

December 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:



GRF non-auto sales and use tax collections in November totaled \$913.2 million and were \$46.9 million (5.4%) above the estimate. For the fiscal year-to-date, revenues are \$103.9 million (2.4%) above estimate.



November auto sales tax revenues were \$154.9 million and were \$16.4 million (11.8%) above the estimate. For the year-to-date, this source is \$17.5 million (2.2%) above the estimate.



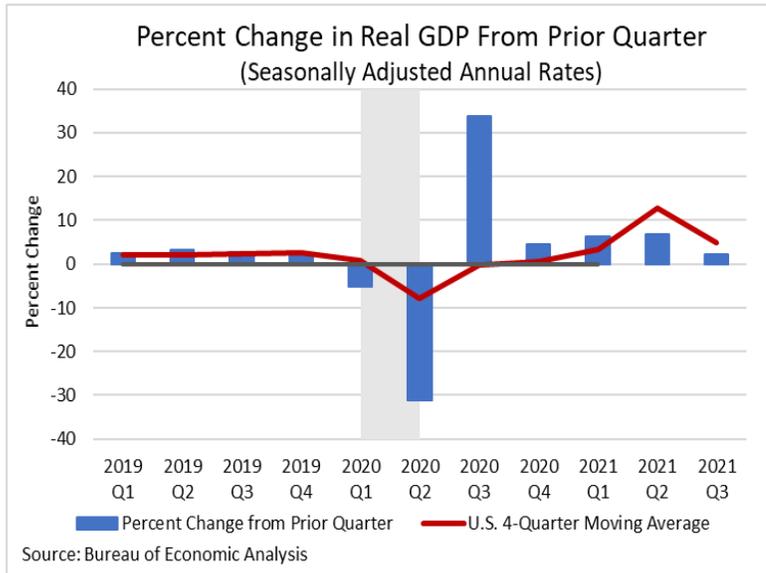
November GRF personal income tax receipts totaled \$720.5 million and were \$33.6 million (4.9%) above the estimate. For the year-to-date, personal income tax revenue is \$165.7 million (4.4%) above estimate.



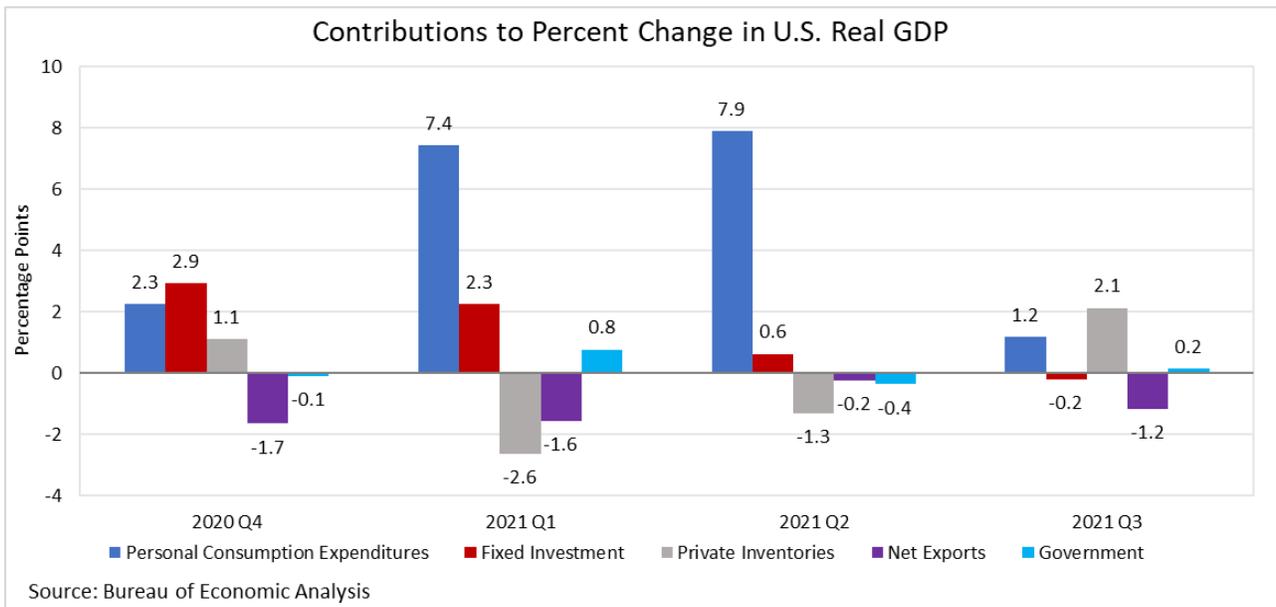
Commercial Activity Tax revenues totaled \$389.9 million and were \$24.8 million (6.8%) above the estimate. For the year-to-date, the source is \$66.1 million (7.6%) above estimate.

## *ECONOMIC ACTIVITY*

According to the Bureau of Economic Analysis (BEA)'s 'second' estimate, **Real Gross Domestic Product (GDP)** expanded in the third quarter of calendar year 2021 at an annualized rate of 2.1 percent, an increase of 0.1 percentage points from the 'advance' estimate last month. The third quarter growth rate was moderated when compared to the rate of growth during the second quarter of calendar year 2021. This was due in large part to a slowdown in consumption as spending for services decelerated and spending for goods decreased from the second quarter. As cases of COVID-19 resurged nationally, some re-openings of businesses were delayed, and new restrictions were put in place in some areas of the country.



Specifically, the third quarter increase in real GDP resulted from growth in private inventory investment (2.1 percentage points), personal consumption expenditures (1.2 percentage points), state and local government spending (0.5 percentage points) and nonresidential fixed investment (0.2 percentage points). These increases were partially offset by decreases in net exports (-1.2 percentage points), residential fixed investment (-0.4 percentage points), and federal government spending (-0.3 percentage points).



Moody’s Analytics and CNN created the **Back-to-Normal Index** to track the economic recovery. The national index includes 37 indicators of economic activity, combining 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 December 1, 2021, the national index was at 90.3 percent. Ohio’s index was 0.7 percentage points ahead of that at 91.0. Ohio’s average index score in November was 95.5, 0.8 percentage points below its average in October. Ohio remained 1.7 percentage points above the national average in November.

The **Federal Reserve’s Beige Book** evaluates current economic conditions across its 12 districts. According to the December 1, 2021, report, the economy in the Fourth District, which includes Ohio, showed signs of economic acceleration following a slight pull back at the end of summer and into early fall. Overall demand for services and goods continued to remain solid, but some firms suggested that consumers may now be adjusting their spending habits to account for rising prices. Staffing shortages continued to be an area of concern for firms as even those who saw increases in applicants were unable to reach capacity. As such, firms have reported raising wages due to the heightened competition for workers and taking other actions such as offering flexible work arrangements and hiring and retention bonuses. Additionally, input costs continued to rise alongside wages, and increases to output prices were reported by a larger share of firms than in the October report. Consequently, firms managed the rising costs by raising prices to protect margins.

The Conference Board’s composite **Leading Economic Index (LEI)** is designed to reveal patterns in economic data by smoothing the volatility of its 10 individual components. In October, the LEI increased by 0.9 percent to 118.3. Eight of the 10 components of the index improved, with average weekly initial claims for unemployment insurance leading the way. Despite moderated growth in the overall index in recent months, the LEI increased 4.6 percent in the six-month period ending in October and the Conference Board continues to forecast strong growth in the economy in the fourth quarter of 2021 and into 2022.

Prior to the identification of the omicron variant of COVID-19 on November 24, the consensus among economists was for a continued strengthening of the economy in the fourth quarter of 2021. Consumer demand was expected to spur on the holiday shopping season and there were signs of the supply chain crisis beginning to ease. At this point, not enough is known about the omicron variant to know how or if it will impact the economy, and forecasts remain robust for the fourth quarter.

Source	Date	4th Quarter 2021 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	12/01/21	9.7%
IHS Markit GDP Tracker	12/03/21	7.5%
Moody’s Analytics High Frequency GDP Model	12/02/21	8.7%
Wells Fargo	11/12/21	5.6%
Conference Board	11/10/21	5.0%

## Employment

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased by 210,000 jobs in November. Employment was up 18.5 million from April 2020 but remained below the nation's February 2020's pre-pandemic levels by 3.9 million jobs (2.6%). Notable gains were made in professional and business services, transportation and warehousing, construction, and manufacturing.

In November, **professional and business services** jobs rose by 90,000. Within this industry notable job gains

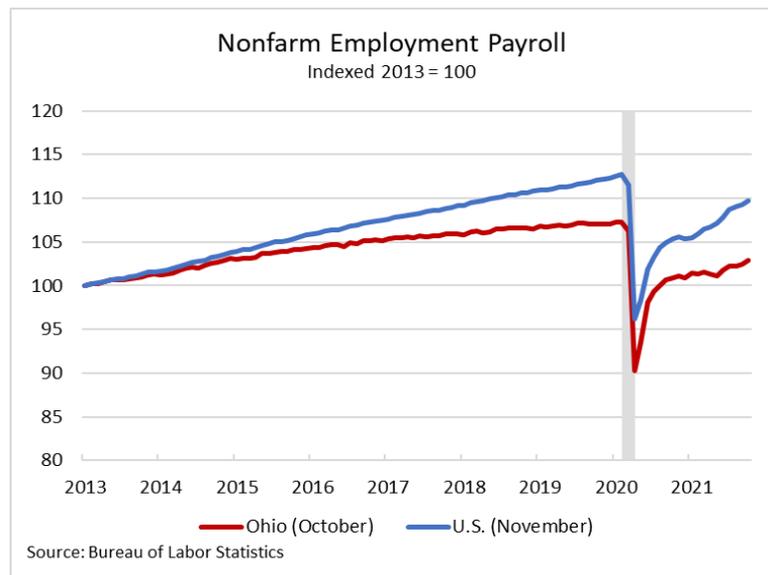
were in administrative and waste services (42,000), management and technical consulting services (12,000), and computer system design and related services (10,000). Despite these gains, employment in this sector remained 69,000 (-0.3%) jobs lower than in February 2020.

**Transportation and warehousing** employment increased by 50,000 in November and is above February 2020 levels by 210,000 (3.6%). Employment gains were led by couriers and messengers (27,000) and warehousing and storage (9,000).

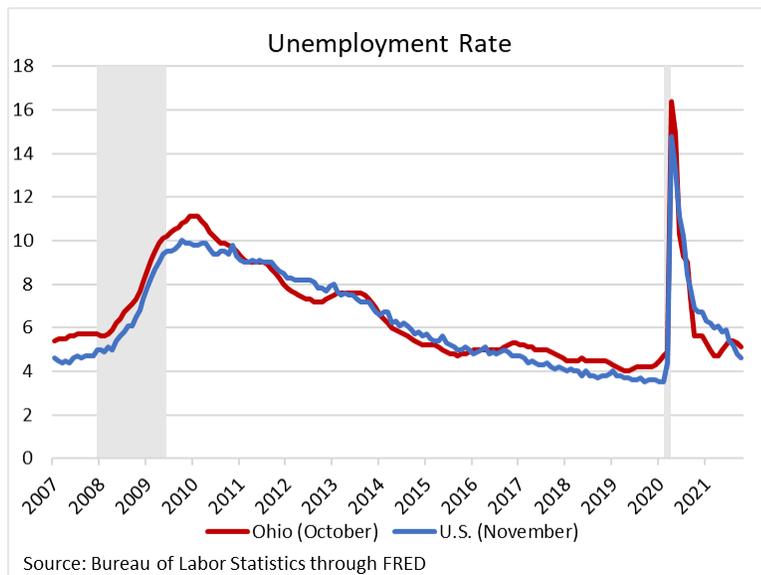
In November, **construction** jobs rose by 31,000. This coincides in magnitude to increases in the prior two months. Employment gains within the industry were led by specialty trade contractors (13,000), construction of buildings (10,000), and heavy civil engineering construction (8,000). Despite continued gains this sector remained 115,000 (-1.5%) fewer jobs than in February 2020.

Employment in **manufacturing** increased by 31,000 jobs in November. Within the industry there were notable job gains in miscellaneous durable goods manufacturing (10,000) and fabricated metal products (8,000). Despite the gains, manufacturing employment remains 253,000 (-2.0%) below February 2020 levels.

The **national labor force participation rate** increased slightly to 61.8 percent in November, a 0.2 percentage point increase from October. The participation rate is 1.5 percentage points lower than in February 2020. The **employment-population ratio** increased by 0.4 percentage points in November to 59.2 percent. However, the ratio remained 1.9 percentage points below February 2020 levels.



**Ohio's nonfarm payroll employment** increased by 20,100 jobs to 5.4 million between September and October. Sectors with notable gains between September and October included: leisure and hospitality (8,200), trade, transportation, and public utilities (6,600), financial activities (2,400), other services (1,700), manufacturing (1,500) and professional and business services (1,300). These gains were partially offset by losses in education and health services (-1,600) and information (-500). **Ohio's seasonally adjusted labor force participation rate** in October was 61.2 percent, an increase of 0.1 percentage points from September 2021, bringing the rate to within 2.5 percentage points of the February 2020 pre-pandemic level.



The Bureau of Labor Statistics reported the national **unemployment rate** decreased 0.4 percentage points to 4.2 percent between October and November. The number of **unemployed individuals** decreased by 542,000 to 6.9 million. Despite both measures being substantially lower than their April 2020 highs, they remained above February 2020 levels by 0.7 percentage points and 1.2 million individuals, respectively.

When examined by race, the unemployment rate for all demographic groups decreased in

November. The unemployment rate for those who identify as Black decreased the most, 1.2 percentage points, to 6.7 percent. The rate for individuals who identify as Hispanic, or Latino decreased by 0.7 percentage points to 5.2 percent. Those who identify as Asian decreased by 0.4 percentage points to 3.8 percent. The unemployment rate is lowest for those who identify as White which decreased 0.3 percentage points to 3.7 percent. In November, the unemployment rate for women decreased 0.4 percentage points to 4.0 percent and the rate for men decreased 0.3 percentage points to 4.0 percent. The unemployment rate for teenagers decreased 0.4 percentage points to 11.2 percent.

The number of **job leavers**, which is defined as unemployed persons who quit or voluntarily left their previous job and began looking for new employment, increased 7,000 to 847,000 in November. The number of unemployed people who were on **temporary layoff** decreased by 255,000 to 801,000 in November. This was approximately 51,000 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** fell 205,000 to 1.9 million but remained 623,000 higher than in February 2020. The number of unemployed **re-entrants**, those who have previously worked but were not in the labor force prior to beginning their job search, decreased by 56,000 to 2.2 million.

The number of unemployed individuals who were **jobless less than 5 weeks** decreased by 113,000 to 2.0 million. Individuals who were **jobless 5 to 14 weeks** decreased 193,000 to 1.8 million. Those **jobless 15 to 26 weeks** decreased 117,000 to 877,000. In November, individuals who were long-term unemployed, **jobless 27 weeks or more**, decreased 136,000 to 2.2 million. This measure is 1.1 million higher than in February 2020.

The number of **people not in the labor force who currently want a job** marginally decreased by 119,000 to 5.9 million people and is up by 849,000 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.

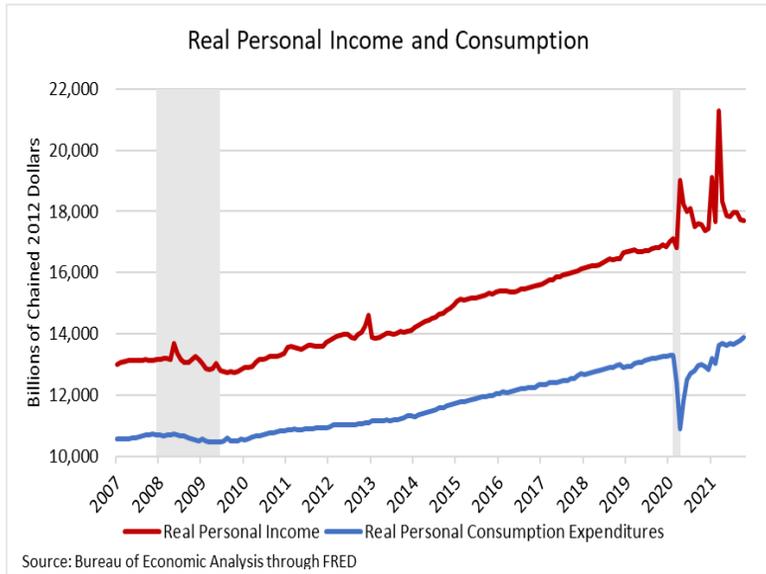
The **State-Level Coincident Index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased 0.6 percent to 123.8 from September to October and is up 0.9 percent for the past three months. Compared to October 2020 the Ohio index is up 3.1 percent and is 0.1 percent above October 2019. For comparison, the U.S. coincident index increased 0.4 percent between September and October to 130.7 and has increased 1.4 percent over the last three months. From September to October, indices improved in 48 states and decreased in two. The October diffusion index for the U.S. was 92.0 and the three-month diffusion index was 96.0.

The **Conference Board's Employment Trends Index** aggregates eight different labor market indicators. The index increased 1.5 points from October's revised number to 114.5 in November. The slight increase resulted from an increase in six of the eight consecutive months of increases, with the largest positive contributor in Initial Claims for Unemployment Insurance. The Head of the Conference Board Labor Market Institute, Gad Levanon, suggested a solid outlook for job growth over the upcoming months. However, the recent emergence of the Omicron variant threatens to extend COVID-19's impact on job growth. To sustain job growth, much of the growth should come from sectors that are still reopening such as restaurants, hotels, entertainment, passenger transportation, and personal services.

The **Ohio unemployment rate** decreased 0.3 percentage points to 5.1 percent in October 2021. During the week ending November 17, 2021, 7,519 initial unemployment claims were filed. This was a 95.4 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 November 17, 2021, in which 31,235 individuals filed continued claims. As of December 3, 2021, the Ohio Department of Job and Family Services had received Work Adjustment and Retraining Notification (WARN) Act notices warning 702 employees of potential future layoffs and closures in December 2021, 22 in January 2022 and 22 in February 2022.

## Consumer Income and Consumption

According to the Bureau of Economic Analysis, **personal income** increased \$93.4 billion (0.5%) in October, and has now increased in four of the last five months. October's gains were mainly due to increases in compensation of employees of \$96.6 billion (0.8%) and personal income receipts on assets of \$25.5 billion (0.9%). Compensation of employees was led by an increase to wages and salaries of \$87.5 billion (0.8%) and within personal receipts on assets both interest income (0.6%) and dividend income (1.2%) increased. Gains in personal income were offset by



decreases in government social benefits (-0.5%) driven largely by a decrease in unemployment insurance (-\$51.7 billion). Unemployment insurance decreased due to a decline in payments as the following programs ended: Pandemic Unemployment Compensation, Pandemic Emergency Unemployment Compensation and Pandemic Unemployment Assistance.

**Personal consumption expenditures**, a measure of national consumer spending for goods and services, increased 1.3 percent between September and October. Spending on both goods and services increased for the month, at 2.2 percent and 0.9 percent respectively. Overall spending on durable goods increased by 3.3 percent, which can be primarily attributed to motor vehicles and parts (5.0%) and recreational goods and vehicles (3.5%). Spending on nondurable goods increased by 1.6 percent primarily led by an increase in gasoline and other energy goods (5.4%). Services increased 0.9 percent with the largest contributor to the increase being other services (1.9%) the increasing component was mainly international travel. The table below provides details on real personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates. The differences between the figures above and those in the table are due to the rise in the price of products or services due to rising inflation.

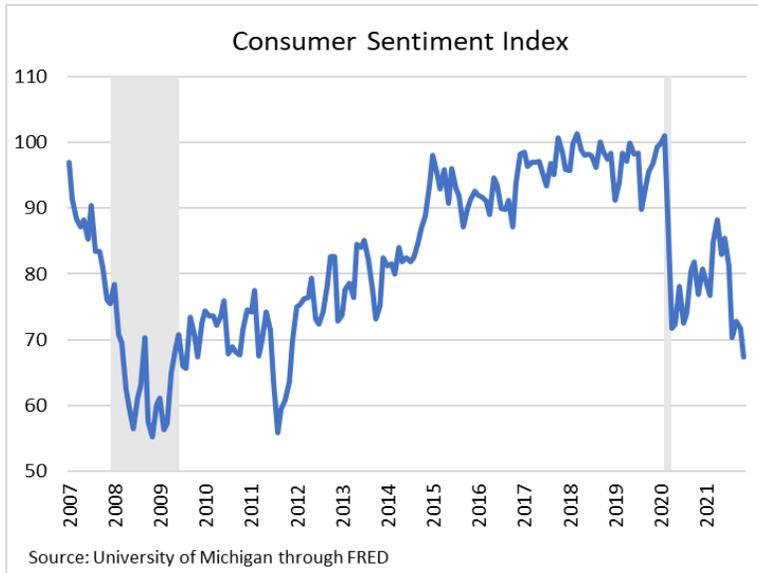
**Consumer Spending by Industry, for Select Industries**  
(In Millions of Chained 2012 dollars)

	September 2021	October 2021	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
<b>Real Personal Consumption Expenditures</b>	\$13,780,909	\$13,876,903	0.7%	6.6%	4.9%
<b>Durable Goods</b>	\$2,164,570	\$2,208,322	2.0%	6.4%	24.4%
Motor vehicles and parts	\$570,200	\$582,562	2.2%	-2.0%	10.4%
Furnishings and durable household equipment	\$501,831	\$508,807	1.4%	6.2%	21.2%
Recreational goods and vehicles	\$816,148	\$836,462	2.5%	11.1%	41.4%
Other durable goods	\$339,718	\$345,708	1.8%	20.8%	34.6%
<b>Nondurable goods</b>	\$3,428,897	\$3,443,143	0.4%	7.8%	14.2%
Clothing and footwear	\$516,174	\$521,189	1.0%	15.2%	25.2%
Gasoline and other energy goods	\$441,965	\$437,992	-0.9%	10.2%	-2.3%
Other nondurable goods	\$1,313,868	\$1,327,168	1.0%	6.6%	16.5%
<b>Services</b>	\$8,390,641	\$8,435,744	0.5%	6.3%	-0.7%
Health care	\$2,232,722	\$2,245,564	0.6%	4.2%	-0.5%
Food services and accommodations	\$856,369	\$850,589	-0.7%	21.4%	-0.5%
Financial services and insurance	\$879,657	\$889,453	1.1%	3.7%	4.8%
Other services	\$1,120,961	\$1,139,568	1.7%	13.0%	0.8%

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

**Personal savings** decreased 10.4 percent (-\$153.9 billion) in October 2021 compared to September but remained above the January 2020 level by 2.2 percent (\$27.9 billion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 7.3 percent, a decrease of 0.9 percentage points between September and October.

The Bureau of Labor Statistics computes the consumer price index to measure the average change in prices paid by consumers for goods and services over time. The **Consumer Price Index for All Urban Consumers (CPI)** increased 0.9 percent in October, which followed a 0.4 percent increase in September. The ‘all items’ index has increased 6.2 percent over the last 12 months. The index for used cars and trucks increased 2.5 percent in October after declining each of the previous two months. The used cars and trucks index has increased 26.4 percent over the last 12 months. Additionally, the index for ‘all items less food and energy’ increased 0.6 percent in October and has increased 4.6 percent over the last 12 months.

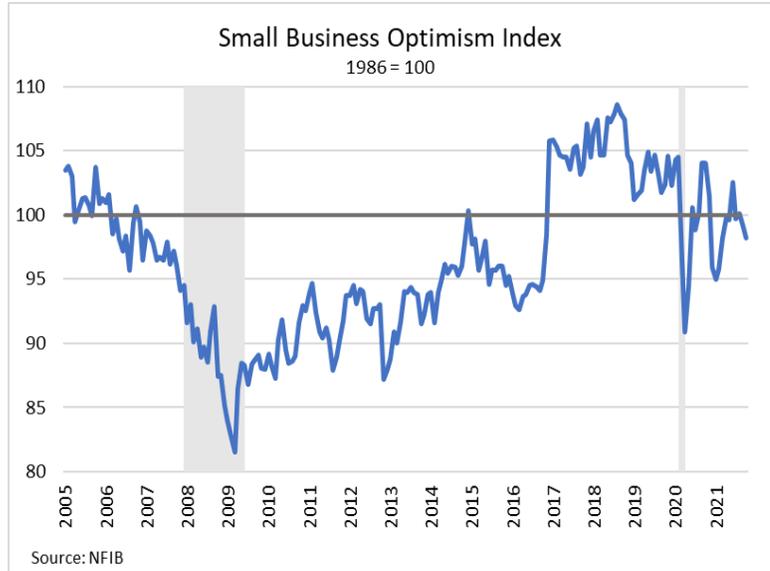


Results from the University of Michigan's **Surveys of Consumers** indicated that consumer sentiment decreased in November for the second month in a row, and the fourth time in five months. The Consumer Sentiment Index decreased 4.3 points to 67.4 in November 2021 from 71.7 in October. This was a 6.0 percent decrease from October and a 12.4 percent decrease from November 2020. The Current Economic Conditions Index decreased 4.1 points to 73.6. This was a 5.3 percent decrease from October and a 15.4 percent decrease from November 2020. The Consumer Expectations

Index decreased 4.4 points to 63.5. This was a 6.5 percent decrease from October and a 9.9 percent decrease compared to November 2020. Consumers indicated that they have a desire to resume normal holiday gatherings with friends and family, using savings from stimulus payments to fund their gifts and celebrations despite the widespread price increases. However, this was not enough to offset the now persistent inflation concerns, as 25 percent of consumers indicated they have seen inflationary erosions in their living standards.

The **Conference Board's Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, declined in November following an increase in October. Consumer confidence in November was at 109.5, down 2.1 percentage points from October's revised value of 111.6. The **Conference Board's Present Situation Index**, which measures consumers' current assessment of business and labor market conditions, decreased 3.0 percentage points from 145.5 in October to 142.5 in November. The **Conference Board's Expectation Index** examines consumer short-term outlook for the economy. The index fell in November to 87.6, a decrease of 2.4 percentage points from October. Consumer confidence decreased in November as concerns were primarily attributed to rising prices, however the Conference Board believes that the holiday season will be strong for retailers and confidence levels suggest that expansion should continue into early 2022.

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 index decreased 0.9 percentage points to 98.2 in October, following a 1.0 percentage point decrease in September.



Of the 10 components that comprise this index, seven declined, two were unchanged, and one improved. Earning trends decreased 3.0 points over the past three months to a net negative 17.0 percent. The percent of owners raising average selling prices rose seven points to a net 53.0 percent. The Uncertainty Index decreased 7.0 points to 67.0, despite the decline the index indicates owners are more certain about their views than in previous months. Qualified labor shortages continued to be an issue in October as 49 percent of small business owners reported having job openings that they could not fill during the current period, a decrease of 2.0 points from September.

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.” Despite the Thanksgiving holiday airline travel only increased by a slight 0.8 percent in November 2021 compared to October. Total travel throughput in November 2021 was 127.3 percent higher than in November 2020; however, travel was 16.0 percent lower in November 2021 compared to November 2019.

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For the week ending November 27, 2021, **STR**, a company that provides analytics and data on the hospitality sector, reported the hotel occupancy rate was 53.0 percent, 4.6 percent above the comparable week in 2019. The average daily rate for a hotel room was \$128.41, up 14.3 percent from the comparable week. Revenue per available room was \$68.00, which was 19.6 percent higher than the equivalent week in 2019.

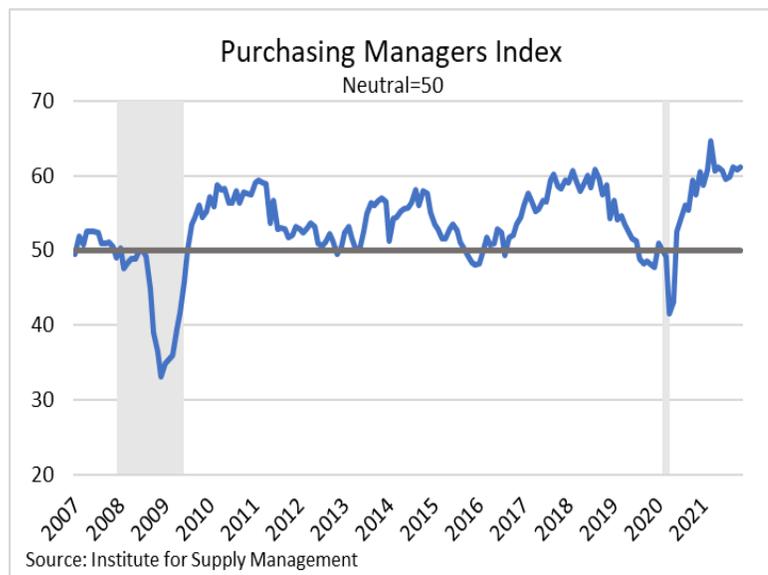
**Commercial vehicle miles traveled** on the Ohio turnpike in November increased 9.9 percent compared to the same period in 2020 and increased 19.2 percent compared to the same period in 2019. **Passenger vehicle miles traveled** in November increased 37.9 percent compared to the same period in 2020 and increased 4.4 percent compared to the same period in 2019. **Total revenue** on the Ohio turnpike was 20.6 percent higher in November compared to the same period in 2020 and increased 18.5 percent compared to the same period in 2019.

## Industrial Activity

The Industrial Production Index from 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 1.6 percent in October, following a revised decrease of 1.3 percent in September. Almost half of the gains were reflective of the recovery from effects caused by Hurricane Ida. The October index was 5.1 percent higher compared to October 2020 and is 0.3 percent above its pre-pandemic levels in February 2020.

The **manufacturing production index** increased 1.2 percent in October 2021 to 99.8 and was 4.5 percent above October 2020. Overall, the production of both nondurable and durable goods increased 1.3 percent. Nationally, eight of the top 10 industries relevant to Ohio's manufacturing sector increased production and two decreased. The largest increase was in motor vehicles and parts (11.0%), followed by petroleum and coal products (5.1%), chemical products (1.9%), aerospace and miscellaneous transportation equipment (1.3%), and primary metals (0.7%). These gains were partially offset by decreases in electrical equipment, appliances, and components (-1.6%), and machinery (-1.3%).

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 November, the PMI for the United States increased 0.3 percentage points compared to October indicating an overall expansion of the manufacturing economy for the 18<sup>th</sup> month in a row following a contraction in April 2020.



The New Orders Index for November was at 61.5 percent, increasing 1.7 percentage points from October. The Backlog of Orders Index fell 1.7 percentage points to 61.9 percent, and the Employment Index expanded 1.3 percentage points to 53.3 percent. Overall, these indices indicate that the manufacturing sector is continuing to grow, though challenges remain. Respondents continued to report hurdles meeting demand amid rising prices for commodities, record-long lead times for raw materials, ongoing shortages of critical materials and difficulties transporting products. However, there is some indication of slight improvement in labor and supplier delivery.

Of the 18 industries tracked by the Manufacturing ISM® Report on Business, 13 reported growth between October and November. Of the 10 industries most important to Ohio's manufacturing sector eight reported growth in the last month, with primary metals declining and motor vehicles and parts remained constant. Of the industries most important to Ohio manufacturing, Machinery led the way increasing the most.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effects of material shortages and rising costs in November. A source in the machinery industry reported, “Sales remain strong but are not growing at the same month-over-month pace...” Additionally, a respondent in the electrical equipment, appliances & components industry reported, “We are still seeing shortages with various metals. Plastic resins seem to be slowly improving. Electronic component lead times are still moving out.”

## **Construction**

The U.S. Census Bureau estimated **total construction spending** in October to be at a seasonally adjusted annual rate of \$1.6 billion, 0.2 percent above the revised September estimate. The October 2021 estimate was 8.6 percent above that of October 2020 and 11.8 percent above October 2019.

Private sector construction in October 2021 was at a seasonally adjusted rate of \$1.2 billion. This was a 0.2 percent decrease from the revised September estimate but remained 11.1 percent above October 2020. Residential construction in October decreased 0.5 percent from the revised September estimate and was 16.4 percent above October 2020. Nonresidential construction increased 0.9 percent in October from the revised September estimate and was 2.0 percent below October 2020.

Public sector construction spending in October was at a seasonally adjusted annual rate of \$353.0 billion. This was 1.8 percent above the revised September estimate and 0.4 percent above the October 2020 rate. Spending in October on education construction was 0.2 percent above September’s revised value and 3.1 percent below October 2020. Highway construction spending in October was 2.4 percent above the revised September value and was 2.9 percent above October 2020.

Nationally, the number of privately-owned housing units approved for building permits increased 4.2 percent between September and October and were 3.6 percent above October 2020. In Ohio, building permits for privately-owned units increased 3.9 percent in October, and were 17.4 percent below the number of permits issued in October 2020. Nationally, privately-owned housing starts decreased 0.7 percent in October compared to September but were 0.4 percent above the October 2020 rate. Privately-owned housing starts in the Midwest increased 5.6 percent between September and October and were 8.7 percent above October 2020 levels. Nationally, privately-owned housing completions were unchanged in October and were 8.4 percent below the October 2020 rate. In October, privately-owned housing completions in the Midwest decreased 15.8 percent and were 14.9 percent below the October 2020 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In October, new home sales increased 0.4 percent from the revised September rate to an estimated 745,000 but were 23.1 percent below the October 2020 estimate. In the Midwest, new home sales increased 11.0 percent between September and October, but were 28.3 percent below the October 2020 level. The preliminary national median sales price in October was \$407,700, a 0.7 percent increase from the revised median price in September, and an increase of 17.5 percent compared to October 2020.

**Existing home sales**, as reported by the National Association of Realtors, increased 0.8 percent in October from September 2021. October’s existing home sales reached 6.3 million housing units. This was a decrease of 5.8 percent from the year prior. Available inventory in October decreased 1.3 million units, a decrease of 0.8 percent from September, and was 12.0 percent lower than a year ago. Prices throughout October increased nationwide, as the median sale price of all existing homes rose 13.5 percent from a year ago to \$360,800. October 2020 was the 116<sup>th</sup> continuous month of year-over-year increases in existing median home sales prices. Sales in the Midwest increased 4.2 percent in October from last month and were 7.8 percent above October 2020. According to the **Ohio Realtors**, activity in the Ohio housing market decreased during the month of October, as home sales declined 1.4 percent compared to October 2020. The average sale price was \$240,509 in October, an 8.2 percent increase compared to October 2020.



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. A reading above 50 indicates a favorable outlook on home sales. Nationally, the HMI Index increased 3.0 points in November to 83.0 from a revised 80.0 in October, a 3.8 percent increase. This is the third consecutive month where the HMI has increased at the national level. Builder confidence continued to

increase with low existing housing inventories and strong buyer demand. In the Midwest, the HMI increased 3.0 points in November to 75.0 from a revised 72.0 in October.

## **REVENUES**

GRF tax revenues were above estimate in November, as they have been each month this fiscal year. The November variance amounted to \$75.8 million (3.4%). The non-auto sales tax provided the largest positive variance for the month, exceeding the estimate by \$46.9 million, although the personal income tax, commercial activity tax, and auto sales tax also exceeded their estimates. For the fiscal year-to-date, nearly all tax sources have exceeded estimate. November tax receipts grew by \$193.6 million (9.3%) from the prior year. The most notable source of growth was the personal income tax, followed by the non-auto sales tax, commercial activity tax, and auto sales tax, respectively.

Aggregate (tax and non-tax) GRF receipts and transfers totaled \$3.2 billion in November and were \$77.3 million (2.5%) above estimate. As noted above, tax revenues were \$75.8 million (3.4%) above estimate. Non-tax receipts were \$0.4 million below estimate and transfers were \$1.9 million above estimate. For the year-to-date, tax revenues are above estimate, non-tax receipts are below estimate, and transfers are above estimate as shown in the table below.

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
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	\$336.7	3.2%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$135.7)	-2.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$14.5	47.7%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$215.5</b>	<b>1.4%</b>
<b>Non-federal revenue variance</b>		<b>\$417.8</b>	<b>3.9%</b>
<b>Federal grants variance</b>		<b>(\$202.3)</b>	<b>-4.2%</b>

For November, receipts and transfers were \$270.0 million (-7.9%) below the previous year. Tax receipts increased by \$193.6 million (9.3%), non-tax receipts decreased by \$465.5 million (-34.4%), and transfers increased by \$1.9 million. For the year-to-date, tax receipts are \$218.9 million (2.0%) above last year and non-tax receipts are \$1.4 billion (-23.0%) below the prior year. Transfers are \$35.0 million (-43.8%) below last year on a year-to-date basis.

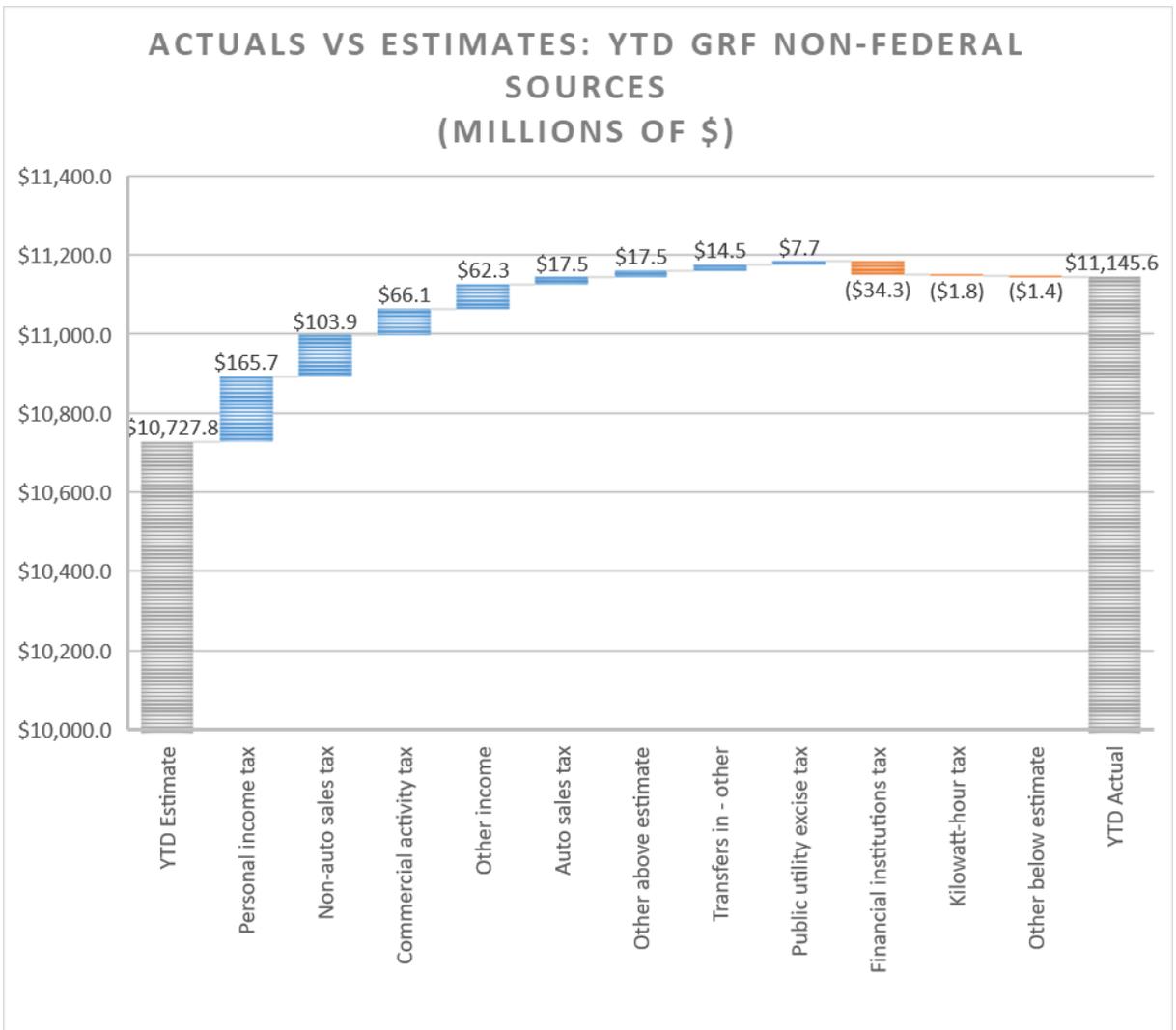
During November, the source with the largest year-over-year increase was personal income tax, at \$83.9 million (13.2%) above last year. The next-largest increases were non-auto sales tax at \$65.2 million (7.7%), commercial activity tax at \$62.4 million (19.1%), and auto sales tax at \$26.1 million (20.3%). The largest decline was experienced by Federal grants at \$467.9 million (-34.6%), followed by financial institutions tax at \$45.4 million.

The table below shows that sources above estimate (a positive variance of \$128.5 million) in November outweighed the size of sources below estimate (a negative variance of \$51.2 million), resulting in a \$77.3 million net positive variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto sales tax	\$46.9	Financial institutions tax	(\$42.5)
Personal income tax	\$33.6	Cigarette and other tobacco products tax	(\$3.8)
Commercial activity tax	\$24.8	Federal grants	(\$2.1)
Auto sales tax	\$16.4	Other sources below estimate	(\$2.9)
Other sources above estimate	\$6.8		
<b>Total above</b>	<b>\$128.5</b>	<b>Total below</b>	<b>(\$51.2)</b>

(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 2022 to date, with the net difference amounting to \$417.8 million.

### Non-Auto Sales Tax

GRF non-auto sales and use tax collections in November totaled \$913.2 million and were \$46.9 million (5.4%) above the estimate. For the fiscal year-to-date, revenues are \$103.9 million (2.4%) above estimate. November revenue was \$65.2 million (7.7%) above the prior year, while year-to-date revenue is \$326.7 million (7.8%) above fiscal year 2021. Because last November was substantially impacted by the pandemic, November 2019 provides a useful alternative base year: a comparison of this November to two years ago shows that GRF non-auto sales tax revenue grew by \$89.8 million (10.9%), translating into a compound average annual growth rate of 5.3 percent.

Data continues to show a shift in consumption from services, which are mostly excluded from sales tax, to taxable goods, enhancing sales tax revenue intake due to the orientation of the tax toward goods rather than services. 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, and Food Services categories show median growth rates ranging from -13.7 percent to -16.1 percent in October relative to pre-pandemic levels. Most retail segments that are predominantly subject to Ohio sales tax continue to display strong performance since the pre-pandemic period: in October, the Furniture & Fixtures, Building Materials & Garden Equipment, Electronics & Appliance Stores, Automotive Parts, Sporting Goods & Hobby, and General Merchandise categories had median monthly growth rates ranging from 15.9 percent to 34.4 percent.

U.S. retail data emanate each month from the Bureau of Census, through its Monthly Advance Retail Trade Survey (MARTS) program. For retail categories that are predominantly subject to Ohio non-auto sales tax (comprised of NAICS codes 442, 443, 444, 448, 451, 452, 453, and 454), the MARTS data show a 12.4 percent year-over-year increase in non-seasonally adjusted sales during October 2021, following 12.6 percent annual growth in September and 14.5 percent annual growth in August. In comparison, year-over-year growth in Ohio all-funds non-auto sales tax revenue was 10.0 percent in October, 15.9 percent in September, and 10.3 percent in August. Month-over-month sales also increased according to the most recent MARTS data release. Using seasonally adjusted figures, October 2021 sales for the above-indicated retail categories were 2.2 percent above the September level.

### **Auto Sales Tax**

November auto sales tax revenues were \$154.9 million and were \$16.4 million (11.8%) above the estimate. This source is \$17.5 million (2.2%) above the estimate for the fiscal year-to-date. The source was \$26.1 million (20.3%) above last November. However, because of the pandemic conditions of last year, November 2019 may provide a useful alternative basis of comparison: relative to 2019, GRF auto sales tax revenue in November 2021 grew by \$59.6 million (18.0%), translating into a compound annual growth rate of 8.6 percent.

U.S. data show new vehicle unit sales remaining well below the levels reached this spring. Supply chain constraints remain, with computer chip shortages being a prime impediment to production. New light vehicle sales in November reached an estimated 12.9 million units, based on a seasonally adjusted annual rate (the number of sales that occurred during the month after adjustment for seasonal fluctuations and expressed as an annualized total). This level is 19.0 percent below last year and is nearly even with the 13.0 million level in October. Although the recent monthly sales figures represent stabilization after consecutive monthly declines from May through September, the duration of suppressed sales is notable: annualized sales have now been under 14 million units for five straight months (July through November), a plateau not experienced since early 2011. Reflecting the fact that supply, not demand, has been the market constraint, new vehicle transaction prices continue to grow at a strong pace: TrueCar, Inc. estimates that the average transaction price for new vehicles was \$41,139 in November, up 1.9 percent from October and up 8.6 percent relative to last November.

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during November to be 3.0 million (not annualized and not seasonally adjusted), down 12.0 percent from last month but 2.0 percent above last year. As with new vehicles, prices have been the source of growth for the used vehicle market during the current period. Moody's Analytics reports that its wholesale price index for used vehicles increased by 53.5 percent in November from the prior year, compared with 45.5 percent growth in October.

Quarterly data compiled by the Ohio Bureau of Motor Vehicles on Ohio taxable sales of motor vehicles is currently available through the third quarter of calendar year 2021. The October edition of this report contains figures from that quarterly data release. OBM will include the fourth-quarter data in next month's Monthly Financial Report.

## **Personal Income Tax**

November GRF personal income tax receipts totaled \$720.5 million and were \$33.6 million (4.9%) above the estimate. For the year-to-date, revenue is \$165.7 million (4.4%) above estimate. On a year-over-year basis, November income tax collections were \$83.9 million (13.2%) above November 2020.

Withholding collections were \$24.1 million (3.1%) above estimate in November. For the fiscal year-to-date, this component exceeds estimate by \$82.2 million (2.1%). Withholding was \$67.3 million (9.2%) above last year during November and is \$196.0 million (5.3%) above last year for the fiscal year-to-date. However, November's collections were impacted by the three-percent reduction in employer withholding tax rates and by one additional business day this year. After adjusting for these differences, withholding collections for the month would have been an estimated \$75.0 million (10.3%) higher than last year. Fiscal year-to-date growth would have been an estimated \$269.6 million (7.2%) higher than the previous year after adjusting for the withholding tax rate reduction.

November is not a particularly significant month for other tax payment components. Even so, each component performed either close to estimate or well above the estimate. Quarterly estimated payments were \$0.2 million (-1.9%) below estimate in November, and \$0.6 million (6.1%) above the prior year. With November's performance, estimated payments for the fiscal year-to-date are \$18.3 million (6.2%) above anticipated levels. For the April-November period, which reflects year-to-date estimated payment collections for the 2021 taxable year (i.e., quarterly payments due in April, June, and September), this component is \$64.9 million (10.3%) above estimate and has grown by \$125.7 million (22.0%) from the prior year.

November annual return payments were \$10.1 million (84.1%) above estimate and \$9.4 million (74.3%) above last year. This component is now \$54.7 million (48.8%) above estimate for the fiscal year. Annual return payments are now \$233.8 million (20.9%) above estimate for the elapsed filing season (January-November 2021) and are \$337.5 million (33.2%) above the prior year's filing season to date (January-November 2020).

Refunds for the month were \$2.3 million (-2.9%) below estimate and are \$8.3 million (-2.4%) below estimate for the fiscal year. This component was \$8.8 million (-10.3%) below last November. For the elapsed (January-November 2021) filing season, refunds have exceeded estimate by \$90.9 million (4.9%). Compared to January-November 2020, refunds during this filing season have declined by \$227.3 million (-10.5%).

<b>NOVEMBER PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	Actual November	Estimate November	\$ Var	Actual Nov-2021	Actual Nov- 2020	\$ Var Y-over-Y
Withholding	\$795.4	\$771.3	\$24.1	\$795.4	\$728.1	\$67.3
Quarterly Est.	\$10.4	\$10.6	(\$0.2)	\$10.4	\$9.8	\$0.6
Annual Returns & 40 P	\$22.1	\$12.0	\$10.1	\$22.1	\$12.7	\$9.4
Trust Payments	\$0.5	\$0.7	(\$0.2)	\$0.5	\$0.5	\$0.0
Other	\$7.3	\$7.4	(\$0.1)	\$7.3	\$7.4	(\$0.1)
Less: Refunds	(\$76.8)	(\$79.1)	\$2.3	(\$76.8)	(\$85.7)	\$8.8
Local Distributions	(\$38.4)	(\$36.0)	(\$2.4)	(\$38.4)	(\$36.2)	(\$2.2)
Net to GRF	\$720.5	\$686.9	\$33.6	\$720.5	\$636.7	\$83.9

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

### **Commercial Activity Tax (CAT)**

November revenues were \$24.8 million (6.8%) above the estimate. For the year-to-date, the source is \$66.1 million (7.6%) above estimate. CAT revenue in November was \$62.4 million (19.1%) above last year and fiscal year-to-date revenue is \$177.9 million (23.5%) above the previous year. Because of last year's unique conditions, an alternative growth comparison can be computed against fiscal year 2020: using that comparison, year-to-date revenue increased by \$59.6 million (18.0%) producing a compound average annual growth rate of 8.6 percent. Because of the strong revenue performance in both October and November, the CAT is \$32.0 million (7.1%) above estimate for the current quarter to date. Since only \$10.5 million is anticipated for December, revenues are expected to exceed the quarter's total estimate.

### **Financial Institutions Tax (FIT)**

November revenues were \$42.5 million below estimate and for the fiscal year-to-date revenues are \$34.3 million below estimate. Total FIT revenues during the first half of each fiscal year are invariably negative because of refunds from annual tax returns that are due in October. Although negative revenue was anticipated in November, refunds were considerably higher than the estimated level for the month. November's refund levels were unusual in their magnitude and were one-time in nature. Positive revenue will begin in January 2022 as the first set of tax year 2022 estimated payments is due in that month.

## **GRF Non-Tax Receipts**

GRF non-tax receipts totaled \$888.8 million and were \$408,000 below estimate for the month of November. A very modest negative variance of \$2.1 million (-0.2%) in the Federal Grants category was largely offset by positive variances in the License & Fees and Other Income categories. Year-to-date revenues in non-tax receipts totaled \$4.8 billion and were \$135.7 million (-2.8%) below estimate. This variance is caused by the Federal Grants category, which is \$202.3 million (-4.2%) below estimate for the year. All other non-tax receipt categories are a combined \$66.6 million (60.9%) above estimate for the year.

12/9/2021

**Table 1**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2022 VS ESTIMATE FY 2022**  
**(\$ in thousands)**

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL NOVEMBER	ESTIMATE NOVEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	913,182	866,300	46,882	5.4%	4,502,336	4,398,400	103,936	2.4%
Auto Sales & Use	154,864	138,500	16,364	11.8%	817,966	800,500	17,466	2.2%
Subtotal Sales & Use	1,068,046	1,004,800	63,246	6.3%	5,320,303	5,198,900	121,403	2.3%
Personal Income	720,538	686,900	33,638	4.9%	3,921,516	3,755,800	165,716	4.4%
Corporate Franchise	38	0	38	N/A	538	0	538	N/A
Financial Institutions Tax	(44,183)	(1,700)	(42,483)	-2499.0%	(56,755)	(22,500)	(34,255)	-152.2%
Commercial Activity Tax	389,917	365,100	24,817	6.8%	936,549	870,400	66,149	7.6%
Petroleum Activity Tax	0	0	0	N/A	1,425	1,700	(275)	-16.2%
Public Utility	29,953	27,100	2,853	10.5%	69,931	62,200	7,731	12.4%
Kilowatt Hour	22,488	22,400	88	0.4%	131,190	133,000	(1,810)	-1.4%
Natural Gas Distribution	4,857	5,400	(543)	-10.1%	18,550	19,700	(1,150)	-5.8%
Foreign Insurance	(494)	0	(494)	N/A	182,946	179,500	3,446	1.9%
Domestic Insurance	1	0	1	N/A	2,253	200	2,053	1026.6%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	74,846	78,600	(3,754)	-4.8%	342,494	338,800	3,694	1.1%
Alcoholic Beverage	4,057	5,900	(1,843)	-31.2%	29,182	26,700	2,482	9.3%
Liquor Gallonage	4,893	4,700	193	4.1%	24,668	23,700	968	4.1%
Estate	0	0	0	N/A	5	0	5	N/A
Total Tax Receipts	2,274,958	2,199,200	75,758	3.4%	10,924,793	10,588,100	336,693	3.2%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	884,828	886,957	(2,129)	-0.2%	4,604,826	4,807,096	(202,270)	-4.2%
Earnings on Investments	0	0	0	N/A	11,882	9,485	2,397	25.3%
License & Fees	1,810	743	1,067	143.6%	12,837	11,124	1,713	15.4%
Other Income	2,125	1,472	653	44.3%	151,016	88,766	62,250	70.1%
ISTV'S	1	0	1	N/A	210	0	210	N/A
Total Non-Tax Receipts	888,764	889,172	(408)	0.0%	4,780,771	4,916,471	(135,700)	-2.8%
<b>TOTAL REVENUES</b>	<b>3,163,722</b>	<b>3,088,372</b>	<b>75,350</b>	<b>2.4%</b>	<b>15,705,564</b>	<b>15,504,571</b>	<b>200,993</b>	<b>1.3%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	1,909	0	1,909	N/A	44,854	30,362	14,492	47.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	1,909	0	1,909	N/A	44,854	30,362	14,492	47.7%
<b>TOTAL SOURCES</b>	<b>3,165,632</b>	<b>3,088,372</b>	<b>77,259</b>	<b>2.5%</b>	<b>15,750,418</b>	<b>15,534,933</b>	<b>215,485</b>	<b>1.4%</b>

12/9/2021

**Table 2**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2022 VS ACTUAL FY 2021**  
**(\$ in thousands)**

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	NOVEMBER	NOVEMBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2022	FY 2021	VAR	VAR	FY 2022	FY 2021	VAR	VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	913,182	847,993	65,189	7.7%	4,502,336	4,175,636	326,701	7.8%
Auto Sales & Use	154,864	128,772	26,092	20.3%	817,966	754,838	63,128	8.4%
Subtotal Sales & Use	1,068,046	976,765	91,281	9.3%	5,320,303	4,930,474	389,829	7.9%
Personal Income	720,538	636,654	83,884	13.2%	3,921,516	4,240,081	(318,565)	-7.5%
Corporate Franchise	38	(39)	77	197.6%	538	248	290	116.7%
Financial Institutions Tax	(44,183)	1,184	(45,367)	-3833.0%	(56,755)	(14,968)	(41,787)	-279.2%
Commercial Activity Tax	389,917	327,498	62,419	19.1%	936,549	758,599	177,949	23.5%
Petroleum Activity Tax	0	0	0	N/A	1,425	878	547	62.3%
Public Utility	29,953	25,458	4,495	17.7%	69,931	60,814	9,117	15.0%
Kilowatt Hour	22,488	20,903	1,585	7.6%	131,190	133,139	(1,949)	-1.5%
Natural Gas Distribution	4,857	5,284	(427)	-8.1%	18,550	19,004	(454)	-2.4%
Foreign Insurance	(494)	977	(1,470)	-150.5%	182,946	176,637	6,309	3.6%
Domestic Insurance	1	0	1	N/A	2,253	824	1,429	173.5%
Other Business & Property	0	0	0	N/A	0	15	(15)	N/A
Cigarette and Other Tobacco	74,846	75,121	(275)	-0.4%	342,494	347,917	(5,422)	-1.6%
Alcoholic Beverage	4,057	6,630	(2,573)	-38.8%	29,182	27,868	1,314	4.7%
Liquor Gallonage	4,893	4,932	(39)	-0.8%	24,668	24,313	355	1.5%
Estate	0	1	(1)	N/A	5	12	(8)	-62.5%
Total Tax Receipts	2,274,958	2,081,367	193,591	9.3%	10,924,793	10,705,854	218,938	2.0%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	884,828	1,352,738	(467,911)	-34.6%	4,604,826	6,096,280	(1,491,454)	-24.5%
Earnings on Investments	0	0	0	N/A	11,882	17,576	(5,694)	-32.4%
License & Fee	1,810	719	1,091	151.7%	12,837	14,815	(1,978)	-13.4%
Other Income	2,125	801	1,324	165.3%	151,016	82,784	68,231	82.4%
ISTV'S	1	13	(12)	-91.3%	210	84	125	148.9%
Total Non-Tax Receipts	888,764	1,354,271	(465,507)	-34.4%	4,780,771	6,211,539	(1,430,769)	-23.0%
<b>TOTAL REVENUES</b>	<b>3,163,722</b>	<b>3,435,638</b>	<b>(271,916)</b>	<b>-7.9%</b>	<b>15,705,564</b>	<b>16,917,394</b>	<b>(1,211,830)</b>	<b>-7.2%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	1,909	0	1,909	N/A	44,854	79,832	(34,978)	-43.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	1,909	0	1,909	N/A	44,854	79,832	(34,978)	-43.8%
<b>TOTAL SOURCES</b>	<b>3,165,632</b>	<b>3,435,638</b>	<b>(270,007)</b>	<b>-7.9%</b>	<b>15,750,418</b>	<b>16,997,226</b>	<b>(1,246,808)</b>	<b>-7.3%</b>

## **DISBURSEMENTS**

November GRF disbursements, across all uses, totaled \$2.6 billion and were \$112.2 million (-4.2%) below estimate. This variance was primarily attributable to below estimate disbursements in health and human services. On a year-over-year basis, November total uses were \$691.5 million (-21.2%) 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.

<b>Category</b>	<b>Description</b>	<b>Year-Over-Year Variance</b>	<b>% Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	-\$691.5	-21.2%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$0	N/A
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>-\$691.5</b>	<b>-21.2%</b>

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 for the Ohio Department of Education. November disbursements for this category totaled \$639.6 million and were \$3.7 million (0.6%) above estimate. This variance was primarily attributable to above estimate disbursements in the Foundation Funding – All Students line item and the Ohio Educational Computer Network line item. Disbursements for the Foundation Funding – All Students line were above estimate as the department transferred less expenditures from this line item to non-GRF sources than planned in November due to delays in implementation of the new school funding formula. Disbursements for the Ohio Educational Computer Network were above estimate as payments planned for October occurred in November instead. This variance was partially offset by below estimate spending in the Pupil Transportation, Special Education Enhancements, and Adult Education Programs line items. Expenditures for Pupil Transportation and Special Education Enhancements were below estimate due to delays in implementation of the new school funding formula. Disbursements for the Adult Education Programs line item were below estimate due to timing of payments which are expected to occur in future months. Expenditures for the school foundation program totaled \$562.5 million and were \$1.9 million (0.3%) above estimate.

Year-to-date disbursements were \$3.6 billion, which were \$64.1 million (-1.8%) below estimate. On a year-over-year basis, disbursements in this category were \$38.9 million (-5.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$115.1 million (3.3%) higher than the same point in fiscal year 2021.

## Higher Education

November disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$219.3 million and were \$2.5 million (1.2%) above estimate. This variance was primarily attributable to spending in multiple programs in the amount of \$5.7 million due to Memorandum of Understanding (MOUs) that were executed later than anticipated and payments for the previous quarter were made in November. Another significant source of the variance was the result of spending in the War Orphans and Severely Disabled Veterans' Children and Ohio College Opportunity Grant Scholarship programs, which was \$1.0 million above estimate due to higher-than-expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in multiple programs because MOUs, which are necessary prior to disbursement of funds, have not been completed and spending was below the monthly estimates by a total of \$6.2 million.

Year-to-date disbursements were \$991.6 million, which was \$42.6 million (-4.1%) below the estimate. On a year-over-year basis, disbursements in this category were \$21.8 million (11.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$36.8 million (3.9%) higher than at the same point in fiscal year 2021.

## 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.

November disbursements in this category totaled \$3.6 million and were \$568,000 (-13.6%) below estimate. Year-to-date disbursements were \$48.8 million and were \$5.2 million (-9.6%) below estimate. On a year-over-year basis, disbursements in this category were \$70,000 (2.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$10.4 million (26.9%) higher than at the same point in fiscal year 2021.

## Medicaid

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

### Expenditures

November GRF disbursements for the Medicaid Program totaled \$1.3 billion and were \$9.5 million (-0.7%) below estimate and \$644.4 million (-32.8%) below disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled \$6.7 billion and were \$312.3 million (-4.4%) below estimate, and \$2.0 billion (-22.7%) below disbursements for the same point in the previous fiscal year.

The monthly GRF variance was minimal as some ongoing timing related issues were resolved, namely several rate adjustments. Managed care enrollment exhibited minimal variance, with all major eligibility categories within +/- 1.5 percent of estimates. While close to estimates, managed care enrollment continues to increase month-to-month due to the suspension of redeterminations as mandated by federal law for the duration of the federal public health emergency. When compared to pre-pandemic February 2020, total enrollment has increased by approximately 528,700. Fee-for-service enrollment was approximately 1.8 percent below estimate, further contributing to below estimate GRF spending. Additionally, in the fee-for-service program, there is some evidence that the pandemic continues to affect utilization; however, more analysis is needed. The year-over-year variance was primarily attributable to the timing and use of non-GRF funds, which can significantly affect month-to-month GRF usage. Fiscal year 2022 exhibits more non-GRF spending in the beginning of the fiscal year when compared to fiscal year 2021.

November all-funds disbursements for the Medicaid Program totaled \$3.1 billion and were \$362.6 million (13.3%) above estimate, and \$282.6 million (10.1%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled \$13.6 billion and were \$514.8 million (-3.6%) below estimate, and \$414.1 million (3.1%) above disbursements for the same point in the previous fiscal year.

The November all-funds variance was primarily attributable to above estimate spending in the managed care program where spending was \$422.8 million (23.3%) above estimate due primarily to delays in supplemental public health emergency hospital payments to managed care plans; these payments were expected to disburse in October but were delayed to November. The year-over-year variance was primarily attributable to the increased costs associated with higher caseloads.

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

*(In millions, totals may not add due to rounding)*

	<u>Nov. Estimate</u>	<u>Nov. Actual</u>	<u>Variance</u>	<u>Variance %</u>
GRF	\$1,330.9	\$1,321.4	-\$9.4	-0.7%
Non-GRF	\$1,388.2	\$1,760.3	\$372.0	26.8%
All Funds	\$2,719.1	\$3,081.7	\$362.6	13.3%

### Enrollment

Total November enrollment was 3.33 million, which was 4,200 (0.1%) above estimate and 231,500 (7.5%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.28 million and was 2,000 (-0.1%) below estimate.

November enrollment by major eligibility category was: Covered Families and Children (CFC), 1.82 million; Group VIII Expansion, 848,300; and Aged, Blind and Disabled (ABD), 501,100.

*\*Please note that enrollment 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.

November disbursements in this category totaled \$120.5 million and were \$46.9 million (-28.0%) below estimate. Year-to-date disbursements were \$621.5 million and were \$133.7 million (-17.7%) below estimate. On a year-over-year basis, disbursements in this category were \$1.1 million (-0.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$26.2 million (4.4%) higher than at the same point in fiscal year 2021.

### Department of Health

November disbursements for the Department of Health totaled \$8.3 million and were \$1.9 million (-15.2%) below estimate. This variance was primarily attributable to disbursements in the Medically Handicapped Children line item, which were \$1.1 million below estimate, due to expenses for the Children with Medical Handicaps Program being partially paid out of a non-GRF line item. Payments for this program out of the GRF line item will be offset in future months.

### Department of Job and Family Services

November disbursements for the Department of Job and Family Services totaled \$68.8 million and were \$35.3 million (-33.9%) below estimate. This variance was primarily attributable to the Early Care and Education line, which was \$13.2 million below estimate for the month of November due in large part to the payments not being posted for the month as anticipated. The Temporary Assistance for Needy Families (TANF) State Maintenance of Effort line item was \$12.9 million below estimate due in large part to the payments not being posted for the month as anticipated. The Program Operations line item was \$6.4 million below estimate due in large part to not receiving the invoices from the prior period contracts, maintenance agreements, and equipment purchases as anticipated. The Family and Children Services line item was \$1.4 million below estimate due in large part to not paying out to the counties the allocation for the Best Practices program as anticipated.

### Department of Mental Health and Addiction Services

November disbursements for the Department of Mental Health and Addiction Services totaled \$32.6 million and were \$6.6 million (-16.8%) below estimate. This variance was primarily attributable to below estimate disbursements in the Continuum of Care line item, which was \$7.8 million below estimate due primarily to the timing of payments. The variance was partially offset by above estimate spending in the Community Innovations line item, which was \$2.5 million above estimate, again due to timing as some contract services were planned for other months but disbursed in November instead.

## **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.

November disbursements in this category totaled \$162.8 million and were \$31.2 million (-16.1%) below estimate. Year-to-date disbursements were \$1.1 billion and were \$191.1 million (-14.6%) below estimate. On a year-over-year basis, disbursements in this category were \$2.5 million (1.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$11.2 million (-1.0%) lower than at the same point in fiscal year 2021.

### Office of the Attorney General

November disbursements for the Office of the Attorney General totaled \$7.6 million and were \$2.0 million (26.3%) below estimate. This variance was primarily attributable to anticipated disbursements in the School Safety Training Grants line item, which was \$1.6 million below due to grantees drawing down funds at a slower pace than anticipated.

### Department of Public Safety

November disbursements for the Department of Public Safety totaled \$3.1 million and were \$1.6 million (-34.1%) below estimate. This variance was attributable to disbursements in the Recovery Ohio Law Enforcement, Youthful Driver Safety, and School Safety line items, which were \$767,610 below estimate, combined. In addition, the EMA Operating, Justice Program Services, Security Grants, and Investigative Unit Operating line items were \$627,925 below estimate, combined. All line items were below estimate largely due to vacancy rates resulting in lower than anticipated payroll costs. In addition, requests for grant reimbursement payments were below the projected amount for the month.

### Department of Rehabilitation and Correction

November disbursements for the Department of Rehabilitation and Correction totaled \$121.4 million and were \$19.4 million (-13.8%) below estimate. This variance was primarily attributable to disbursements in the Institutional Operations line item, which was \$13.8 million below estimate due to staff vacancies and because facility populations remain lower than pre-pandemic levels. This variance was also attributable to disbursements in the Institution Medical Services line item, which was \$4.7 million below estimate also due to vacancies resulting in lower than anticipated payroll costs.

### Department of Youth Services

November disbursements for the Department of Youth Services totaled \$12.0 million and were \$741,045 (6.6%) above estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was \$1.1 million above estimate due to delayed payments for prior fiscal year purchase orders and later than estimated payments to Community Correctional Facilities.

### Public Defender Commission

November disbursements for the Public Defender Commission totaled \$1.1 million and were \$11.1 million (-91.1%) below estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was \$11.0 million below estimate due to the timing of county reimbursement payments. This variance is expected to be offset in the coming months.

### **General Government**

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

November disbursements in this category totaled \$41.0 million and were \$1.4 million (-3.4%) below estimate. Year-to-date disbursements were \$231.5 million and were \$32.5 million (-12.3%) below estimate. On a year-over-year basis, disbursements in this category were \$7.3 million (21.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$41.1 million (21.6%) higher than at the same point in fiscal year 2021.

### Department of Administrative Services

November disbursements for the Department of Administrative Services totaled \$1.1 million and were \$5.2 million (-82.3%) below estimate. This variance was primarily attributable to the Ohio Business Gateway line item, which was \$3.8 million below estimate because of charges billed at different times than expected. In addition, the State Agency Support Services line item was \$1.3 million below estimate because rent for certain GRF agencies and vacant space in state office buildings will be billed later than projected.

### Department of Development

November disbursements for the Department of Development totaled \$15.2 million and were \$9.0 million (143.7%) above estimate. This variance was primarily attributable to disbursements in the Local Development Projects line item, which were \$9.3 million above estimate. Payments to the Foundation for Appalachian Ohio were expected to disburse over several months but were fully allocated in November instead.

### Department of Transportation

November disbursements for the Department of Transportation totaled \$2.6 million and were \$3.5 million (-57.7%) below estimate. This variance was primarily attributable to the Public Transportation – State line item, which was \$3.5 million below estimate due to vacancies and 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 because of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. November reimbursements totaled \$42.8 million and were \$28.0 million (-39.6%) below estimates. Year-to-date reimbursements totaled \$893.1 million and were \$28.4 million (-3.1%) below estimate. This monthly variance was largely due to the timing of reimbursement requests. It is expected that reimbursements will slightly exceed estimate in December, bringing actual disbursements close to estimates.

## **Debt Service**

November payments for debt service were \$26.1 million and were \$786,000 (-2.9%) below estimate for the month. Year-to-date debt service payments were \$867.6 million and were \$3.6 million (-0.4%) below estimate for the year. Debt service payments are currently \$363.7 million (72.2%) over this point last fiscal year due to debt restructuring lowering 2021 payments below typical levels.

## **Transfers Out**

There were no transfers out in November, and none were estimated. Year-to-date transfers out totaled \$3.0 billion and were \$24.9 million (0.8%) above estimate. The year-to-date variance is largely attributable to a \$24.0 million transfer to the Targeted Addiction Program Fund. Originally, \$10.0 million was planned to be transferred in the first half of the fiscal year and \$14.0 million was planned for transfer in the second half. To meet the cash needs of the fund, the full amount of \$24.0 million was transferred in October. An offsetting negative variance will occur in February.

12/9/2021

**Table 3**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2022 VS ESTIMATE FY 2022**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL NOVEMBER	ESTIMATED NOVEMBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	639,560	635,860	3,700	0.6%	3,558,869	3,622,933	(64,064)	-1.8%
Higher Education	219,265	216,743	2,522	1.2%	991,572	1,034,137	(42,565)	-4.1%
Other Education	3,597	4,165	(568)	-13.6%	48,848	54,053	(5,206)	-9.6%
Medicaid	1,321,439	1,330,891	(9,453)	-0.7%	6,711,153	7,023,420	(312,267)	-4.4%
Health and Human Services	120,535	167,439	(46,904)	-28.0%	621,540	755,241	(133,701)	-17.7%
Justice and Public Protection	162,830	194,077	(31,247)	-16.1%	1,113,734	1,304,834	(191,099)	-14.6%
General Government	40,982	42,427	(1,445)	-3.4%	231,454	263,905	(32,451)	-12.3%
Property Tax Reimbursements	42,826	70,850	(28,024)	-39.6%	893,139	921,573	(28,434)	-3.1%
Debt Service	26,104	26,889	(786)	-2.9%	867,628	871,256	(3,628)	-0.4%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,577,138</b>	<b>2,689,343</b>	<b>(112,204)</b>	<b>-4.2%</b>	<b>15,037,936</b>	<b>15,851,352</b>	<b>(813,416)</b>	<b>-5.1%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	2,972,942	2,948,000	24,942	0.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>2,972,942</b>	<b>2,948,000</b>	<b>24,942</b>	<b>0.8%</b>
<b>Total Fund Uses</b>	<b>2,577,138</b>	<b>2,689,343</b>	<b>(112,204)</b>	<b>-4.2%</b>	<b>18,010,878</b>	<b>18,799,352</b>	<b>(788,474)</b>	<b>-4.2%</b>

12/9/2021

**Table 4**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2022 VS ACTUAL FY 2021**  
**(\$ in thousands)**

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	NOVEMBER FY 2022	NOVEMBER FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
Primary and Secondary Education	639,560	678,431	(38,871)	-5.7%	3,558,869	3,443,752	115,117	3.3%
Higher Education	219,265	197,499	21,766	11.0%	991,572	954,777	36,795	3.9%
Other Education	3,597	3,527	70	2.0%	48,848	38,479	10,368	26.9%
Medicaid	1,321,439	1,965,873	(644,434)	-32.8%	6,711,153	8,683,799	(1,972,647)	-22.7%
Health and Human Services	120,535	121,604	(1,068)	-0.9%	621,540	595,332	26,208	4.4%
Justice and Public Protection	162,830	160,312	2,518	1.6%	1,113,734	1,124,940	(11,206)	-1.0%
General Government	40,982	33,721	7,261	21.5%	231,454	190,310	41,144	21.6%
Property Tax Reimbursements	42,826	81,334	(38,508)	-47.3%	893,139	902,217	(9,078)	-1.0%
Debt Service	26,104	26,309	(205)	-0.8%	867,628	503,972	363,655	72.2%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,577,138</b>	<b>3,268,609</b>	<b>(691,471)</b>	<b>-21.2%</b>	<b>15,037,936</b>	<b>16,437,579</b>	<b>(1,399,643)</b>	<b>-8.5%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	2,972,942	411,475	2,561,467	622.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>2,972,942</b>	<b>411,475</b>	<b>2,561,467</b>	<b>622.5%</b>
<b>Total Fund Uses</b>	<b>2,577,138</b>	<b>3,268,609</b>	<b>(691,471)</b>	<b>-21.2%</b>	<b>18,010,878</b>	<b>16,849,054</b>	<b>1,161,824</b>	<b>6.9%</b>

## ***FUND BALANCE***

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for fiscal year 2022. Based on the estimated revenue sources for fiscal year 2022 and the estimated fiscal year 2022 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for fiscal year 2022 is estimated to be \$2.75 billion.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in fiscal year 2022, nor should it be considered as equivalent to the fiscal year 2022 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**  
**ESTIMATED FUND BALANCE**  
**GENERAL REVENUE FUND**  
**FISCAL YEAR 2022**  
**(\$ in thousands)**

<b>July 1, 2021 Beginning Cash Balance*</b>	<b>4,721,518.9</b>
Plus FY 2022 Estimated Revenues	25,633,189.6
Plus FY 2022 Estimated Federal Revenues	10,614,906.3
Plus FY 2022 Estimated Transfers to GRF	350,053.4
<b>Total Sources Available for Expenditures &amp; Transfers</b>	<b>41,319,668.2</b>
Less FY 2022 Estimated Disbursements**	35,239,972.4
Less Estimated Total Encumbrances as of June 30, 2022	352,348.8
Less FY 2022 Estimated Transfers Out	2,975,600.0
<b>Total Estimated Uses</b>	<b>38,567,921.2</b>
<b>FY 2022 ESTIMATED UNENCUMBERED ENDING FUND BALANCE</b>	<b>2,751,747.0</b>

\*Includes reservations of \$689.3 million for prior year encumbrances. After accounting for this adjustment, the estimated unencumbered beginning fund balance for fiscal year 2022 is \$4,032.3 million.

\*\*Disbursements include estimated spending against current year appropriations and prior year encumbrances. Disbursements also includes estimated costs associated with cost of living adjustments.

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