

June 10, 2021

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

FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report



Report Overview:



May GRF personal income tax receipts totaled \$1.2 billion and were \$563.9 million (86.2%) above the estimate. Across the first eleven months of the fiscal year, revenues in this category are now \$207.8 million (2.3%) above estimate. The large May positive variance from estimate reflects the one-month extension of certain income tax filing and payment deadlines.



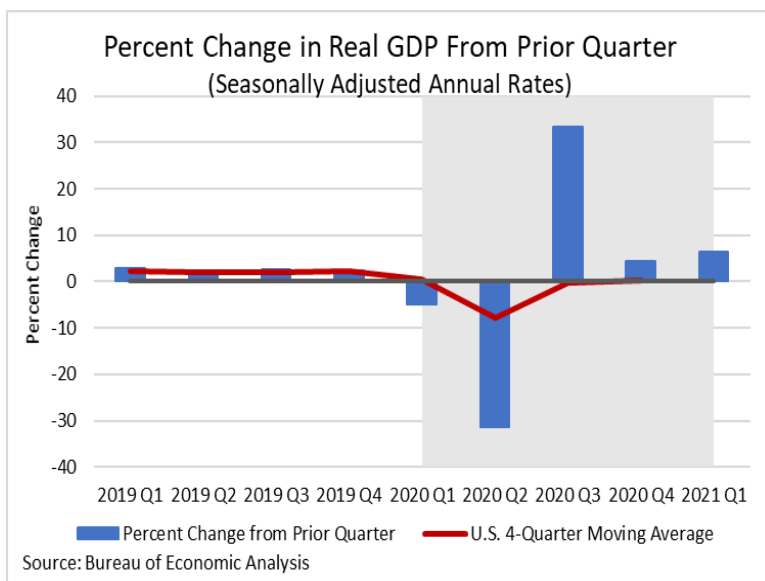
GRF non-auto sales and use tax collections in May totaled \$985.6 million and were \$151.0 million (18.1%) above the estimate. Across the first eleven months of the fiscal year, revenues in this category are now \$647.0 million (7.4%) above estimate; actual revenue has exceeded estimate in nine of these months.



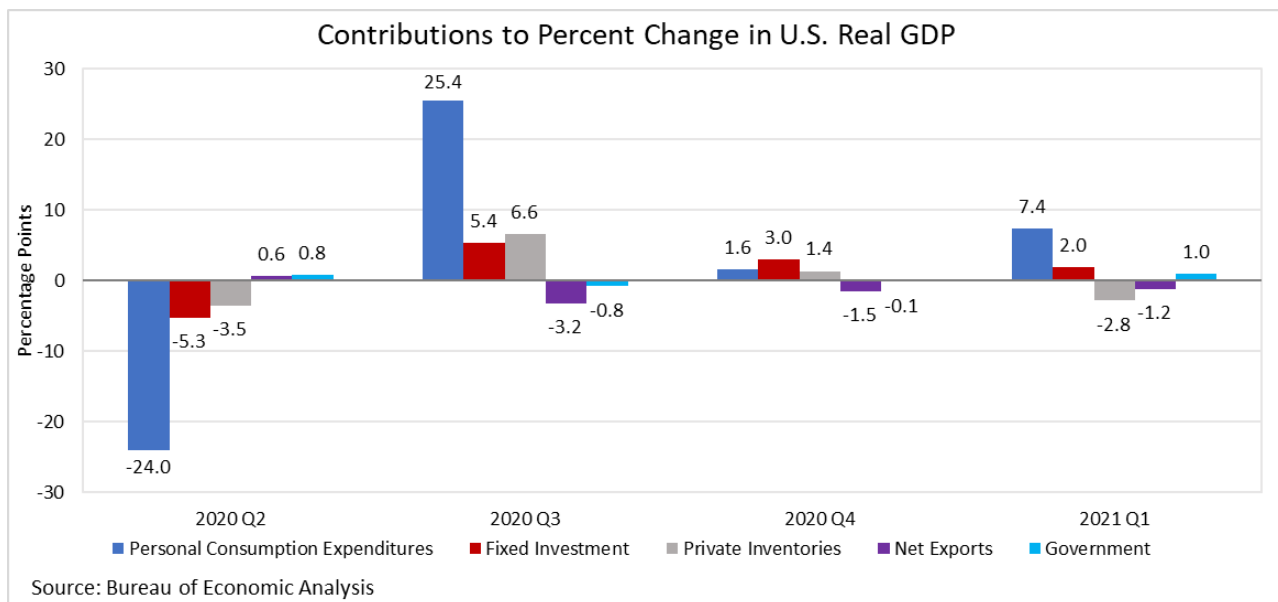
May auto sales tax collections totaled \$171.5 million and were \$18.5 million (12.1%) above the estimate. Across the first eleven months of the fiscal year, revenues in this category are now \$228.0 million (15.7%) above estimate. The auto sales tax has now exceeded estimates for twelve consecutive months.

Economic Activity

According to the Bureau of Economic Analysis (BEA)'s second estimate, **Real Gross Domestic Product (GDP)** expanded in the first quarter of calendar year 2021 at an annualized rate of 6.4 percent. This growth, along with those in the third and fourth quarters of 2020, put GDP just 0.9 percent below its pre-pandemic peak, reached in the fourth quarter of 2019. The first quarter expansion reflects continued efforts to mitigate the effects of the pandemic, a rise in vaccination rates, and government assistance which boosted disposable income and increased consumer spending.



The first quarter increase in real GDP resulted from growth in personal consumption expenditures (7.4 percentage points), nonresidential fixed investment (1.4 percentage points), federal government spending (1.0 percentage points), residential fixed investment (0.6 percentage points), and state and local government spending (0.1 percentage points). These increases were partially offset by decreases in private inventory investment (-2.8 percentage points) and net exports (-1.2 percentage points).

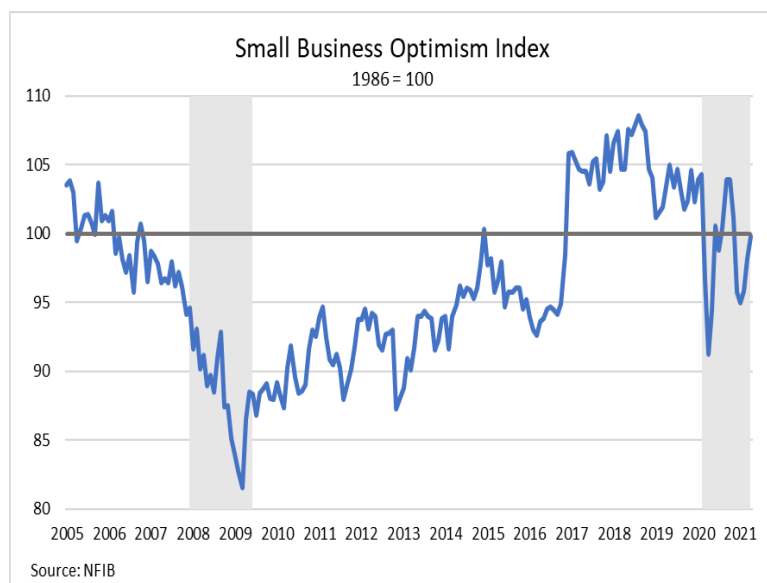


Moody's Analytics and CNN created the **Back-to-Normal Index** to track the economic recovery. The national index combines 37 indicators of economic activity, including the 25 traditional economic indicators used in Moody's High Frequency GDP model, with 12 real-time indicators. Each state index is composed 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 June 2, 2021, the national index was at 90.6 percent. Ohio's index was 1.7 percentage points ahead of the national index at 92.3. After several months of measured growth, the Ohio index increased from an average of 89.4 in April 2021 to an average of 93.2 in May 2021. The monthly averages of the national index showed slightly smaller increases, suggesting that Ohio is returning to normal faster than the national average.

The Federal Reserve's **Beige Book** evaluates current economic conditions across its 12 districts. According to the June 2, 2021 report, the economy in the Fourth District, which includes Ohio, continued to gain strength in recent weeks. Progress in the fight against COVID-19 and the corresponding easing of health-related restrictions have created a release of pent-up demand that is expected to continue in the short-term. Despite the increases in demand, supply chain challenges constrained growth by creating extended lead times, depleted inventories, and escalating material and transportation costs. Firms also experienced challenges in hiring due to a lack of job qualified applicants. As a result, many firms increased wages, particularly for low-wage, hourly workers. Consequently, prices increased as firms managed the rising costs of labor and materials.

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 April, the LEI increased 1.6 percent to reach 113.3. Recent gains pushed the LEI to regain all losses from the COVID-19 contraction and surpass its previous peak in January 2020. Eight of the ten index components saw gains in April. The largest contributors to those gains were the reduction of initial unemployment claims and stock prices. Although employment and production have not returned to their pre-pandemic levels, the growth in the index suggests the economy will continue to accelerate in the near term.

The Ohio economy continued to show signs of an expansion in April. 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 0.2 percent between March and April, and 1.6 percent over the last three months. For comparison, the U.S. coincident index increased 0.2 percent between March and April, the 1.1 percent over the last three months. Between March and April, the indices increased in 46 states, decreased in two and remained the same in two. This resulted in a one-month diffusion index of 88 and a three-month diffusion index of 96.



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 improved 1.6 points to 99.8 in April, slightly above the 47-year historic average of 98.0.

While earnings trends over the past three months declined 8.0 points, to a net negative 7.0 percent, sales expectations over the next three months improved 1.0 point, to a net 1.0 percent. As small business owners

wonder whether it is a good time to expand their businesses or not, the uncertainty index decreased 1.0 point to 80.0. Overall, main street businesses are doing better as COVID-19 related restrictions are lifted but finding qualified labor is impeding growth.

The consensus among forecasters is for strong growth in the second quarter of calendar year 2021. Although the labor market has not fully recovered, infusions of aid from the federal government have left the average household with more disposable income than before the pandemic. Individuals are spending more on services and are expected to continue to do so. By late May and early June, most economists were expecting second quarter growth above 8.0 percent, with increases continuing during the remainder of the calendar year.

Source	Date	2 nd Quarter 2021 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	6/01/21	10.3%
Federal Reserve Bank of New York (NowCast)	6/04/21	4.4%
IHS Markit GDP Tracker	6/02/21	11.8%
Moody's Analytics High Frequency GDP Model	6/01/21	9.9%
Wells Fargo	5/12/21	9.8%
Conference Board	5/18/21	8.6%

Employment

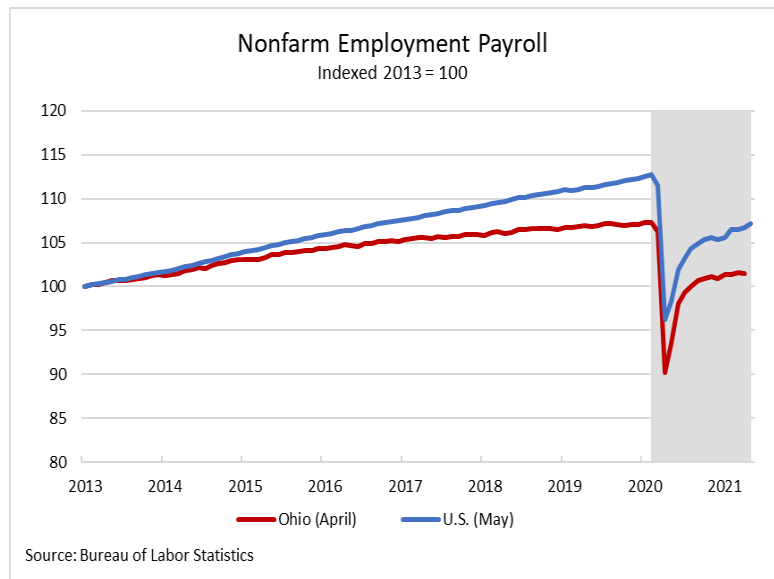
The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased 559,000 jobs in May. Even when adding these gains to those for the last four months, nonfarm employment remained below February 2020's pre-pandemic levels by 5.0 percent (7.6 million jobs). Notable gains were made in leisure and hospitality, public and private education, and health care and social assistance.

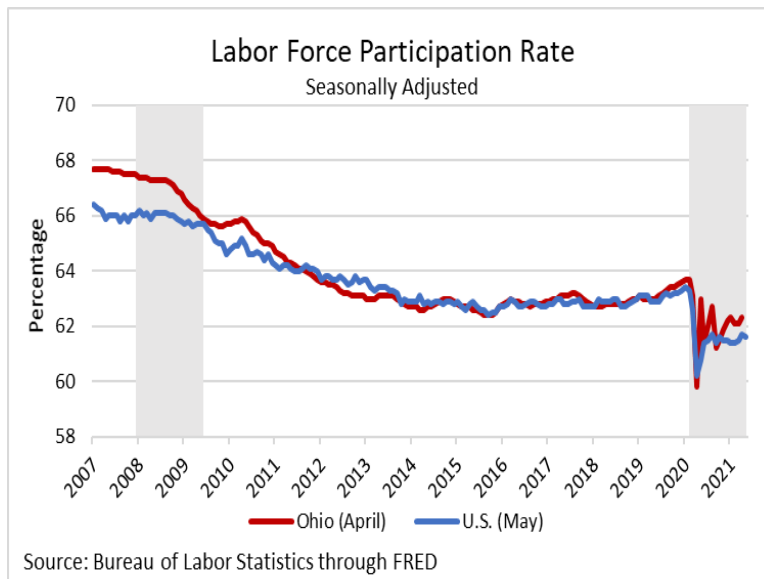
In May, **leisure and hospitality** jobs increased by 292,000, which was attributed to an easing of pandemic restrictions in certain areas of the country. About two-thirds of the increase was within food services and drinking places, which increased by 186,000 jobs. Employment also rose in amusements, gambling, and recreation (58,000) and in accommodation (35,000). Despite these gains in leisure and hospitality employment, this sector remained 15.0 percent or 2.5 million jobs lower than in February 2020.

Employment in public and private education rose due to a continued return of in-person learning and resumed school-related activities. **Local government education** increased by 53,000 jobs, **state government education** by 50,000, and **private education** by 41,000. Despite these gains, employment in the education sector was lower by more than one million jobs compared to February 2020 levels.

Health care and social assistance employment increased in May by 46,000 jobs. Health care jobs rose by 23,000, largely in ambulatory health care services. Social assistance jobs also increased by 23,000; this was largely in child day care services. However, employment remains down from February 2020 by 508,000 jobs in health care and 257,000 in social assistance.

Manufacturing employment rose by 23,000 in May, this follows a decrease of 32,000 jobs in April. Despite an increase in manufacturing employment, jobs in this industry remain down by 509,000 from February 2020. **Transportation and warehousing** increased by 23,000 jobs in May but remains down by 100,000 since February 2020. Employment in **wholesale trade** increased by 20,000 in May, most of this increase was in the durable goods sector which increased by 14,000 jobs. **Construction** employment decreased by 20,000 jobs in May and remains 225,000 jobs lower than in February 2020.





The **national labor force participation rate** changed slightly, down 0.1 percentage point to 61.6 percent in May. This rate is 1.7 percentage points lower than February 2020. The **employment-population ratio** increased by 0.1 percentage points in May to 58.0 percent. However, the ratio remained 3.1 percentage points lower than February 2020.

Ohio's nonfarm payroll employment decreased 0.7 percent between March and April, essentially staying stable at 5.3 million jobs for the fourth month in

a row. Nonfarm payroll employment was 5.4 percent lower than it was in February 2020. Sectors with the greatest job losses between March and April included leisure and hospitality (-3,900), trade, transportation, and utilities (-1,700), government (-300), and manufacturing (-200). These losses were partially offset by job gains in education and health services (1,900), other services (800) and construction (400). Ohio's seasonally adjusted labor force participation rate in April was 62.3 percent, an increase of 0.2 percentage points from March 2021. The rate remained 1.4 percentage points lower than February 2020's pre-pandemic level. However, Ohio's labor force participation rate remained 0.6 percentage points higher than the national rate in April.

The Bureau of Labor Statistics reported that the national **unemployment rate** declined 0.3 percentage points to 5.8 percent between April and May. The number of **unemployed individuals** fell by 496,000 to 9.3 million in May. Despite both measures being substantially lower than their April 2020 highs, they remain above their February pre-pandemic levels by 2.3 percentage points and 3.6 million, respectively.

The unemployment rate for all demographic groups declined between April and May. The unemployment rate for those who identify as White and Asian both decreased by 0.2 percentage points, to 5.1 percent and 5.5 percent. The unemployment rate for individuals who identify as Black and those that identify as Hispanic or Latino decreased 0.6 percentage points, to 9.1 percent and 7.3 percent. The unemployment rate for adult women decreased by 0.2 percentage points to 5.4 percent; the rate for adult men decreased by 0.2 percentage points to 5.9 percent. In May, the unemployment rate for teenagers declined by 0.3 percentage points to 9.6 percent.

The number of unemployed people who were on **temporary layoff** decreased by 291,000 to 1.8 million in May. This was 1.1 million higher than in February 2020 but substantially reduced from the high of 18.0 million in April 2020. The number of people with **permanent job losses** declined in May by 295,000 to 3.2 million but remained 1.9 million higher than in February 2020. The number of unemployed **reentrants**, those who have previously worked but were not in the labor force prior to beginning their job search, increased by 77,000 to 2.5 million.

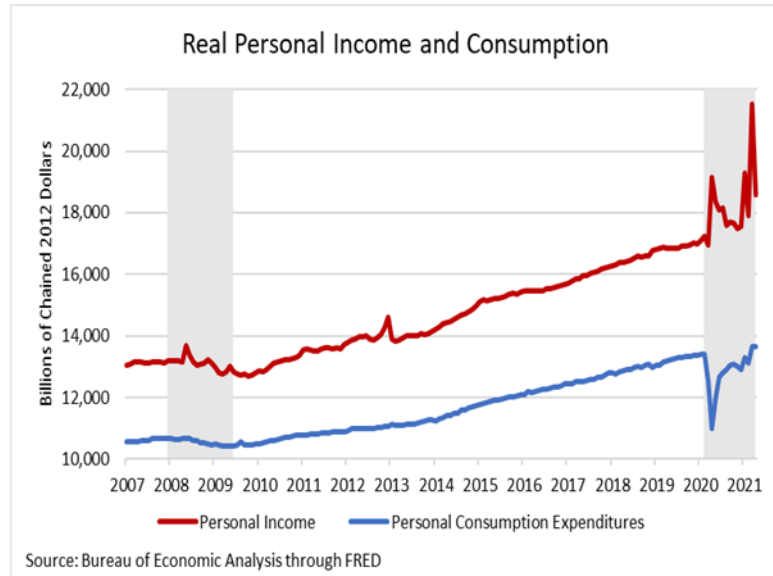
The number of unemployed individuals who were **jobless less than 5 weeks** decreased by 391,000 to 2.0 million. Individuals who were **jobless 5 to 14 weeks** increased by 187,000 to 2.1 million. Those **jobless 15 to 26 weeks** increased 59,000 to 1.3 million. Unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, declined by 431,000 to 3.8 million but remained 2.6 million higher than in February 2020. The long-term unemployed makes up 40.9 percent of the total unemployed in May. The number of **people not in the labor force who currently want a job** decreased slightly by 47,000 to 6.6 million people but is up by 1.6 million since February 2020. These are individuals who want a job but are not counted as unemployed because they were not actively looking for work over the last four weeks or were unavailable to take a job for a variety of reasons including caring for children or other family members.

The **Ohio unemployment rate** remained constant at 4.7 percent in April 2021. During the week ending May 29, 2021, 13,955 initial unemployment claims were filed. This was a 94.9 percent decline from the peak week in March 2020 when 274,215 initial claims were filed. Continued claims in Ohio decreased substantially between the peak of 776,302 in April 2020 and the week ending May 29, 2021, in which 92,265 individuals filed continued claims. However, an additional 119,726 people filed for extended benefits during the same week; these individuals were unemployed for 26 or more weeks. As of June 03, 2021, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning 145 employees of potential future layoffs and closures in June and 335 in July.

Consumer Income and Consumption

According to the Bureau of Economic Analysis, **personal income** decreased \$3.2 trillion (-13.1%) in April. This was mainly due to a decrease in government social benefits which decreased by \$3.4 trillion (-41.6%). Within government social benefits, the “other” category decreased by \$3.3 trillion (-70.5%). This decrease stemmed from the decline of economic impact payments from the American Rescue Plan. This plan provided another round of economic payments to households primarily distributed in March.

Real personal consumption expenditures, a measure of national consumer spending for goods and services, decreased 0.1 percent between March and April. While spending on goods decreased 1.3 percent, spending on services increased 0.6 percent. The increase in spending on services was attributed to an increase in spending for recreation services, and food services and accommodations. Overall, spending on durable goods decreased 0.9 percent with other durable goods, such as jewelry, therapeutic equipment, and educational books, decreasing 4.2 percent. This decrease was partially offset by a 1.6 percent increase in spending on motor vehicles and parts. Spending on nondurable goods decreased 1.6 percent, with widespread declines across the subcategories. The table below provides additional details on personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates.



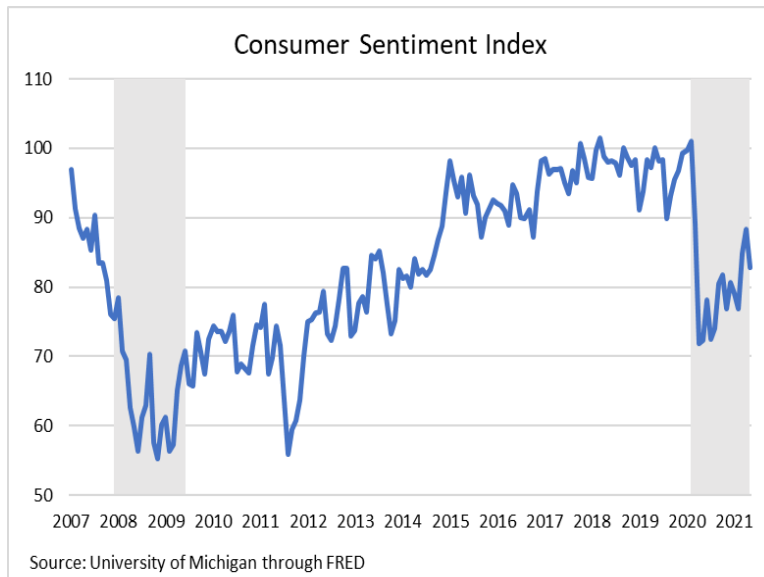
Consumer Spending by Industry, for Select Industries (In Millions of Chained 2012 dollars)

	March 2021	April 2021	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Durable Goods	\$2,392,676	\$2,371,756	-0.9%	66.2%	35.1%
Motor vehicles and parts	\$719,814	\$731,220	1.6%	88.9%	38.0%
Recreational goods and vehicles	\$844,210	\$829,625	-1.7%	43.6%	44.2%
Other durable goods	\$340,700	\$326,478	-4.2%	104.2%	26.0%
Nondurable goods	\$3,345,244	\$3,293,289	-1.6%	19.5%	10.1%
Clothing and footwear	\$481,790	\$464,457	-3.6%	103.2%	12.4%
Food and beverages purchased for off-premises consumption	\$1,101,793	\$1,079,827	-2.0%	5.0%	10.4%
Gasoline and other energy goods	\$410,680	\$411,797	0.3%	41.8%	-8.7%
Other nondurable goods	\$1,312,745	\$1,300,179	-1.0%	15.1%	14.7%
Services	\$8,177,148	\$8,224,096	0.6%	19.3%	-3.1%
Food services and accommodations	\$758,319	\$774,874	2.2%	93.3%	-7.3%
Recreation services	\$373,848	\$396,853	6.2%	102.3%	-21.0%
Transportation services	\$369,726	\$367,084	-0.7%	62.5%	-16.1%

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

Personal saving decreased 54.0 percent (\$3.3 trillion) in April 2021 compared to March. This decrease follows an increase in March of 133.2 percent (\$3.5 trillion). Personal saving remained above the February 2020 level by 102.6 percent (\$1.4 trillion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 14.9 percent, a decrease of 12.8 percentage points between March and April.

The Bureau of Labor Statistics computes the consumer price index to measure the average change overtime in prices paid by consumers for goods and services. The **Consumer Price Index for All Urban Consumers** (CPI) increased 0.8 percent in April, this follows an increase of 0.6 percent in March. Over the last 12 months, the ‘all items’ index has increased 4.2 percent. This is the largest 12-month increase since the period ending in September 2008 which increased 4.9 percent. The index for used cars and trucks had the largest monthly increase since the series began in 1953, this index increased 10.0 percent in April. In addition, the index for ‘all items less food and energy’ rose 0.9 percent in April, this was the largest monthly increase since April 1982.



Results from the University of Michigan’s **Surveys of Consumers** indicated that consumer sentiment began to decline in May. The Consumer Sentiment Index decreased 5.4 points to 82.9 in May 2021. This was a 6.1 percent decrease from April and a 14.7 percent increase compared to May 2020. The Current Economic Conditions Index decreased 7.8 points to 89.4. This was 8.0 percent decrease from April and an 8.6 percent increase compared to May 2020. The Consumer Expectations Index decreased 3.9 points to 78.8. This was a 4.7 percent decrease from April and an increase of

19.6 percent compared to May 2020. The declines in May are attributed to the release of pent-up demand within the economy. As supply has been unable to meet this growing demand, consumers have been experiencing higher prices across a range of discretionary purchase categories. Despite the rise in prices there has been more than \$2 trillion in savings in the past year along with continued improvement in the labor market, which is leading to continued spending.

The **Conference Board’s Consumer Confidence Index**, which reflects consumer attitudes and buying intentions held steady in May with a decrease of 0.3 percentage points. Consumer confidence in May was at 117.2, down marginally from April’s revised value of 117.5. The **Conference Board’s Present Situation Index**, which measures consumers’ current assessment of business and labor market conditions, increased by 12.4 percentage points, from 131.9 in April to 144.3 in May. The **Conference Board’s Expectation Index** examines consumer short-term outlook for the economy. The index decreased 8.8 percentage points, from 107.9 in April to 99.1 in May. This index was essentially unchanged in May after increases in consumer confidence in recent months. Consumers short-term positive expectations declined as growth decelerated and labor market conditions softened. In addition, concern among consumers about their income prospects have increased along with rising inflation concerns.

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”. As vaccinations have increased more people are willing to travel which resulted in an increase in airline travel of 19.3 percent in May 2021 compared to April. Total travel throughput in May 2021 was 578.9 percent higher than in May 2020; however, travel was 33.0 percent lower in May 2021 compared to May 2019.

For the week ending May 29, 2021, **STR**, a company that provides analytics and data on the hospitality sector, reported a hotel occupancy rate of 61.8 percent. The average daily rate for a hotel room was \$122.6 and revenue per available room was \$75.4. All three metrics were at pandemic-era highs as the summer leisure travel season begins; however, the path to recovery remains bumpy with a lack of business travel preventing hotels in many markets from making up more ground.

Commercial vehicle miles traveled on the Ohio turnpike in May 2021 increased 25.9 percent compared to May 2020 and increased 14.8 percent compared to May 2019. **Passenger vehicle miles traveled** in May 2021 increased 74.8 percent compared to May 2020 and decreased 7.9 percent compared to May 2019. Total revenue on the Ohio turnpike is 8.8 percent higher in May 2021 compared to May 2019.

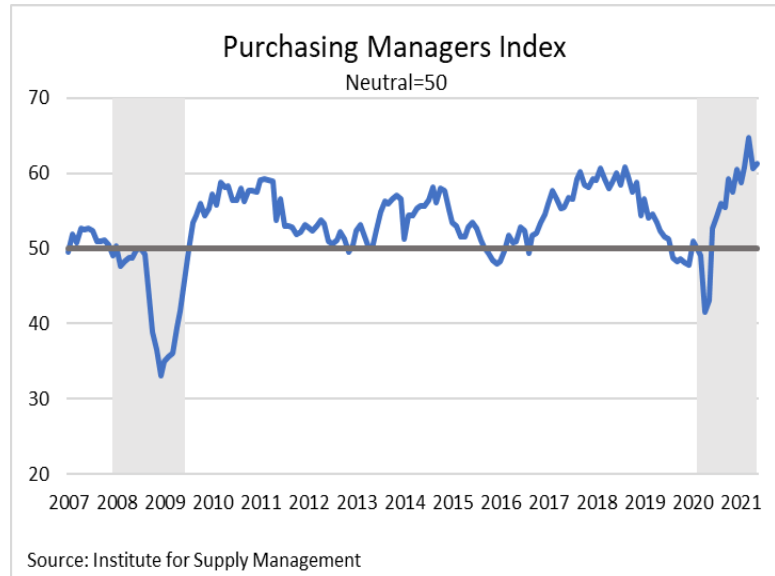
Industrial Activity

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 0.7 percent between March and April. The index recovered more than half of its pandemic decline but remained 2.7 percent below February 2020.

The **manufacturing production index** increased by 0.4 percent in April. Durable goods production decreased 0.4 percent and nondurable manufacturing increased 1.3 percent. The output of utilities increased 2.6 percent in April after dropping an historic 11.4 percent in March. This historic drop was due to an unseasonably cold February and unseasonably warm weather in March which reduced the demand for heating.

Most of the manufacturing industries that are relevant to Ohio’s economy changed little nationally in April compared to March. The principal exception was the output of motor vehicles and parts which experienced a decline of 4.3 percent in April. A shortage of semiconductors held back motor vehicle production in recent months. April production levels increased in the following industries: chemicals (3.2%), primary metals (1.7%), petroleum and coal products (1.6%), electrical equipment and appliances (1.1%), machinery manufacturing (0.7%), food beverage and tobacco productions (0.3%). April production levels decreased in the following industries: plastics and rubber products (-0.8%), aerospace and miscellaneous transportation equipment (-0.7%), fabricated metals products (-0.2%).

Produced by the Institute for Supply Management (ISM), the **Purchasing Managers Index (PMI)** measures expansions and contractions of the manufacturing economy. A PMI score reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent it is generally contracting. In May, the PMI for the United States rose 0.5 percentage points to 61.2 percent, compared to April. This indicated an overall expansion of the economy for the twelfth month in a row after contraction between March and May 2020.



Between March and April, the new orders index increased 2.7 percentage points to 67.0 percent and the production index was down 4.0 percentage points to 58.5 percent. The backlog of orders index rose 2.4 percentage points to 70.6 percent. The employment index contracted 4.2 percentage points to 50.9 percent. Overall, these changes provide evidence that the manufacturing economy was continuing to expand; however, respondents continued to report that they struggle to meet increasing rates of demand because of the supply chain limitations, long lead times, rising prices for commodities and labor, and challenges transporting products.

Of the 18 industries tracked by the Manufacturing ISM® *Report on Business*, 16 reported growth between April and May. Nine of the ten industries most important to Ohio manufacturing reported growth in the last month, with plastics and rubber products and primary metals leading the way.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effects of labor and supply shortages in May. A source in the food, beverage and tobacco industry reported, “[d]ifficulty finding workers at the factory and warehouse level is not only impacting our production, but suppliers’ as well: Spot shortages and delays are common due to an inability to staff lines. Delays at the port continue to strain inventory levels.” Additionally, a respondent in the fabricated metals industry reported, “a lack of qualified candidates to fill both open office and shop positions is having a negative impact on production throughput. Challenges mounting for meeting delivery dates to customers due to material and services shortages and protracted lead times. This situation does not look to improve until possibly the fourth quarter of 2021 or beyond.”

Construction

The U.S. Census Bureau estimated **total construction spending** in April to be at a seasonally adjusted annual rate of \$1.5 trillion, which was 0.2 percent above the revised March estimate. The April 2021 estimate was 9.8 percent above that of April 2020 and 12.4 percent above April 2019.

Private sector construction spending in April 2021 was at a seasonally adjusted annual rate of \$1.2 trillion. This was 0.4 percent above the revised March estimate and 13.9 percent above the rate in April 2020. Residential construction in April increased 1.0 percent from March and remained 29.5 percent above April 2020. On the other hand, nonresidential construction in April decreased 0.5 percent from the revised March rate and was 3.9 percent below April 2020.

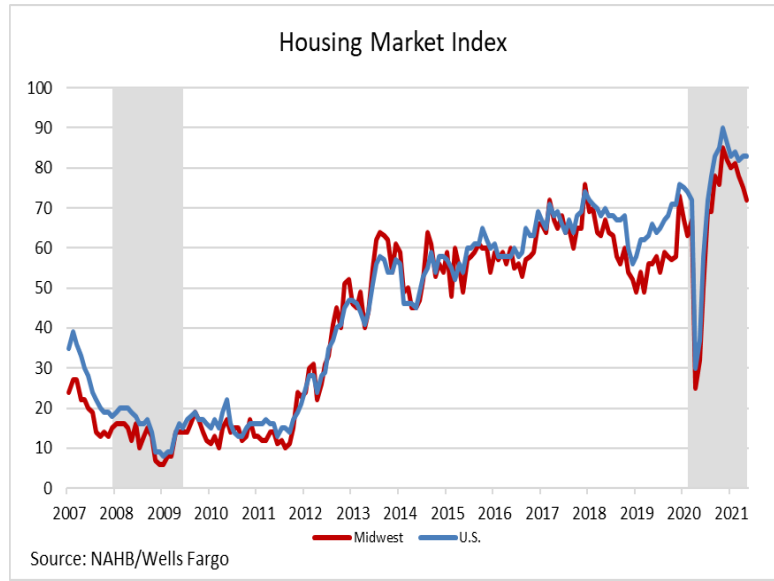
Public sector construction spending in April was at a seasonally adjusted annual rate of \$343.5 billion. This was 0.6 percent below the revised March estimate and 2.2 percent below the April 2020 rate. Spending in April on education construction was 0.9 percent below March's revised value and remained 7.7 percent below April 2020. Transportation construction spending in April was 5.4 percent below the revised March value and was 3.4 percent below April 2020.

Nationally, the number of privately-owned housing units approved decreased 1.3 percent between March and April and were 58.4 percent above April 2020 levels. In Ohio, building permits for privately owned units increased 1.1 percent between March and April, and were 54.0 percent above the number of permits issued in April 2020. Nationally, privately-owned housing starts in April decreased 9.5 percent compared to March and were 67.3 percent below the April 2020 level. Midwest privately-owned housing starts decreased 34.8 percent between March and April, and were 40.9 percent above the April 2020 levels. Nationally, privately-owned housing completions decreased 4.4 percent in April but were 21.7 percent above the April 2020 rate. In April privately-owned housing completions in the Midwest decreased 16.9 percent compared to March but were 7.7 percent above the April 2020 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In April, new home sales decreased 5.9 percent to 863,000, but remained 48.3 percent above the April 2020 estimate. New home sales in the Midwest decreased 8.3 percent between March and April but remained 46.7 percent above the April 2020 level. The national median sales price in April 2021 was \$372,400. This was an 11.4 percent increase compared to March 2021 and a 20.1 percent increase compared to April 2020.

Existing home sales, as reported by the National Association of Realtors, decreased in April for the third consecutive month. Sales decreased 2.7 percent in April, compared to March to a seasonally adjusted rate of 5.9 million housing units. This was an increase of 33.9 percent from a year ago. Available inventory in April rose to 1.2 million units which was an increase of 10.5 percent from March but remained 20.5 percent lower than a year ago. Inventory levels continued to show a near record low causing a rise in home prices. In April, 88.0 percent of homes on the market sold in less than a month. The median sale price of all existing home sales increased 19.1 percent from a year ago. April 2021 was the 110th continuous month of year-over-year increases in existing median home sales price. Sales in the Midwest made a slight increase of 0.8 percent in April. Despite high home prices and the decline in affordability, housing demand remained strong due to low mortgage rates and a positive economic outlook. According to the Ohio Realtors, activity in the Ohio housing market increased in April 18.0 percent from April 2020. The average sale price in Ohio was \$236,000 in April, a 16.9 percent increase compared to April of last year.

The **Housing Market Index** (HMI) from the National Association of Home Builders (NAHB) and Wells Fargo takes the pulse of the single-family housing market and asks respondents to rate market conditions for the sale of new homes at the present time and in the next six months. Nationally, the HMI index in May remained unchanged from April at a value of 83.0. In the Midwest, HMI decreased 4.0 percent, from 75.0 in April to 72.0 in May. Builders remain confident as there was a growing pool of home buyers and low mortgage rates. However, this created challenges for first time home buyers who have a larger risk of losing a potential purchase due to high building costs.



REVENUES

Total May GRF tax revenue was \$744.7 million (34.1%) above estimate. This outcome primarily reflects a change in the timing of personal income tax revenue, with annual tax return payments moved from April to May due to the extension of the filing and payment date. Even so, Ohio non-auto sales tax and auto sales tax once again exhibited robust performance in May. Non-auto sales tax exceeded estimate by 18.1 percent for the month; revenue nearly reached the \$1.0 billion mark that was attained for the first time in April. Auto sales tax revenues once again substantially exceeded expectations, with a 12.1 percent positive variance.

May total GRF receipts totaled \$4.5 billion and were \$1.6 billion (53.7%) above estimate. As noted above, tax revenues were \$744.7 million (34.1%) above estimate. Non-tax receipts were \$821.1 million (113.0%) above estimate. 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	\$1,170.4	5.2%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$220.3)	-1.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$19.2	24.7%
TOTAL REVENUE VARIANCE:		\$969.3	2.8%
Non-federal revenue variance		\$1,247.4	5.5%
Federal grants variance		(\$278.0)	-2.4%

For May, receipts and transfers were \$1.7 billion (61.7%) above the previous year. Tax receipts increased by \$1.1 billion (61.2%), non-tax receipts increased by \$597.1 million (62.8%), and transfers increased by \$24,000. For the year-to-date, tax receipts are \$3.4 billion (16.6%) above last year and non-tax receipts are \$2.1 billion (21.6%) over the prior year. Transfers are \$20.1 million (26.1%) above last year on a year-to-date basis.

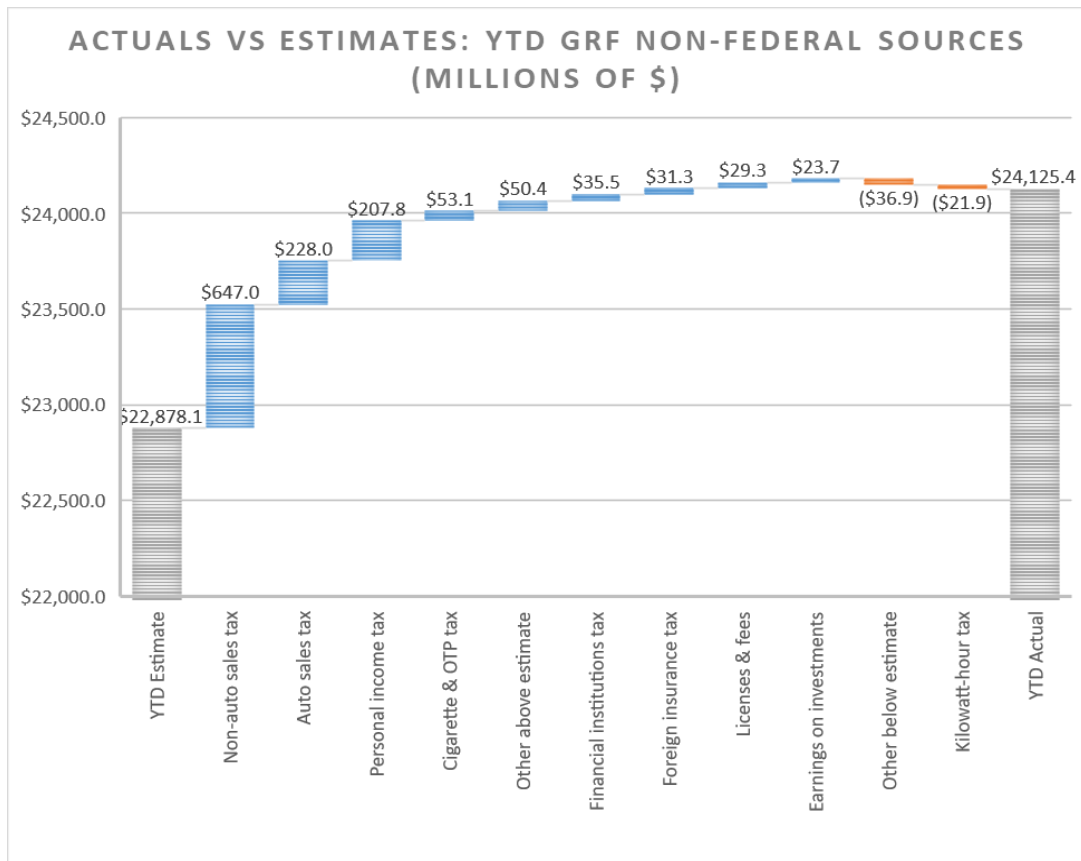
During May, the source with the largest year-over-year increase was personal income tax, at \$704.2 million (137.1%) above last year. The next-largest increases were Federal grants at \$593.4 million (62.6%), non-auto sales tax at \$304.4 million (44.7%), and auto sales tax at \$70.1 (69.2%). The largest decline was experienced by domestic insurance tax at \$9.5 million (-50.3%).

The table below shows that sources above estimate (a positive variance of \$1.6 billion) in May outweighed the size of sources below estimate (a negative variance of \$14.6 million), resulting in a \$1.6 billion net positive variance from estimate.

GRF Revenue Sources Relative to Monthly Estimates – May 2021
(\$ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Federal grants	\$814.9	Domestic insurance tax	(\$8.9)
Personal income tax	\$563.9	Commercial activity tax	(\$3.7)
Non-auto sales tax	\$151.0	Other sources below estimate	(\$2.0)
Auto sales tax	\$18.5		
Financial institutions tax	\$11.6		
Licenses and fees	\$5.8		
Cigarette & other tobacco products tax	\$5.3		
Other sources above estimate	\$9.4		
Total above	\$1,580.4	Total below	(\$14.6)

(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 \$1.2 billion. The non-auto sales tax overage accounts for just over one-half of the total year-to-date overage shown in the chart.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in May totaled \$985.6 million and were \$151.0 million (18.1%) above the estimate. For the fiscal year-to-date, revenues are \$647.0 million (7.4%) above estimate. Although non-auto sales tax revenue has exceeded estimate in nearly every month of the fiscal year, this month's overage exceeds that of every month except April.

Non-auto sales tax revenue for May was \$304.4 million (44.7%) above the prior year, while year-to-date revenue is \$1.0 billion (12.3%) above fiscal year 2020. May's growth occurred from a base amount that was greatly suppressed by the pandemic; for context, May 2020 revenue performed 16.4 percent below estimate and declined by 14.7 percent from May 2019. An alternative year-over-year comparison uses May 2019 revenue: a calculation of the compound annual growth rate from May 2019 to May 2021 yields 11.1 percent annual growth this May.

Just as the pandemic and its policy responses have impacted non-auto sales tax revenues throughout the fiscal year, May revenue was also affected. Various elements of the \$1.9 trillion American Rescue Plan Act (ARP) enacted in March have provided a boost to household incomes. In particular, the \$1,400 per-individual direct economic recovery payments (“stimulus” payments) spurred consumption during March and April, with lagged positive impacts on May tax revenue.

There continues to be a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods, fostering revenue intake. The current “Monthly Event Study of Spending” table issued by BEA – a high-frequency data series which uses credit card spending data from Fiserv (a major card intermediary company) – continues to indicate significant declines in industries generally not subject to sales tax: Recreation, Accommodations, Food Services, and Gas Stations categories show median declines ranging from -2.5 percent to -28.2 percent in April relative to pre-pandemic levels. Most retail segments that are predominantly subject to Ohio sales tax displayed growth: Furniture, Building Materials & Garden Equipment, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 12.3 percent to 44.4 percent in April.

U.S. retail data emanate each month from the U.S. Census, through its Monthly Advance Retail Trade Survey (MARTS) program. During the July 2020-April 2021 period, the MARTS data for retail categories that are predominantly subject to Ohio non-auto sales tax (comprised of companies with NAICS codes 4413, 442, 443, 444, 448, 451, 452, 453, and 454) displayed an average monthly year-over-year growth rate of 15.4 percent. In comparison, Ohio sales tax collections from analogous retail categories experienced average monthly year-over-year growth of 14.2 percent during the July 2020-April 2021 time period (reflecting the most recent available data).

The MARTS data for the month of April 2021 show an extraordinary increase in retail sales: for the retail categories listed above (excluding NAICS 4413 which is not available), year-over-year growth was 40.0 percent. The April growth figures likely reflect both the suppressed base year and the economic effects of ARP.

Auto Sales Tax

May auto sales tax revenues were \$171.5 million, \$70.1 million (69.2%) above last May. Fiscal year-to-date revenue is now \$355.1 million (26.8%) above fiscal year 2020. Auto sales tax revenue in May was \$18.5 million (12.1%) above estimate. This makes twelve successive months in which auto sales tax has exceeded estimate. For the year, auto sales tax revenue is \$228.0 million (15.7%) above estimate.

The strong year-over-year growth in May reflects both pandemic-related dampened performance in the prior year as well as current forces that are propelling motor vehicle sales. To provide some perspective on last year’s level, auto sales tax revenues last May were \$101.4 million: until last year, auto sales tax revenue had not been below \$100 million in May since 2012. Because last year was deflated by the pandemic, perhaps a more useful growth comparison would be to May 2019. Compared to that month, May 2021 auto sales tax revenue grew at an 8.4 percent average annual rate.

The other dynamic that impacted May 2021 is apparent continued growth in consumer demand coupled with sustained increases in average vehicle prices. Although Ohio auto sales tax revenue does not move in lockstep with national vehicle sales, the U.S. data provide useful context and insight. 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 light vehicle unit sales in May reached an estimated 17.0 million units. Unit sales of new vehicle in May represented a 9.1 percent decrease from an historically strong April level, a 40.3 percent increase from the pandemic-influenced previous May, and a 1.7 percent decrease from May 2019. TrueCar, Inc. estimates that used vehicle unit sales in May 2021 increased by 4.0 percent from April but increased by 13.0 percent from last year.

As indicated above, strong average vehicle price growth is also evident in the national vehicle sales data, especially for used vehicles. Moody's Analytics reports that its wholesale price index for used vehicles increased by 58.0 percent in May from the prior year, strong growth even when compared to the historic year-over-year growth experienced in April. New vehicle transaction prices have not exhibited much volatility in recent months. TrueCar, Inc. estimates that the May average transaction value on new vehicle purchases grew 3.1 percent relative to last May and by 0.6 percent from the prior month.

Ohio-specific data show that unit sales and price growth have both contributed to increased vehicle revenue during recent months. According to quarterly data from the Bureau of Motor Vehicles for the first quarter of calendar year 2021, taxable sales of titled new and used vehicles grew by 20.6 percent in the first quarter compared to the prior year. Growth in the number of titled motor vehicle transactions accounted for majority of the overall growth in taxable motor vehicle sales – increasing by 11.6 percent – while average transaction value grew by 8.1 percent. The data also reveal growth differences between new vehicles and used vehicles. Taxable sales of new vehicles increased by 27.1 percent, while used vehicles experienced 16.5 percent taxable sales growth. Even though new vehicles experienced stronger percentage growth in taxable sales than used vehicles during the first quarter, new vehicles and used vehicles accounted for nearly equal shares of overall motor vehicle taxable sales growth. This is because used vehicles represent a somewhat higher share of total Ohio motor vehicle sales.

Personal Income Tax

May GRF personal income tax receipts totaled \$1.2 billion and were \$563.9 million (86.2%) above the estimate. For the year-to-date, revenue is \$207.8 million (2.3%) above estimate. On a year-over-year basis, May income tax collections were \$704.2 million (137.1%) above May 2020 collections.

The large May positive variance from estimate reflects the one-month extension of certain income tax filing and payment deadlines. Annual return payments normally required to be made by April 15 were not required until May 17; this extension of the due date was not anticipated in the estimate. Accordingly, payments accompanying annual income tax returns and return extension vouchers were above estimate by \$614.9 million in May, which more than offsets the April shortfall of \$598.6 million. Fiscal year-to-date collections are \$35.5 million (2.1%) above estimate. Annual return payments for the month were \$623.3 million above the preceding year.

Withholding collections were \$61.4 million (8.3%) above estimate for the month. Such payments are \$56.1 million (0.6%) above estimate for the year-to-date. Withholding increased by \$192.2 million (31.6%) in May compared to last year, with last May's performance substantially reduced by the effects of the pandemic and its attendant layoffs and reductions in hours worked. Year-to-date withholding collections are \$359.7 million (4.3%) above fiscal year 2020. The year-to-date comparison should also take into account the reduction in employer withholding tax rates that went into effect during calendar year 2020. Fiscal year-to-date collections would have grown by 4.3 percent without the rate reduction.

Quarterly estimated payments exceeded estimate by \$45.6 million (345.4%) in May. This overage follows a more modest overage in April. Such payments are now \$170.8 million (21.3%) above estimate for the fiscal year. Because the due date for last year's first-quarter estimated tax payment was extended to July 15 (a postponement that was not granted this year), this May's estimated payments are much higher than last year, showing a \$46.2 million (368.4%) increase.

Trust tax payments were also impacted by the postponement of the annual return filing date, helping to explain for the \$30.0 million (370.2%) positive variance from estimate in May. This more than makes up for the prior month's negative variance. Trust tax collections are \$33.1 million (31.5%) above estimate for the fiscal year-to-date.

Refunds were above estimate by \$193.0 million (177.8%) in May. Refunds are now above estimate by \$90.4 million (6.2%) for the January-May filing season; for the fiscal year-to-date, refunds are \$72.9 (3.5%) above estimate. May's higher-than-expected refund outcome is likely due in large part to the postponement of the filing due date to May 17th. Refunds in May were \$182.4 million (153.3%) larger than last year.

MAY PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Actual May	Estimate May	\$ Var	Actual May-2021	Actual May- 2020	\$ Var Y-over-Y
Withholding	\$799.7	\$738.3	\$61.4	\$799.7	\$607.5	\$192.2
Quarterly Est.	\$58.8	\$13.2	\$45.6	\$58.8	\$12.6	\$46.2
Annual Returns & 40 P	\$654.0	\$39.1	\$614.9	\$654.0	\$30.7	\$623.3
Trust Payments	\$38.1	\$8.1	\$30.0	\$38.1	\$3.8	\$34.3
Other	\$9.1	\$10.8	(\$1.7)	\$9.1	\$6.6	\$2.5
Less: Refunds	(\$301.5)	(\$108.5)	(\$193.0)	(\$301.5)	(\$119.0)	(\$182.4)
Local Distr.	(\$40.3)	(\$47.0)	\$6.7	(\$40.3)	(\$28.3)	(\$12.0)
Net to GRF	\$1,217.9	\$654.0	\$563.9	\$1,217.9	\$513.7	\$704.2

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

Financial Institutions Tax (FIT)

FIT revenue in May was \$11.6 million (39.5%) above estimate. May revenue reflects the third and final set of tax year 2021 estimated payments, due at the end of the month. The month's positive variation from estimate was not due to payment timing, an observation supported by the fact that collections received so far in June have exceeded estimate. For the fiscal year-to-date, FIT revenue is \$35.5 million (21.3%) above estimate and is \$14.5 million (7.7%) higher than last year.

Commercial Activity Tax (CAT)

May revenues were \$3.7 million (-1.1%) below estimate. For the year-to-date, the source is \$8.1 million (0.5%) above estimate. In addition, CAT revenue in May was \$15.5 million (4.7%) above last year. Revenue performance during the final quarter of fiscal year 2021 is likely to end up close to estimate since April revenue was \$4.0 million above estimate and anticipated June revenue is a modest \$5.7 million.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$1.5 billion and were \$821.1 million (113.0%) above estimate for the month of May. For the year-to-date, non-tax receipts are \$220.3 million (-1.9%) below estimate. Nearly all the monthly variance was in the Federal Grants category, which was \$814.9 million (112.2%) above estimate. This large positive revenue variance is explained by higher than projected GRF Medicaid disbursements, as discussed in the disbursement section of this report. For the year, Federal Grants is now \$278.0 million (-2.4%) below estimate.

6/8/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL MAY	ESTIMATE MAY	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	985,579	834,600	150,979	18.1%	9,401,553	8,754,600	646,953	7.4%
Auto Sales & Use	171,472	153,000	18,472	12.1%	1,682,063	1,454,100	227,963	15.7%
Subtotal Sales & Use	1,157,051	987,600	169,451	17.2%	11,083,616	10,208,700	874,916	8.6%
Personal Income	1,217,894	654,000	563,894	86.2%	9,119,718	8,911,900	207,818	2.3%
Corporate Franchise	20	0	20	N/A	5,929	0	5,929	N/A
Financial Institutions Tax	41,022	29,400	11,622	39.5%	201,957	166,500	35,457	21.3%
Commercial Activity Tax	347,898	351,600	(3,702)	-1.1%	1,655,388	1,647,300	8,088	0.5%
Petroleum Activity Tax	0	0	0	N/A	3,202	7,400	(4,198)	-56.7%
Public Utility	39,286	35,000	4,286	12.2%	121,867	136,200	(14,333)	-10.5%
Kilowatt Hour	18,467	20,200	(1,733)	-8.6%	285,523	307,400	(21,877)	-7.1%
Natural Gas Distribution	34,228	34,500	(272)	-0.8%	70,055	79,400	(9,345)	-11.8%
Foreign Insurance	(20,229)	(22,800)	2,571	11.3%	331,042	299,700	31,342	10.5%
Domestic Insurance	9,421	18,300	(8,879)	-48.5%	10,397	19,400	(9,003)	-46.4%
Other Business & Property	125	0	125	N/A	189	0	189	N/A
Cigarette and Other Tobacco	74,976	69,700	5,276	7.6%	789,605	736,500	53,105	7.2%
Alcoholic Beverage	6,214	5,000	1,214	24.3%	55,943	50,000	5,943	11.9%
Liquor Gallonage	4,872	4,100	772	18.8%	52,588	46,300	6,288	13.6%
Estate	30	0	30	N/A	61	0	61	N/A
Total Tax Receipts	2,931,277	2,186,600	744,677	34.1%	23,787,079	22,616,700	1,170,379	5.2%
NON-TAX RECEIPTS								
Federal Grants	1,541,118	726,187	814,931	112.2%	11,337,548	11,615,580	(278,032)	-2.4%
Earnings on Investments	0	0	0	N/A	45,596	21,875	23,721	108.4%
License & Fees	5,844	86	5,758	6726.3%	87,483	58,175	29,308	50.4%
Other Income	926	549	377	68.6%	95,775	94,371	1,404	1.5%
ISTV'S	24	0	24	N/A	12,296	9,000	3,296	36.6%
Total Non-Tax Receipts	1,547,911	726,822	821,089	113.0%	11,578,698	11,799,001	(220,303)	-1.9%
TOTAL REVENUES	4,479,188	2,913,422	1,565,766	53.7%	35,365,778	34,415,701	950,077	2.8%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	24	0	24	N/A	97,173	77,932	19,241	24.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	24	0	24	N/A	97,173	77,932	19,241	24.7%
TOTAL SOURCES	4,479,212	2,913,422	1,565,790	53.7%	35,462,951	34,493,633	969,318	2.8%

6/8/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	MAY FY 2021	MAY FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	985,579	681,162	304,417	44.7%	9,401,553	8,372,326	1,029,227	12.3%
Auto Sales & Use	171,472	101,367	70,104	69.2%	1,682,063	1,326,996	355,066	26.8%
Subtotal Sales & Use	1,157,051	782,529	374,522	47.9%	11,083,616	9,699,323	1,384,293	14.3%
Personal Income	1,217,894	513,736	704,158	137.1%	9,119,718	7,142,874	1,976,844	27.7%
Corporate Franchise	20	(139)	159	114.3%	5,929	(449)	6,377	1421.4%
Financial Institutions Tax	41,022	34,225	6,797	19.9%	201,957	187,496	14,461	7.7%
Commercial Activity Tax	347,898	332,411	15,487	4.7%	1,655,388	1,653,145	2,243	0.1%
Petroleum Activity Tax	0	0	0	N/A	3,202	6,614	(3,411)	-51.6%
Public Utility	39,286	37,221	2,065	5.5%	121,867	138,176	(16,309)	-11.8%
Kilowatt Hour	18,467	23,253	(4,785)	-20.6%	285,523	312,400	(26,877)	-8.6%
Natural Gas Distribution	34,228	27,151	7,077	26.1%	70,055	59,735	10,320	17.3%
Foreign Insurance	(20,229)	(23,324)	3,095	13.3%	331,042	313,093	17,949	5.7%
Domestic Insurance	9,421	18,952	(9,531)	-50.3%	10,397	20,638	(10,240)	-49.6%
Other Business & Property	125	10	116	1191.2%	189	10	180	1850.9%
Cigarette and Other Tobacco	74,976	65,312	9,664	14.8%	789,605	766,355	23,250	3.0%
Alcoholic Beverage	6,214	3,123	3,091	99.0%	55,943	47,187	8,757	18.6%
Liquor Gallonage	4,872	4,455	417	9.4%	52,588	48,391	4,197	8.7%
Estate	30	0	30	N/A	61	68	(7)	-10.3%
Total Tax Receipts	2,931,277	1,818,916	1,112,361	61.2%	23,787,079	20,395,055	3,392,024	16.6%
NON-TAX RECEIPTS								
Federal Grants	1,541,118	947,692	593,426	62.6%	11,337,548	9,239,545	2,098,003	22.7%
Earnings on Investments	0	0	0	N/A	45,596	111,168	(65,571)	-59.0%
License & Fee	5,844	2,599	3,244	124.8%	87,483	66,099	21,384	32.4%
Other Income	926	537	389	72.5%	95,775	92,243	3,532	3.8%
ISTV'S	24	0	24	N/A	12,296	11,680	616	5.3%
Total Non-Tax Receipts	1,547,911	950,828	597,083	62.8%	11,578,698	9,520,735	2,057,963	21.6%
TOTAL REVENUES	4,479,188	2,769,744	1,709,444	61.7%	35,365,778	29,915,790	5,449,988	18.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	24	0	24	N/A	97,173	77,045	20,128	26.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	24	0	24	N/A	97,173	77,045	20,128	26.1%
TOTAL SOURCES	4,479,212	2,769,744	1,709,468	61.7%	35,462,951	29,992,835	5,470,116	18.2%

DISBURSEMENTS

May GRF disbursements, across all uses, totaled \$3.6 billion and were \$886.8 million (32.6%) above estimate. This variance was primarily attributable to above estimate disbursements for Medicaid. On a year-over-year basis, May total uses were \$652.7 million (22.1%) higher than those of the same month in the previous fiscal year, with an increase in Medicaid largely responsible for the difference. Year-over-year variances from the estimate by category are provided in the table below.

Category	Description	Year-Over-Year Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$652.7	22.1%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$0.0	N/A
TOTAL DISBURSEMENTS VARIANCE:		\$652.7	22.1%

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. May disbursements for this category totaled \$522.9 million and were \$1.4 million (-0.3%) below estimate. This variance was primarily attributable to below estimate disbursements for the Early Childhood Education line item, as early childhood education providers were unable to fill all slots in the current school year. This below estimate spending was partially offset by above estimated spending in the Foundation Funding line item as a result of the Governor's Executive Order on January 22nd to release \$160 million of the Department of Education's General Revenue Fund appropriation that was previously withheld due to the coronavirus pandemic.

Expenditures for the school foundation program totaled \$508.6 million and were \$1.5 million (0.3%) above estimate. Year-to-date disbursements were \$7.6 billion, which was \$124.3 million (1.7%) above estimate. On a year-over-year basis, disbursements in this category were \$35.5 million (7.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$123.7 million (1.7%) higher than the same point in fiscal year 2020.

Higher Education

May disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$212.9 million and were \$17.7 million (9.1%) above the estimate for the month. This variance was primarily attributable to spending in the State Share of Instruction appropriation line item, which was \$17.8 million above monthly estimates due to the Governor's Executive order on January 22nd to release \$100 million of the Department of Higher Education's appropriation that was previously held due to the coronavirus pandemic. Another significant source of the variance was the result of spending in the Ohio College Opportunity Grant program which was above monthly estimates by a total of \$1.0 million due to higher-than-expected requests for reimbursement from higher education institutions. Another significant source of the variance was the result of spending in the Technology Maintenance Operation line item that was above monthly estimates by a total of \$1.2 million because additional funds were needed for the Higher Education Information System upgrades. This variance was partially offset by spending in the Choose Ohio First Scholarship and the National Guard Scholarship programs that were below the monthly estimates by a total of \$3.7 million due to lower-than-expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were \$2.2 billion, which is \$54.0 million (2.5%) above estimate. On a year-over-year basis, disbursements in this category were \$51.9 million (32.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$37.0 million (1.7%) 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.

May disbursements in this category totaled \$5.0 million and were \$181,000 (-3.5%) below estimate. Year-to-date disbursements were \$69.9 million and were \$2.8 million (-3.9%) below estimate. On a year-over-year basis, disbursements in this category were \$190,000 (-3.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$10.1 million (-12.6%) lower than at the same point in fiscal year 2020.

Medicaid

Note: Medicaid enrollment and spending estimates included in this report are based on updated projections made in July at the start of fiscal year 2021 and after the onset of the COVID-19 pandemic. Enrollment has continued below this report's estimate throughout the fiscal year, driving significant negative spending variances. Additionally, these projections assume the receipt of additional federal reimbursement, associated with the federal pandemic response, only for the July-December period, whereas the additional federal reimbursement has now been authorized for the March-June period. This explains many of the significant month-to-month Medicaid spending variances reflected in this report.

The development of the Executive Budget recommendations for fiscal years 2022-2023 budget utilizes updated data for current fiscal year 2021 and the next two-year period; therefore, variances reflected in this report have been accounted for in the Governor's budget recommendations.

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

May GRF disbursements for the Medicaid Program totaled \$2.3 billion and were \$1.0 billion (86.1%) above estimate and \$826.9 million (57.5%) above disbursements for the same month in the previous fiscal year.

The May GRF variance was primarily attributable to the management of available resources for year-end. The timing and the use of non-GRF funding can have significant effects on GRF spending – the Department has worked to utilize both resources appropriately throughout the pandemic. Continued below estimate enrollment coupled with the receipt of enhanced Federal Medical Assistance Percentage (FMAP) has created some funding flexibility. The Department manages the program within the budget by balancing the use of both GRF and non-GRF funding resources.

Year-to-date GRF disbursements totaled \$16.3 billion and were \$860.7 million (-5.0%) below estimate, and \$1.8 billion (12.8%) 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 the updated post-pandemic enrollment estimate; Covered Families and Children (CFC), Group VIII Expansion, and Aged, Blind and Disabled/Dual (ABD) were below the updated estimate by 8.0%, 11.0%, and 3.3%, respectively (on a monthly average basis). Additionally, the fee-for-service program's enrollment was 14.5% below estimate. Lower than estimated managed care rates that took effect in January are also driving down per-member-per-month costs, resulting in less spending. Despite the deviation from the current fiscal year's updated monthly estimates, enrollment is increasing month-to-month and therefore spending is above last fiscal year.

May all-funds disbursements for the Medicaid Program totaled \$2.7 billion and were \$210.2 million (-7.3%) below estimate, and \$379.54 million (16.6%) above disbursements for the same month in the previous fiscal year. The May all-funds variance was primarily attributable to below estimate enrollment and lower than projected managed care rates as mentioned above. Additionally, delays in some administration related costs contributed to the all-funds variance.

Year-to-date all-funds disbursements totaled \$28.5 billion and were \$2.4 billion (-7.8%) below estimate, and \$2.7 billion (10.3%) above disbursements for the same point in the previous fiscal year. Again, the year-to-date all funds variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs, as well as the lower managed care rates. Additionally, the variance was partially attributable to below estimate spending in administration related expenses, notably in information technology where some payments have been delayed. 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 299,500 individuals since May 2020.

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

	May Actual	May Projection	Variance	Variance %
GRF	\$2,264.0	\$1,216.4	\$1,047.5	86.1%
Non-GRF	\$395.4	\$1,653.1	-\$1,257.7	-76.1%
All Funds	\$2,659.4	\$2,869.5	-\$210.2	-7.3%

Enrollment

Total May Medicaid enrollment was 3.2 million, which was 284,100 (-8.1%) below the post-pandemic estimate and 299,500 (10.3%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.1 million and was 256,100 (-7.6%) below the post-pandemic estimate.

May enrollment by major eligibility category was: Covered Families and Children, 1.78 million; Group VIII Expansion, 786,600 and Aged, Blind and Disabled (ABD), 496,150.

**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.

May disbursements in this category totaled \$103.9 million and were \$20.5 million (24.5%) above estimate. Year-to-date disbursements were \$1.3 billion and were \$51.1 million (-3.7%) below estimate. On a year-over-year basis, disbursements in this category were \$13.2 million (-11.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$18.5 million (1.4%) higher than at the same point in fiscal year 2020.

Department of Developmental Disabilities

May disbursements for the Department of Developmental Disabilities totaled \$2.3 million and were \$1.5 million (188.0%) above estimate. This variance was primarily attributable to disbursements in the Early Intervention line item, which was \$1.6 million above estimate due to the timing of payments and normally occurring program fluctuations.

Department of Health

May disbursements for the Department of Health totaled \$8.1 million and were \$0.4 million (5.7%) above estimate. This variance was primarily attributable to disbursements in the Medically Handicapped Children line item, which was \$1.6 million (100.0%) above estimate due to the timing of payments.

Department of Job and Family Services

May disbursements for the Department of Job and Family Services totaled \$51.2 million and were \$20.7 million (67.6%) above estimate. This variance was primarily attributable to the Temporary Assistance for Needy Families (TANF) State line item, which was \$10.0 million above estimate due to a change in the disbursement schedule for county TANF Administrative draws. The TANF Administrative draw was completed in May rather than June as originally estimated. The Child Care State/Maintenance of Effort line item was \$8.9 million above estimate due to the availability of Child Care Development Fund match federal funds. Disbursements for childcare direct services were switched to utilize the matching funds and to meet the TANF Maintenance of Effort requirement. The Program Operations line item was \$1.1 million below estimate due to invoices from various vendors for information technology contract support and maintenance agreements not being received as anticipated.

Department of Mental Health and Addiction Services

May disbursements for the Department of Mental Health and Addiction Services totaled \$32.0 million and were \$5.4 million (-14.5%) below estimate. This variance was primarily attributable to the Hospital Services line item which was \$1.6 million below estimate due to an overestimation of payroll for May. Also contributing to the negative variance are the Continuum of Care Services line item, which was \$3.2 million below estimate and the Community Innovations line item, which was \$1.3 million below estimate due to a delay in planned disbursements for May. This variance was partially offset by the Addiction Services Partnership with Corrections line item, which was \$2.1 million above estimate due to April's subsidy payments being made in May.

Department of Veterans Services

May disbursements for the Department of Veterans Services totaled \$7.1 million and were \$1.6 million (34.9%) above estimate. This variance was primarily attributable to disbursements in the Veterans' Homes line item, which was \$1.7 million above estimate due to payroll expenses.

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.

May disbursements in this category totaled \$215.8 million and were \$6.6 million (-3.0%) below estimate. Year-to-date disbursements were \$2.3 billion and were \$94.6 million (-4.0%) below estimate. On a year-over-year basis, disbursements in this category were \$4.9 million (-2.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$5.9 million (-0.3%) lower than at the same point in fiscal year 2020.

Department of Public Safety

May disbursements for the Department of Public Safety totaled \$2.3 million and were \$1.7 million (-35.8%) below estimate. This variance was primarily attributable to the Security Grants and Security Grants – Personnel line items, which were \$0.7 million and \$0.3 million below estimate, respectively, due to the timing of subsidy payments. The Recovery Ohio Law Enforcement, Operating Expenses - EMA, and Investigative Unit Operating line items were also below estimate by a total of \$0.8 million due primarily to the timing of payments. This variance was partially offset by above estimate disbursements of \$0.2 million in the Local Disaster Assistance line item due to the timing of subsidy payments.

Department of Rehabilitation and Correction

May disbursements for the Department of Rehabilitation and Correction totaled \$153.5 million and were \$12.0 million (-7.3%) below estimate. This variance was primarily attributable to disbursements in the Institutional Operations line item, which was \$9.0 million below estimate due to reduced costs for hazard pay which resulted from the receipt of federal stimulus funds. This variance was also primarily attributable to disbursements in the Institutional Medical Services line item, which was \$2.8 million below estimate due to the receipt of federal stimulus funds.

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.

May disbursements in this category totaled \$38.1 million and were \$7.4 million (-16.4%) below estimate. Year-to-date disbursements were \$402.4 million and were \$46.6 million (-10.4%) below estimate. On a year-over-year basis, disbursements in this category were \$0.7 million (-1.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$22.4 million (-5.3%) lower than at the same point in fiscal year 2020.

Department of Administrative Services

May disbursements for the Department of Administrative Services totaled \$3.4 million and were \$0.1 million (3.8%) above estimate. This variance was attributable to the Ohio Business Gateway line item, which was \$1.2 million above estimate due to charges being billed at different times than expected. This variance was partially offset by the State Agency Support Services line item, which was \$0.9 million below estimate due to rent for certain GRF agencies and vacant space in state office buildings being billed and paid differently than projected.

Department of Transportation

May disbursements for the Department of Transportation totaled \$3.0 million and were \$7.5 million (-72.3%) below estimate. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was \$7.9 million below estimate due to the timing of subsidy payments for rural and urban transit operators. This variance was partially offset by disbursements in the Airport Improvements – State line item, which was \$0.4 million above estimate due to the timing of subsidy payments.

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. May reimbursements totaled \$221.8 million and were \$181.8 million (-45.0%) below estimate. Year-to-date reimbursements totaled \$1.8 billion were \$33.6 million (-1.8%) below estimate. The monthly variance was caused by reimbursement requests being received earlier than originally estimated, though total disbursements in this category are expected to end the fiscal year below initial estimates.

Debt Service

May payments for debt service totaled \$20.1 million and were \$1.3 million (-6.0%) below estimate. Year-to-date expenses in this category total \$1.0 billion and were \$19.4 million (-1.9%) below estimate. The monthly variance was primarily caused by a parks and recreational facilities lease rental payment being less than originally estimated.

Transfers Out

There were no transfers out in the month of May, and none were estimated. Year-to-date transfers out totaled \$459.2 million and were \$12.8 million (2.9%) above estimate. The primary cause for the year-to-date variance was a larger, and earlier than expected transfer to the OAKS Support Organization Fund in the Department of Administrative Services.

6/8/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL MAY	ESTIMATED MAY	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	522,912	524,335	(1,422)	-0.3%	7,578,921	7,454,589	124,333	1.7%
Higher Education	212,940	195,225	17,715	9.1%	2,175,545	2,121,557	53,988	2.5%
Other Education	5,001	5,182	(181)	-3.5%	69,885	72,714	(2,829)	-3.9%
Medicaid	2,263,985	1,216,571	1,047,414	86.1%	16,274,186	17,134,885	(860,699)	-5.0%
Health and Human Services	103,932	83,464	20,468	24.5%	1,320,308	1,371,425	(51,117)	-3.7%
Justice and Public Protection	215,761	222,364	(6,603)	-3.0%	2,267,323	2,361,927	(94,604)	-4.0%
General Government	38,074	45,517	(7,443)	-16.4%	402,358	448,971	(46,613)	-10.4%
Property Tax Reimbursements	221,835	403,659	(181,824)	-45.0%	1,793,401	1,826,971	(33,570)	-1.8%
Debt Service	20,063	21,349	(1,285)	-6.0%	1,019,837	1,039,239	(19,402)	-1.9%
Total Expenditures & ISTV's	3,604,504	2,717,666	886,839	32.6%	32,901,765	33,832,278	(930,513)	-2.8%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	459,195	446,400	12,795	2.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	0	0	0	N/A	459,195	446,400	12,795	2.9%
Total Fund Uses	3,604,504	2,717,666	886,839	32.6%	33,360,959	34,278,678	(917,718)	-2.7%

6/8/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	MAY FY 2021	MAY FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
Primary and Secondary Education	522,912	487,400	35,512	7.3%	7,578,921	7,455,195	123,726	1.7%
Higher Education	212,940	161,032	51,908	32.2%	2,175,545	2,138,510	37,035	1.7%
Other Education	5,001	5,192	(190)	-3.7%	69,885	79,938	(10,053)	-12.6%
Medicaid	2,263,985	1,437,076	826,909	57.5%	16,274,186	14,428,658	1,845,528	12.8%
Health and Human Services	103,932	117,173	(13,241)	-11.3%	1,320,308	1,301,856	18,452	1.4%
Justice and Public Protection	215,761	220,698	(4,936)	-2.2%	2,267,323	2,273,209	(5,885)	-0.3%
General Government	38,074	38,822	(748)	-1.9%	402,358	424,782	(22,424)	-5.3%
Property Tax Reimbursements	221,835	466,429	(244,595)	-52.4%	1,793,401	1,774,351	19,050	1.1%
Debt Service	20,063	17,933	2,130	11.9%	1,019,837	1,375,978	(356,140)	-25.9%
Total Expenditures & ISTV's	3,604,504	2,951,755	652,749	22.1%	32,901,765	31,252,477	1,649,288	5.3%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	459,195	668,161	(208,966)	-31.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	0	0	0	N/A	459,195	668,161	(208,966)	-31.3%
Total Fund Uses	3,604,504	2,951,755	652,749	22.1%	33,360,959	31,920,637	1,440,322	4.5%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for fiscal year 2021. Based on the estimated revenue sources for fiscal year 2021 and the estimated fiscal year 2021 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for fiscal year 2021 is estimated to be \$296.0 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in fiscal year 2021, nor should it be considered as equivalent to the fiscal year 2021 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF unencumbered ending fund balance will be impacted by any GRF expenditures or transfers that may be authorized by the General Assembly or by the Controlling Board during the course of the fiscal year.

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2021
(\$ in thousands)
Updated 2/1/21*

July 1, 2020 Beginning Cash Balance**	1,270,176.7
Plus FY 2021 Estimated Revenues	24,482,026.0
Plus FY 2021 Estimated Federal Revenues	11,449,300.0
Plus FY 2021 Estimated Transfers to GRF	278,185.0
Total Sources Available for Expenditures & Transfers	37,479,687.7
Less FY 2021 Estimated Disbursements***	34,349,421.3
Less FY 2021 Estimated Total Encumbrances as of June 30, 2021	433,671.4
Less FY 2021 Estimated Transfers Out	2,400,571.8
Total Estimated Uses	37,183,664.6
FY 2021 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	296,023.1

*This fund balance projection reflects revenue and disbursement estimates at the time of the introduction of the fiscal year 2022 and 2023 Executive Budget.

**Includes reservations of \$485.3 million for prior year encumbrances and obligations. After accounting for this adjustment, the unencumbered beginning fund balance for fiscal year 2021 is \$784.8 million.

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

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