of the motor vehicle sales, U.S. light vehicle unit monthly sales growth data typically simply do not track closely with Ohio auto sales tax performance. In fact, since June various available national data on light vehicle sales transactions have underperformed relative to observed Ohio auto sales tax revenue. U.S. data on the number of transactions and average retail values have implied growth that is substantially below actual Ohio auto sales tax growth.

The most relevant data pertaining to Ohio auto sales tax continues to be quarterly information reported by the Ohio Department of Public Safety's Bureau of Motor Vehicles (BMV). Data for the fourth quarter of calendar year 2020 show that taxable sales on titled vehicle transactions grew by 7.4 percent in October-December 2020 from the prior year; in comparison, auto sales tax revenue increased by 4.6 percent during that time period. Although the fourth-quarter BMV taxable sales represent robust year-over-year growth, they also show a slowing from the exuberant 13 percent growth rate of the third quarter.

Personal Income Tax

December GRF personal income tax receipts totaled \$830.6 million and were \$5.4 million (0.7%) above the estimate. On a year-over-year basis, December income tax collections were \$1.3 million (0.2%) above December 2019 collections.

December marks two straight months in which withholding tax payments were above estimate: in December, they exceeded estimate by \$17.4 million (2.0%) while for the year withholding payments are \$14.8 million (0.3%) above estimate. Withholding tax payments increased by \$40.0 million (4.8%) in December compared to last year; however, an unadjusted year-over-year comparison is limited by the fact that withholding tax rates have been reduced by four percent during calendar year 2020 and by the existence of one extra business day this December. After applying adjustments for these changes, monthly employer withholding payments in December would have increased by an estimated 7 percent had rates and the number of payment days remained the same. Fiscal year-to-date growth would have been 4 percent without the rate reduction.

December is not a particularly prominent month for other types of income tax payments. Although some quarterly estimated payments are received in advance of the end of the calendar year, these typically emanate from taxpayers intending to take the state and local taxes paid deduction on their tax year 2020 federal income tax return. Estimated payments were \$11.1 million (34.4%) above estimate in December and are \$3.4 million (13.1%) above estimate for the fiscal year-to-date. December estimated payments were \$3.4 million (8.5%) above last year. January 2021 estimated payments will be far more significant in magnitude since that month constitutes the final quarterly due date for calendar year 2020 activity.

Total collections across all other tax payment components – annual return payments, trust tax payments, and other types of tax payments – exceeded estimate by \$1.9 million (10.9%). For the year to date, the other tax payment components are \$2.3 million (0.3%) above estimate.

Finally, refunds were above estimate in December, exceeding the anticipated level by \$24.8 million (50.8%). Despite this month's performance, refunds remain below estimate for the year-to-date, at \$17.5 million (-2.3%).

DECEMBER PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Actual December	Estimate December	\$ Var	Actual December- 2020	Actual December- 2019	\$ Var Y-Over-Y
Withholding	\$878.7	\$861.3	\$17.4	\$878.7	\$838.8	\$40.0
Quarterly Est.	\$43.5	\$32.4	\$11.1	\$43.5	\$40.1	\$3.4
Annual Returns & 40 P	\$11.5	\$10.7	\$0.8	\$11.5	\$9.6	\$1.9
Trust Payments	\$0.9	\$0.6	\$0.3	\$0.9	\$2.1	(\$1.2)
Other	\$6.5	\$5.8	\$0.7	\$6.5	\$5.8	\$0.7
Less: Refunds	(\$73.6)	(\$48.8)	(\$24.8)	(\$73.6)	(\$31.3)	(\$42.4)
Local Distr.	(\$37.0)	(\$36.8)	(\$0.2)	(\$37.0)	(\$35.8)	(\$1.2)
Net to GRF	\$830.6	\$825.2	\$5.4	\$830.6	\$829.3	\$1.3

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

Cigarette and Other Tobacco Products Tax

Cigarette excise tax was \$12.5 million (17.9%) above estimate in December and \$38.5 (9.8%) 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 December resembles the overages experienced in April and September. Since this revenue source often shows month to month volatility rather than a smooth, sustained path, January revenue will likely revert to a level closer to expectations or perhaps show a modest decline if some consumption otherwise expected in January may have shifted into December.

Commercial Activity Tax (CAT)

December revenues were \$6.4 million (61.9%) above estimate, fully offsetting the \$6.3 negative variance in November. For the year to date, the source is \$15.0 million (-1.9%) below estimate. In addition, CAT revenue in December was \$7.7 million (85.1%) above last year. Because the CAT is primarily collected through quarterly payments, the patterns of quarterly revenue performance are worthy of consideration. Following a quarter in which CAT revenue performed below estimate by \$23.5 million (-6.3%), the second quarter of fiscal year 2021 was \$10.1 million (2.0%) over estimate. In addition, during the just-ended quarter the CAT resumed its year-over-year growth trend, exceeding prior year's revenue by \$12.5 million (4.7%). The second quarter outcome – which reflects activity that occurred during the July-September period – is consistent with a recovering economy, in contrast to the prior quarter when the steepest and swiftest in modern U.S. economic history occurred. The CAT is predominantly collected from medium- and large-sized businesses, which means the continued economic impairment suffered by many small businesses does not translate into a large associated impact on CAT revenues.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$476.7 million and were \$339.0 million (-41.6%) below estimate for the month of December. This negative variance was driven by the Federal Grants category, which was \$335.6 million (-41.1%) below estimate. A portion of this negative variance coincides with lower than projected Medicaid disbursements for the month, though the majority of the variance is due to the timing of a federal revenue draw, which was estimated for December but actually received in January.

1/8/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL DECEMBER	ESTIMATE DECEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	920,327	878,400	41,927	4.8%	5,095,963	4,844,900	251,063	5.2%
Auto Sales & Use	132,100	124,400	7,700	6.2%	886,939	781,500	105,439	13.5%
Subtotal Sales & Use	1,052,428	1,002,800	49,628	4.9%	5,982,902	5,626,400	356,502	6.3%
Personal Income	830,622	825,200	5,422	0.7%	5,070,702	4,995,400	75,302	1.5%
Corporate Franchise	6,577	0	6,577	N/A	6,825	0	6,825	N/A
Financial Institutions Tax	(4,979)	(7,000)	2,021	28.9%	(19,947)	(30,500)	10,553	34.6%
Commercial Activity Tax	16,676	10,300	6,376	61.9%	775,275	790,300	(15,025)	-1.9%
Petroleum Activity Tax	1,184	2,500	(1,316)	-52.6%	2,062	4,400	(2,338)	-53.1%
Public Utility	(10,034)	5,000	(15,034)	-300.7%	50,779	67,700	(16,921)	-25.0%
Kilowatt Hour	19,392	20,800	(1,408)	-6.8%	152,531	166,500	(13,969)	-8.4%
Natural Gas Distribution	212	0	212	N/A	19,217	22,700	(3,483)	-15.3%
Foreign Insurance	(140)	(1,100)	960	87.3%	176,497	160,700	15,797	9.8%
Domestic Insurance	0	2,000	(2,000)	N/A	824	2,000	(1,176)	-58.8%
Other Business & Property	44	0	44	N/A	59	0	59	N/A
Cigarette and Other Tobacco	82,202	69,700	12,502	17.9%	430,119	391,600	38,519	9.8%
Alcoholic Beverage	3,452	3,400	52	1.5%	31,320	27,700	3,620	13.1%
Liquor Gallonage	4,458	4,300	158	3.7%	28,771	25,300	3,471	13.7%
Estate	0	0	0	N/A	12	0	12	N/A
Total Tax Receipts	2,002,094	1,937,900	64,194	3.3%	12,707,948	12,250,200	457,748	3.7%
NON-TAX RECEIPTS								
Federal Grants	475,907	811,519	(335,612)	-41.4%	6,572,187	7,208,262	(636,075)	-8.8%
Earnings on Investments	0	0	0	N/A	17,576	13,750	3,826	27.8%
License & Fees	722	488	235	48.1%	15,538	9,447	6,091	64.5%
Other Income	80	3,750	(3,670)	-97.9%	82,865	79,125	3,739	4.7%
ISTV'S	5	0	5	N/A	89	0	89	N/A
Total Non-Tax Receipts	476,715	815,757	(339,041)	-41.6%	6,688,255	7,310,584	(622,329)	-8.5%
TOTAL REVENUES	2,478,809	2,753,657	(274,848)	-10.0%	19,396,203	19,560,784	(164,581)	-0.8%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	5,194	0	5,194	N/A	85,026	77,932	7,094	9.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	5,194	0	5,194	N/A	85,026	77,932	7,094	9.1%
TOTAL SOURCES	2,484,004	2,753,657	(269,653)	-9.8%	19,481,229	19,638,716	(157,486)	-0.8%

1/8/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	DECEMBER FY 2021	DECEMBER FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	920,327	838,992	81,335	9.7%	5,095,963	4,790,415	305,548	6.4%
Auto Sales & Use	132,100	119,378	12,722	10.7%	886,939	800,865	86,074	10.7%
Subtotal Sales & Use	1,052,428	958,370	94,058	9.8%	5,982,902	5,591,280	391,622	7.0%
Personal Income	830,622	829,347	1,275	0.2%	5,070,702	4,431,242	639,461	14.4%
Corporate Franchise	6,577	9	6,568	72760.3%	6,825	52	6,773	13010.4%
Financial Institutions Tax	(4,979)	(9,042)	4,063	44.9%	(19,947)	(38,958)	19,011	48.8%
Commercial Activity Tax	16,676	9,007	7,669	85.1%	775,275	808,022	(32,747)	-4.1%
Petroleum Activity Tax	1,184	2,245	(1,061)	-47.2%	2,062	4,041	(1,979)	-49.0%
Public Utility	(10,034)	5,218	(15,252)	-292.3%	50,779	64,445	(13,666)	-21.2%
Kilowatt Hour	19,392	20,587	(1,194)	-5.8%	152,531	165,435	(12,904)	-7.8%
Natural Gas Distribution	212	3	210	7635.5%	19,217	18,293	924	5.0%
Foreign Insurance	(140)	(2,290)	2,150	93.9%	176,497	171,964	4,533	2.6%
Domestic Insurance	0	3,819	(3,819)	N/A	824	3,826	(3,002)	-78.5%
Other Business & Property	44	0	44	N/A	59	0	59	N/A
Cigarette and Other Tobacco	82,202	73,248	8,954	12.2%	430,119	402,501	27,617	6.9%
Alcoholic Beverage	3,452	4,926	(1,474)	-29.9%	31,320	27,413	3,907	14.3%
Liquor Gallonage	4,458	4,474	(16)	-0.4%	28,771	26,053	2,718	10.4%
Estate	0	0	0	N/A	12	38	(25)	-67.1%
Total Tax Receipts	2,002,094	1,899,921	102,172	5.4%	12,707,948	11,675,646	1,032,302	8.8%
NON-TAX RECEIPTS								
Federal Grants	475,907	1,298,733	(822,825)	-63.4%	6,572,187	5,388,345	1,183,842	22.0%
Earnings on Investments	0	0	0	N/A	17,576	41,296	(23,721)	-57.4%
License & Fee	722	687	35	5.1%	15,538	11,304	4,233	37.4%
Other Income	80	3,665	(3,585)	-97.8%	82,865	77,342	5,523	7.1%
ISTV'S	5	142	(137)	-96.4%	89	255	(166)	-65.0%
Total Non-Tax Receipts	476,715	1,303,228	(826,512)	-63.4%	6,688,255	5,518,543	1,169,712	21.2%
TOTAL REVENUES	2,478,809	3,203,149	(724,340)	-22.6%	19,396,203	17,194,189	2,202,014	12.8%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	5,194	0	5,194	N/A	85,026	75,548	9,479	12.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	5,194	0	5,194	N/A	85,026	75,548	9,479	12.5%
TOTAL SOURCES	2,484,004	3,203,149	(719,146)	-22.5%	19,481,229	17,269,737	2,211,493	12.8%

DISBURSEMENTS

December GRF disbursements, across all uses, totaled \$2.1 billion and were \$120.8 million (-5.4%) below estimate. This variance was primarily attributable to below estimate disbursements in Medicaid. On a year-over-year basis, December's total uses were \$743.5 million (-26.1%) lower than those of the same month in the previous fiscal year, with a decrease 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)	(\$767.2)	-26.9%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$23.7	N/A
TOTAL DISBURSEMENTS VARIANCE:		(\$743.4)	-26.1%

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. December disbursements for this category totaled \$572.7 million and were \$5.6 million (1.0%) above estimate. This variance was primarily attributable to the above-estimated spending in the Early Childhood Education, Pupil Transportation, Foundation Funding, and EdChoice Expansion line items. Disbursements for the Early Childhood Education line item were above estimate as expenditures occurred from the general revenue fund (GRF) line item instead of a non-GRF funding source as planned. Disbursements for the Pupil Transportation line item were above estimate as special education transportation data was updated to current year data. Expenditures for the Foundation Funding line item were above estimate as payments to community schools were higher than estimated. Disbursements for the EdChoice Expansion line item were above estimate as scholarship applications are now awarded continuously. This above estimate spending was partially offset by below estimated disbursements for the Special Education line item as preschool special education data was updated to current year data.

Expenditures for the school foundation program totaled \$560.6 million and were \$5.0 million (0.9%) above estimate. Year-to-date disbursements were \$4.0 billion, which was \$26.4 million (0.7%) above estimate. On a year-over-year basis, disbursements in this category were \$46.4 million (-7.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$159.1 million (-3.8%) lower than the same point in fiscal year 2020.

Higher Education

December disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$188.0 million and were \$3.2 million (1.7%) above estimate. This variance was primarily attributable to spending in multiple programs that were above estimates by a total of \$2.9 million due to the timing of payments. Another significant source of the variance was above estimate spending in the Ohio College Opportunity Grant Scholarship Program by a total of \$1.1 million due to higher-than-expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in the National Guard Scholarship program that was below estimate by a total of \$2.4 million due to the implementation of a new payment system.

Year-to-date disbursements were \$1.1 billion, which was \$8.3 million (-0.7%) below the estimate. On a year-over-year basis, disbursements in this category were \$8.4 million (-4.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$10.5 million (0.9%) 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.

December disbursements in this category totaled \$2.9 million and were \$1.1 million (-27.0%) below estimate. Year-to-date disbursements were \$41.3 million and were \$2.0 million (-4.7%) below estimate. On a year-over-year basis, disbursements in this category were \$3.9 million (-57.8%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$9.4 million (-18.6%) 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 programs supported by the following eight agencies: the Department of Medicaid, the Department of Mental Health and Addiction Services, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, the Department of Aging, the Department of Education, and the State Board of Pharmacy.

Expenditures

December GRF disbursements for the Medicaid Program totaled \$973.6 million and were \$127.3 million (-11.6%) below estimate and \$695.4 million (-41.7%) below disbursements for the same month in the previous fiscal year.

The December GRF variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs. The estimates used in this report projected a larger than normal increase in enrollment for the month, attributable in part to seasonal increases associated with the open enrollment period in the federal health care exchanges, and in part due to projected accumulated unemployment effects. Neither effect materialized to the extent of the original projection. The variance from the previous fiscal year was primarily attributable to the timing of the use of non-GRF funding sources. Additionally, in fiscal year 2020, the Department made several large payments in December, including a managed care withhold payment and a retrospective managed care rate adjustment payment.

Year-to-date GRF disbursements totaled \$9.66 billion and were \$548.1 million (-5.4%) below estimate and \$1.23 billion (14.6%) above disbursements for the same point in the previous fiscal year. The year-to-date and year-over-year variances were both primarily attributable to enrollment. The program has underspent GRF year-to-date as managed care enrollment in all major eligibility categories remains below estimate; CFC, Group 8, and ABD/Dual are currently below estimate by 3.2%, 8.3%, and 2.4%, respectively (on a monthly average basis). Additionally, the fee-for-service program's enrollment is 11.3% below estimate. However, despite the variance from the monthly estimates, enrollment is increasing month-to-month, and therefore spending is well above last fiscal year.

December all-funds disbursements for the Medicaid Program totaled \$2.59 billion and were \$191.7 million (-6.9%) below estimate and \$22.7 million (-1.0%) below disbursements for the same month in the previous fiscal year. The December all-funds variance was primarily attributable to below estimate enrollment. The year-over-year variance was primarily attributable to a managed care performance payment and a retrospective managed care rate adjustment payment made in December of fiscal year 2020 (as mentioned above). Additionally, in December of fiscal year 2020, the Department of Developmental Disabilities (DDD) made a large cost reconciliation payment, further skewing the year-over-year analysis. These payments were just enough to outpace this fiscal year's December spending, despite higher enrollment when compared to last December.

Year-to-date all-funds disbursements totaled \$15.95 billion and were \$598.7 million (-3.6%) below estimate and \$1.91 billion (13.6%) above disbursements for the same point in the previous fiscal year. The year-to-date all funds variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs. 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 332,000 individuals since December 2019.

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

	Dec. Actual	Dec. Projection	Variance	Variance %
GRF	\$973.6	\$1,100.8	-\$127.2	-11.6%
Non-GRF	\$1,611.8	\$1,676.3	-\$64.5	-3.8%
All Funds	\$2,585.4	\$2,777.1	-\$191.7	-6.9%

Enrollment

Total December enrollment was 3.1 million, which was 272,100 (-8.0%) below the post-pandemic updated estimate and 332,000 (11.9%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.05 million and was 131,400 (-4.1%) below the updated post-pandemic estimate.

December enrollment by major eligibility category was: Covered Families and Children, 1.74 million; Group VIII Expansion, 743,470; and Aged, Blind and Disabled (ABD), 497,160.

**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.

December disbursements in this category totaled \$136.4 million and were \$13.0 million (10.6%) above estimate. Year-to-date disbursements were \$731.7 million and were \$48.9 million (-6.3%) below estimate. On a year-over-year basis, disbursements in this category were \$25.5 million (23.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$10.8 million (-1.5%) lower than at the same point in fiscal year 2020.

Department of Job and Family Services

December disbursements for the Department of Job and Family Services totaled \$97.1 million and were \$26.6 million (37.8%) above estimate. This variance was primarily attributable to the Family and Children Services line item, which was \$27.5 million above estimate due to counties receiving their funding for the Child Protective Services allocation. This is a quarterly allocation and usually made in the month of each quarter. The third quarter allocation was sent out in December instead of January. The Family Assistance - Local line item was \$4.3 million above estimate because counties requested more of their Income Maintenance allocation than what was anticipated for the month, and the Child Care State/Maintenance of Effort line item was \$3.1 million above estimate because of the need to meet the required Maintenance of Effort spending for the Child Care Development Fund. The Child Support – Local line item was \$1.5 million above estimate because county Child Support Enforcement Agencies requested higher than expected draws. The above estimate variance for December was partially offset by the Early Care and Education line item, which was \$5.3 million below estimate because the weekly childcare provider payments have been lower than expected due to the pandemic, which has impacted daycare enrollment and attendance. The variance was also offset by the Program Operations line item, which was \$3.8 million below estimate because invoices from various vendors were not received as anticipated.

Department of Health

December disbursements for the Department of Health totaled \$6.0 million and were \$2.3 million (-27.6%) below estimate. This variance was primarily attributable to the Medically Handicapped Children line item, which was \$1.4 million below estimate due to delayed subsidy payments for the program in December which will be offset in future months.

Department of Mental Health and Addiction Services

December disbursements for the Department of Mental Health and Addiction Services totaled \$25.1 million and were \$11.0 million (-30.4%) below estimate. This variance was primarily attributable to the Continuum of Care Services line item, which had no expenditures and was \$7.0 million below estimate due to Community Medication and Crisis Stabilization subsidy payments budgeted for December being paid in November. The Hospital Services line item was \$1.8 million below estimate due mostly to expenses paid from CARES funding received for rural hospitals with operations greater than \$10.0 million.”

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.

December disbursements in this category totaled \$158.1 million and were \$7.8 million (-4.7%) below estimate. Year-to-date disbursements were \$1.3 billion and were \$60.4 million (-4.5%) below estimate. On a year-over-year basis, disbursements in this category were \$35.2 million (-18.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$18.6 million (1.5%) higher than at the same point in fiscal year 2020.

Office of the Attorney General

December disbursements for the Office of the Attorney General totaled \$4.8 million and were \$2.2 million (-36.8%) below estimate. This variance was primarily attributable to lower than estimated disbursements in the School Safety Training Grants and the Domestic Violence Programs line items.

Department of Rehabilitation and Correction

December disbursements for the Department of Rehabilitation and Correction totaled \$124.1 million and were \$2.5 million (2.1%) above estimate. This variance was primarily attributable to variances in the Institutional Operations line item, which was \$3.1 million above estimate due to the timing of payments and negative variances in previous months. This variance was partially offset by the Institutional Medical Services line item, which was \$1.1 million below estimate due to the timing of payments over the holiday season.

Public Defender Commission

December disbursements for the Public Defender Commission totaled \$0.7 million and were \$8.4 million (-91.7%) below estimate. This variance was attributable to disbursements in the County Reimbursement line item, which was \$8.4 million below estimate due to the timing of county reimbursement payments for the month. This variance should be offset in the coming month.

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, Department of Transportation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others.

December disbursements in this category totaled \$27.4 million and were \$17.1 million (-38.4%) below estimate. Year-to-date disbursements were \$217.7 million and were \$35.0 million (-13.9%) below estimate. On a year-over-year basis, disbursements in this category were \$6.9 million (-20.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$4.1 million (-1.8%) lower than at the same point in fiscal year 2020.

Development Services Agency

December disbursements for the Development Services Agency totaled \$1.4 million and were \$5.0 million (-78.4%) below estimate. This variance was primarily attributable to the timing of payments in the Appalachia Assistance line item. Grant payments to the Foundation for Appalachian Ohio were originally planned for December but will be disbursed in future months instead.

Department of Transportation

December disbursements for the Department of Transportation totaled \$3.9 million and were \$10.5 million (-72.9%) below estimate. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was \$10.5 million below estimate due to a delay in local urban and rural transit operators grant reimbursement requests for the Ohio Transit Partnership Program, and will likely be offset by a positive variance in other months.

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. December reimbursements totaled \$2.1 million and were \$12.8 million (-85.8%) below estimate. Year-to-date reimbursements totaled \$904.3 million and were \$29.2 million (-3.1%) below estimate. The year-to-date negative variance is caused by reimbursement requests being lower than originally estimated. While future months may be over or under-estimate due to the timing of reimbursement requests, it is likely that annual disbursements in this category will fall below estimate for the fiscal year.

Debt Service

December payments for debt service totaled \$22.0 million and were \$0.2 million (-0.9%) below estimate. Year-to-date expenses in this category total \$526.0 million and were \$2.3 million (-0.4%) 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

December transfers out totaled \$23.8 million though none were estimated. Year-to-date transfers out totaled \$435.2 million and were \$10.7 million (-2.4%) below estimate. The monthly variance was caused by a transfer to the Targeted Addiction Program Fund occurring in December though it was originally planned for August.

1/8/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL DECEMBER	ESTIMATED DECEMBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	572,738	567,173	5,565	1.0%	4,016,490	3,990,059	26,430	0.7%
Higher Education	187,996	184,793	3,203	1.7%	1,142,773	1,151,121	(8,348)	-0.7%
Other Education	2,859	3,919	(1,060)	-27.0%	41,339	43,359	(2,020)	-4.7%
Medicaid	973,624	1,100,981	(127,356)	-11.6%	9,657,424	10,196,641	(539,218)	-5.3%
Health and Human Services	136,400	123,370	13,030	10.6%	731,732	780,618	(48,886)	-6.3%
Justice and Public Protection	158,089	165,873	(7,784)	-4.7%	1,283,029	1,343,379	(60,350)	-4.5%
General Government	27,404	44,480	(17,076)	-38.4%	217,714	252,728	(35,014)	-13.9%
Property Tax Reimbursements	2,132	14,977	(12,845)	-85.8%	904,349	933,578	(29,229)	-3.1%
Debt Service	21,991	22,190	(199)	-0.9%	525,964	528,271	(2,307)	-0.4%
Total Expenditures & ISTV's	2,083,234	2,227,756	(144,522)	-6.5%	18,520,813	19,219,755	(698,942)	-3.6%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	23,750	0	23,750	N/A	435,225	445,900	(10,675)	-2.4%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	23,750	0	23,750	N/A	435,225	445,900	(10,675)	-2.4%
Total Fund Uses	2,106,984	2,227,756	(120,772)	-5.4%	18,956,038	19,665,655	(709,617)	-3.6%

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	DECEMBER FY 2021	DECEMBER FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
Primary and Secondary Education	572,738	619,163	(46,426)	-7.5%	4,016,490	4,175,558	(159,069)	-3.8%
Higher Education	187,996	196,434	(8,438)	-4.3%	1,142,773	1,132,287	10,486	0.9%
Other Education	2,859	6,770	(3,910)	-57.8%	41,339	50,769	(9,430)	-18.6%
Medicaid	973,624	1,668,974	(695,350)	-41.7%	9,657,424	8,424,866	1,232,558	14.6%
Health and Human Services	136,400	110,898	25,502	23.0%	731,732	742,522	(10,790)	-1.5%
Justice and Public Protection	158,089	193,242	(35,153)	-18.2%	1,283,029	1,264,437	18,592	1.5%
General Government	27,404	34,259	(6,855)	-20.0%	217,714	221,776	(4,062)	-1.8%
Property Tax Reimbursements	2,132	1,727	405	23.4%	904,349	905,289	(941)	-0.1%
Debt Service	21,991	18,987	3,005	15.8%	525,964	903,325	(377,361)	-41.8%
Total Expenditures & ISTV's	2,083,234	2,850,454	(767,220)	-26.9%	18,520,813	17,820,829	699,984	3.9%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	23,750	0	23,750	N/A	435,225	662,799	(227,574)	-34.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	23,750	0	23,750	N/A	435,225	662,799	(227,574)	-34.3%
Total Fund Uses	2,106,984	2,850,454	(743,470)	-26.1%	18,956,038	18,483,627	472,411	2.6%

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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