

April 11, 2022

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

FROM: Kimberly Murnieks, Director 

SUBJECT: Monthly Financial Report

### Report Overview:



Income tax collections have exceeded estimate every month this year. March GRF personal income tax receipts totaled \$675.1 million and were \$216.9 million (47.3%) above the estimate. This represents the largest positive variance of this fiscal year. For the year-to-date, revenue is \$886.0 million (14.4%) above estimate.



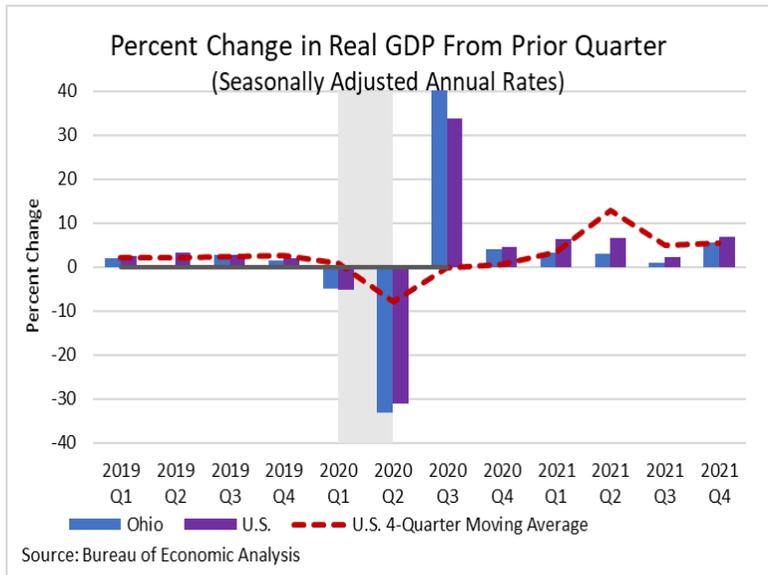
GRF non-auto sales and use tax collections in March totaled \$795.4 million and were \$57.5 million (7.8%) above the estimate. This category has been above estimate each month since September. Since then, year-to-date revenue has also exceeded estimate and the source is now \$343.5 million (4.4%) above estimate.



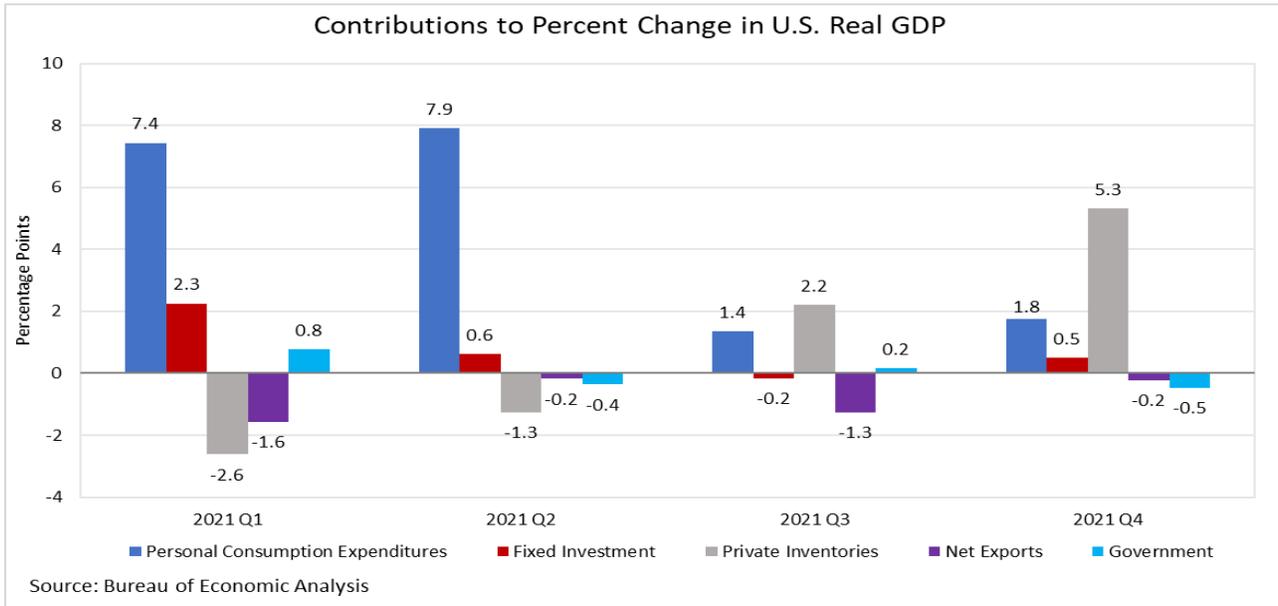
March auto sales tax collections totaled \$180.9 million in March, performing \$25.3 million (16.2%) above the estimate. This source is \$47.3 million (3.5%) above the estimate for the fiscal year.

## ECONOMIC ACTIVITY

According to the Bureau of Economic Analysis (BEA)'s 'third' estimate, **Real Gross Domestic Product (GDP)** expanded in the fourth quarter of calendar year 2021 at an annualized rate of 6.9 percent, down 0.1 percentage points from the 'second' estimate last month. The downward revision from last month's estimate was due to reductions in exports and personal consumption expenditures, which was partially offset by an upward revision to private inventory investments.



The fourth quarter increase in real GDP resulted from growth in private inventories (5.3 percentage points), personal consumption expenditures (1.8 percentage points) and fixed investments (0.5 percentage points). These increases were partially offset by decreases in government expenditures (-0.2 percentage points) and net exports (-0.5 percentage points).



**Ohio's real GDP** rose 5.5 percent during the fourth quarter of 2021. The change in GDP in Ohio largely reflected positive contributions in nondurable goods manufacturing (0.9 percentage points), and durable goods manufacturing (0.8 percentage points). The real estate and rental leasing, and professional, scientific, and technical services each contributed 0.6 percentage points, while the wholesale trade, retail trade, administrative support and waste management services, and health care and social assistance industries each contributed 0.5 percentage points. These increases were partially offset by decreases in construction (-0.3 percentage points), agriculture, forestry, fishing, and hunting (-0.3 percentage points), and utilities (-0.2 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 April 6, 2022, the national index was at 94.0 percent. Ohio's index was 1.4 percentage points ahead of that at 95.4. On average in March 2022, Ohio's index score was 96.6, 2.2 percentage points above the national average.

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 February, the LEI increased 0.3 percent to 199.9 from the revised January value. The rise in LEI in February partially reverses January's decline of 0.5 percent. To note, these results do not reflect the full impact of the Russian invasion of Ukraine which could lower the trajectory for this index due to the impacted supply chains. The Conference Board reported that there are numerous other potential headwinds that could hamper U.S. economic growth such as soaring energy, food, and metals prices, rising interest rates, existing labor shortages, and inflation.

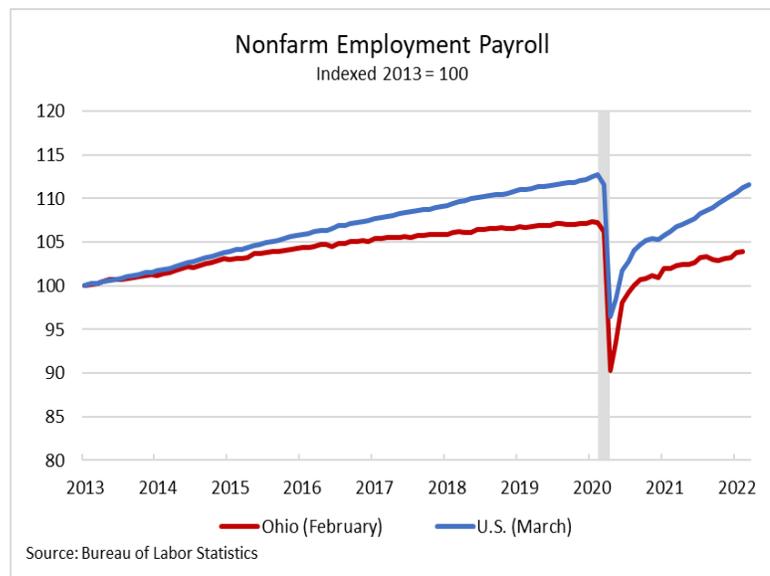
The economic outlook of the U.S. economy concerns most economists as inflation continues to rise, global supply chain issues show no sign of easing, and the anticipation of further interest rate hikes. Inflation reached its highest point in more than 40 years and shows no signs of easing. Global supply chains faced significant challenges since the start of the pandemic, which are now being exacerbated by the invasion of Ukraine and COVID-19 containment measures in China. These ongoing pressures resulted in raised prices, commodity shortages and long lead times. Consumer demand since the start of the pandemic has centered on goods, which coupled with supply chain shortages continues to fuel inflation. The Federal Reserve raised interest rates by a quarter percentage point in March and further rate hikes are anticipated throughout the year. The goal of raising rates is to help mitigate inflation and gradually slow economic growth. As such, most forecasters lowered their U.S. economic growth forecasts from last month, and minimal growth is anticipated during the first quarter of 2022.

Source	Date	1st Quarter 2022 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	04/08/22	1.1%
IHS Markit GDP Tracker	04/05/22	0.2%
Moody's Analytics High Frequency GDP Model	03/30/22	0.7%
Wells Fargo	03/11/22	0.8%
Conference Board	03/10/22	1.7%

## Employment

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased by 431,000 jobs in March. Employment in the first quarter of 2022 averaged 562,000 per month but, remained below the nation's February 2020 pre-pandemic level by 1.6 million (-1.0%). Notable gains continued in leisure and hospitality, professional and business services, retail trade and manufacturing.

In March, **leisure and hospitality** jobs rose by 112,000. Within this industry, notable job gains were in food services and drinking places (61,000) and the accommodation industry (28,000). Compared to February 2020, national employment in leisure and hospitality decreased by 1.5 million jobs (-8.7%).



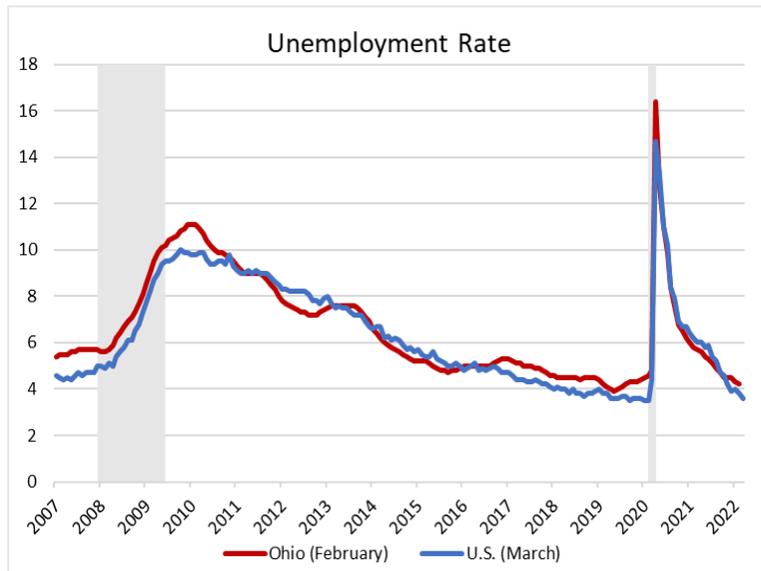
**Professional and business services** employment increased by 102,000 jobs in March and remained above February 2020 levels by 723,000 (3.4%). Employment gains were led by services to buildings and dwellings (22,000), accounting and bookkeeping services (18,000), management and technical consulting services (15,000), computer systems design and related services (12,000), and scientific research and development services (5,000).

Employment in **retail trade** rose by 49,000 jobs in March and was above February 2020 levels by 278,000 (3.8%). Within this industry there were notable job gains in general merchandise stores (20,000) and food and beverage stores (18,000).

**Manufacturing** employment increased by 38,000 jobs in March but remained 128,000 (-1.0%) lower than February 2020. Employment increased in both durable goods (22,000) and nondurable goods manufacturing (16,000).

The **national labor force participation rate** in March was 62.4 percent. This changed little over the month with an increase of 0.1 percentage points from the February rate. The **employment population ratio** in March 2022 increased to 60.1 percent, an increase of 0.2 percentage points. Both measures remain below their February 2020 levels of 63.4 percent and 61.2 percent, respectively.

Ohio's **nonfarm payroll employment** increased by 6,700 jobs to 5.4 million between January and February. Sectors with notable gains included professional and business services (4,900), trade, transportation, and public utilities (2,700), education health services (1,100) and leisure and hospitality (1,000). These gains were partially offset by losses in construction (-2,800), manufacturing (-700), and financial activities (-500). Ohio's seasonally adjusted labor force participation rate in February was 61.6 percent, an increase of 0.4 percentage points from January, bringing the rate to within 1.9 percentage points of the February 2020 pre-pandemic level.



The Bureau of Labor Statistics reported that the **national unemployment rate** decreased 0.2 percentage points to 3.6 percent between February and March. The number of **unemployed persons** decreased 318,000 to 6.0 million. These measures have nearly returned to their pre-pandemic values in February 2020 by 0.1 percentage points and 235,000 individuals, respectively.

The unemployment rate for all major demographic groups declined in March. The unemployment rate for those who identify as Black had the largest decline of 0.4 percentage points to 6.2 percent. The rate for individuals who identify as Asian decreased by 0.3 percentage points to 2.8 percent. Individuals who identify as Hispanic decreased 0.2 percentage points to 4.2 percent. Those who identify as White declined 0.1 percentage points to 3.2 percent. In March, the unemployment rate for teenagers declined 0.3 percentage points to 10.0 percent. The unemployment rate for women decreased 0.3 percentage points to 3.4 percent and the rate for men decreased 0.1 percentage points to 3.4 percent.

The number of **job leavers**, defined as unemployed persons who quit or voluntarily left their previous job and began looking for new employment decreased by 176,000 to 787,000 in March. The number of unemployed people who were on **temporary layoff** decreased in March by 101,000 to 787,000 but remained 679,000 persons higher than in February 2020. The number of people with **permanent job losses** decreased 191,000 to 1.4 million but was 1.1 million higher than in February 2020. The number of unemployed **re-entrants**, those who previously worked but were not in the labor force prior to beginning their job search increased 38,000 to 2.0 million.

The number of unemployed individuals who were **jobless less than 5 weeks** increased by 158,000 to 2.3 million, accounting for 38.5 percent of total unemployment. Individuals who were **jobless 5 to 14 weeks** decreased 116,000 to 1.7 million and encompassed 28.3 percent of those unemployed. Those who were **jobless 15 to 26 weeks** decreased 164,000 to 571,000. In March, individuals who were **long-term unemployed**, jobless 27 weeks or more, decreased by 274,000 to 1.4 million. This measure remained 307,000 higher than in February 2020. In March, the long-term unemployed accounted for 9.6 percent of total unemployment.

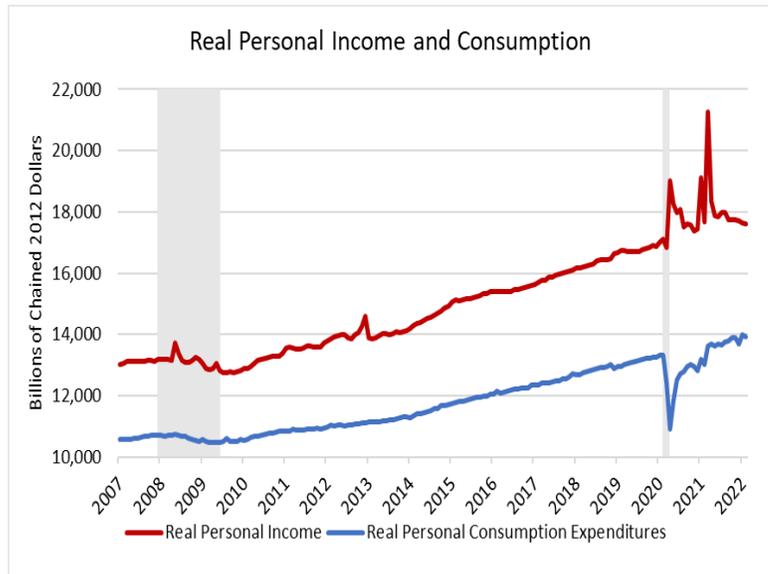
The number of **people not in the labor force who currently want a job** increased by 382,000 to 5.7 million in March and was up 741,000 since February 2020. These individuals who want a job but are not counted as unemployed because they were not actively looking for work over the last four weeks or were unavailable to take a job for a variety of reasons including caring for children and other family members.

The **Conference Board's Employment Trends Index** aggregates eight different labor market indicators. The index increased 1.6 points from February's revised number to 120.6 in March 2022. The rise in the index was due to positive contributions from six of the eight components; the largest positive contributor was Percentage of Respondents Who Say They Find "Jobs Hard to Get", followed by Initial Claims for Unemployment Insurance. An associate economist at the Conference Board, Agron Nicaaj, suggested that the labor force participation rate will likely grow in the coming months. He anticipated workers who had been on the labor market sidelines will be lured back by rising wage rates that continue to increase because of labor shortages.

The **Ohio unemployment rate** decreased 0.1 percentage point to 4.2 percent in February 2022. During the week ending March 26, 2022, a total of 16,156 initial unemployment claims were filed. During the same period, 47,572 individuals filed continued claims. As of April 5, 2022, the Ohio Department of Job and Family Services had received Work Adjustment and Retraining Notification (WARN) Act notices warning 91 employees of potential future layoffs and closures during the remainder of April, 21 in May, and 23 in June.

## **Consumer Income and Consumption**

According to the Bureau of Economic Analysis, **personal income** increased \$101.5 billion in February 2022 and has now increased in eight of the last nine months. Gains in February were mainly due to increases in compensation of employees of \$97.4 billion (0.7%) and in proprietors' income of \$14.9 billion (0.8%). The increase within compensation of employees was led by an increase to wages and salaries of \$86.4 billion (0.8%). Gains in personal income were partially offset by a decrease in government social benefits of \$11.0 billion (-0.3%), largely reflecting decreases in Supplemental Nutrition Assistance Program benefits, and in the Provider Relief Fund.



**Personal consumption expenditures**, a measure of national consumer spending for goods and services, increased 0.2 percent between January and February 2022. Overall spending on goods decreased by 1.0 percent in February. Spending on durable goods decreased 2.5 percent, which was primarily attributed to decreases in motor vehicles and parts (-4.0%) and recreational goods and vehicles (-2.0%). Spending on nondurable goods decreased 0.1 percent; however, spending on gasoline and other energy goods increased 6.5 percent. Services spending increased 0.9 percent in February, with transportation services (3.0%), food services and accommodations (3.0%) and recreation services (2.7%) being the biggest contributors to the increase. 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 below are due to the rise in the price of products or services due to inflation.

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

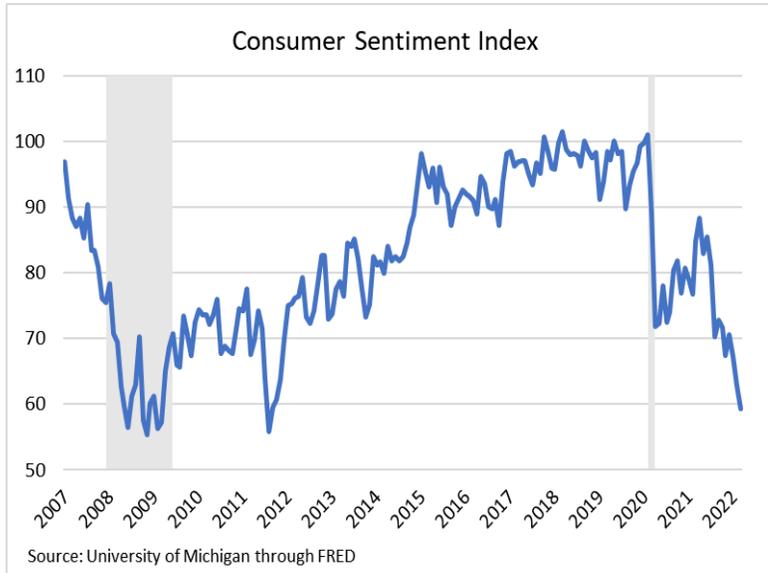
	<b>January 2022</b>	<b>February 2022</b>	<b>1-Month Percent Change</b>	<b>12-Month Percent Change</b>	<b>24-Month Percent Change</b>
<b>Real Personal Consumption Expenditures</b>	\$13,975,363	\$13,923,955	-0.4%	6.9%	4.6%
<b>Durable Goods</b>	\$2,283,789	\$2,226,804	-2.5%	5.2%	23.0%
Motor vehicles and parts	\$614,825	\$590,334	-4.0%	-2.8%	11.3%
Furnishings and durable household equipment	\$509,629	\$495,316	-2.8%	0.8%	15.5%
Recreational goods and vehicles	\$878,686	\$858,777	-2.3%	14.7%	40.9%
Other durable goods	\$346,571	\$351,587	1.4%	15.4%	32.6%
<b>Nondurable goods</b>	\$3,432,910	\$3,367,872	-1.9%	6.4%	11.8%
Clothing and footwear	\$509,724	\$498,969	-2.1%	15.6%	21.0%
Gasoline and other energy goods	\$428,394	\$427,878	-0.1%	11.1%	-1.3%
Other nondurable goods	\$1,341,987	\$1,315,283	-2.0%	7.5%	14.1%
<b>Services</b>	\$8,477,927	\$8,528,047	0.6%	7.4%	-0.3%
Health care	\$2,249,038	\$2,258,998	0.4%	6.2%	-1.3%
Food services and accommodations	\$847,648	\$867,975	2.4%	24.7%	1.5%
Financial services and insurance	\$898,076	\$903,236	0.6%	2.9%	6.7%
Other services	\$1,112,732	\$1,118,224	0.5%	9.1%	-1.2%

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

**Personal savings** was \$1.1 trillion in February 2022, an increase of 3.3 percent (\$38.7 billion) compared to January but was 17.5 percent below the February 2020 level. Personal savings as a percentage of disposable income, the **personal savings rate**, was 6.3 percent, an increase of 0.2 percentage points between January and February.

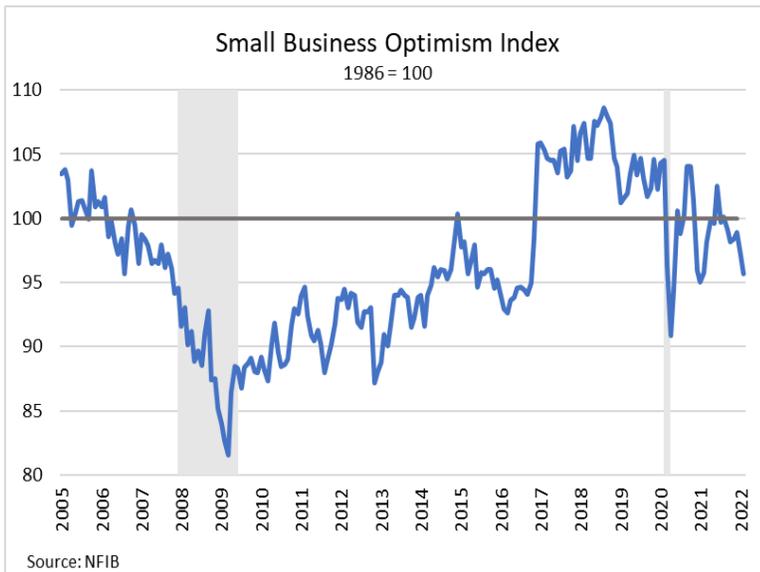
The Bureau of Labor Statistics computes the consumer price index to measure the average change in prices paid by consumers for goods and services over time. The **Consumer Price Index for All Urban Consumers (CPI)** increased 0.8 percent in February, which followed a 0.6 percent increase in January. The ‘all items’ index increased 7.9 percent over the last 12 months, the largest 12-month increase since the period ending January 1982. The ‘all items less food and energy’ index increased 6.4 percent over the last 12 months marking the largest year-over change since August 1982. The energy index increased 25.6 percent over the last 12 months and the food index increased 7.9 percent, the largest 12-month increase since the period ending July 1981.

Results from the University of Michigan’s **Survey of Consumers** indicated that consumer sentiment decreased in March for the third month in a row. The Consumer Sentiment Index decreased 3.4 points to 59.4 in March from 62.8 in February 2022. This was a 5.4 percent decrease from February and was 30.0 percent below March 2021. The Current Economic Conditions Index decreased 1.0 point to 67.2. This was a 1.5 percent decrease from February and a 27.7 percent decrease from March 2021. The Consumer Expectations Index decreased 5.1 points to 54.3 in March.



This was an 8.6 percent decrease from February to March and was 31.9 percent below March 2021. The decrease in sentiment was largely attributed to inflation concerns. A record-high 32 percent of consumers indicated that they expect their overall financial position to get worse in the year ahead.

The **Conference Board’s Consumer Confidence Index**, which reflects consumer attitudes and buying intentions, increased in March after declining for the first two months of the calendar year. Confidence in March was at 107.2, up 1.5 percentage points from February’s revised value of 105.7. The **Conference Board’s Present Situation Index**, which measures consumers’ current assessment of business and labor market conditions, increased by 10.0 percentage points from 143.0 in February to 153.0 in March. The **Conference Board’s Expectation Index** examines consumer short-term outlook for the economy. The index declined in March to 76.6, a 4.2 percentage point decrease from February’s revised value. The Conference Board expected that, despite continued concerns about inflation and ongoing geopolitical uncertainties, consumer confidence will likely remain supported by strong employment growth. However, if these concerns continue consumers will likely reduce spending and dampen confidence in the months ahead.



Produced by the National Federation of Independent Business (NFIB), the **Small Business Optimism Index** surveys a sample of small-business owners each month. The index decreased 1.4 percentage points to 95.7 in February, the second month below the 48-year average of 98.

Of the 10 components that comprise this index, six declined, one improved and three were unchanged. Inflation was reported as the single most important problem by 26.0 percent of respondents, the highest reading since the third quarter of 1981. The net percent of owners raising average selling prices rose seven points to a seasonally adjusted 68.0 percent, this is the highest reading recorded in the series. Qualified labor shortages continued to be an issue in January, as 48.0 percent of small business owners reported having job openings they could not fill during the current period, a 1.0-point increase from January. The number of unfilled job openings remains far above the historical average of 23.0 percent.

The travel and hospitality industries continue to face challenges from the pandemic, but these began to ease in March. The **Transportation Security Administration** (TSA) tracks how many travelers go through TSA checkpoints as “throughput.” Airline travel increased 31.5 percent in March 2022 compared to February 2022. Total travel throughput in March 2022 was 65.5 percent higher than in March 2021 but remained 12.4 percent below travel in March 2019.

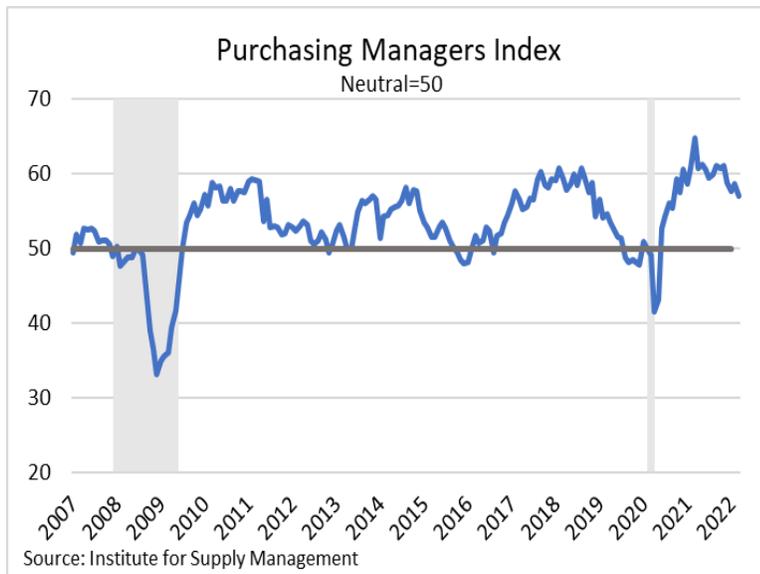
For the week ending March 20, 2022, **STR**, a company that provides analytics and data on the hospitality sector, reported the hotel occupancy rate was 65.5 percent, 5.5 percent below the comparable week in 2019. The average daily rate for a hotel room was \$149.38, up 13.5 percent from the comparable week in 2019. Revenue per available room was \$97.92, 7.3 percent higher than the equivalent week in 2019. Compared to January 2022, all key performance metrics above have improved as concerns around omicron have declined.

**Commercial vehicle miles traveled** on the Ohio turnpike in March increased 4.8 percent compared to the same period in 2021 and increased 18.8 percent compared to the same period in 2019. **Passenger vehicle miles traveled** in March increased 7.7 percent compared to the same period in 2021 but decreased 8.4 percent compared to the same period in 2019. **Total revenue** on the Ohio turnpike was 7.7 percent higher between March 2022, compared to the same period in 2021 and increased 16.5 percent compared to the same period in 2019.

### **Industrial Activity**

The Industrial Production Index from the Board of Governors of the Federal Reserve System measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. **Total industrial production** increased 0.5 percent in February, following a revised 1.4 percent increase in January. The February index was 7.5 percent higher compared to February 2021.

The **manufacturing production index** increased 1.2 percent in February to 101.5 and was 7.4 percent above the February 2021 level. Overall production of nondurable goods increased 1.1 percent and production of durable goods manufacturing increased 1.3 percent from January to February. Nationally, eight of the top 10 industries relevant to Ohio’s manufacturing sector increased production and two decreased between January and February. The largest increases were in aerospace and other transportation equipment (3.2%), petroleum and coal products (2.3%), primary metals (2.1%), and fabricated metal products (2.1%). These increases were partially offset by decreases in motor vehicles and parts (-3.5%) and chemicals (-0.8%).



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 economy is generally expanding, while below 50 percent it is generally contracting. In March 2022, the PMI for the United States decreased 1.5 percentage points compared to February to 57.1, indicating overall expansion of the manufacturing economy for the 22<sup>nd</sup> month in a row following a contraction in April 2020.

The New Orders Index for March was at 53.8 percent, decreasing 7.9 percentage points from February. The Backlog of Orders Index decreased 5.0 percentage points to 60.0 percent, and the Employment Index increased 3.4 percentage points to 56.3 percent. PMI respondents remained optimistic in March, as labor related difficulties continued to decline, and rates of early retirements and quits were lower than in previous months.

Of the 18 industries tracked by the Manufacturing ISM® Report on Business, 15 industries reported growth between February and March 2022. Of the industries most important to Ohio’s manufacturing sector nine reported growth or remained the same in March, led by food, beverage and tobacco products, electrical equipment, and fabricated metal products. The only industry relevant to Ohio’s manufacturing industry that declined was petroleum and coal products.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effect of supply chain challenges and rising costs in March. A source in the electrical equipment, appliances and components industry reported, “Demand continues to be strong. Backlog is still increasing — currently at about three months of production. Availability of purchased material continues to constrain production, causing the increased backlog.” Additionally, a source in the food, beverage and tobacco products industry reported, “Overall business conditions are challenging in both domestic and international transportation. The Russian invasion of Ukraine has created uncertainty in the grain markets, causing upward pricing pressure. In addition, inflationary pressures across all categories have made it challenging to manage cost and profitability.”

## **Construction**

The U.S. Census Bureau estimated **total construction spending** in February 2022 to be at a seasonally adjusted annual rate of \$1.7 trillion, a 0.5 percent increase from the revised January estimate. The February estimate was 11.2 percent above that of February 2021 and 13.7 percent above February 2020.

Private sector construction in February 2022 was at a seasonally adjusted annual rate of \$1.4 trillion. This was 0.8 percent above the revised January estimate and was 14.0 percent above February 2021. Residential construction in February increased 1.1 percent from the revised January estimate and was 16.6 percent above February 2021. Nonresidential construction increased 0.2 percent in February 2022 from the revised January estimate and was 9.7 percent above February 2021.

Public sector construction spending in February 2022 was at a seasonally adjusted annual rate of \$350.7 billion. This was 0.4 percent below the revised January estimate but was 1.5 percent above the February 2021 level. Spending in February on education construction was 1.3 percent below the revised January level and was 7.9 percent below February 2021. Highway construction spending in February 2022 was 1.3 percent below the revised January rate but was 8.3 percent above February 2022.

Nationally, the number of privately-owned housing units approved for building permits decreased 1.6 percent between January and February 2022 and were 8.1 percent above February 2021. In Ohio, building permits for privately-owned units decreased 21.5 percent in February 2022 and were 14.2 percent below the number of permits issued in February 2021. Nationally, privately-owned housing starts increased 6.8 percent in February compared to January and were 22.3 percent above the February 2021 rate. Privately-owned housing starts in the Midwest increased 15.3 percent between January and February and were 66.2 percent above February 2021 levels. Nationally, privately-owned housing completions increased 5.9 percent from January to February 2022 but were 2.8 percent below the February 2021 rate. In February, privately-owned housing completions in the Midwest increased 38.1 percent and were 2.1 percent above the February 2021 level.

The U.S. Census Bureau and the Department of Housing and Urban Development report on **newly built single-family home sales**. In February 2022, new home sales decreased 2.0 percent from the revised January rate to an estimated 772,000 sales and were 13.7 percent below the February 2021 estimate. In the Midwest, new home sales increased 6.3 percent between January and February 2022 but were 19.2 percent below the February 2021 level. The preliminary national median sales price in February was \$400,600, a 6.3 percent decrease from the revised median price in January, but an increase of 10.7 percent compared to February 2021.

**Existing home sales**, as reported by the National Association of Realtors decreased 7.2 percent in February compared to January. February’s existing home sales declined to 6.0 million housing units, a 2.4 percent decrease from February 2021. Available inventory in February 2022 totaled 870,000 units, a 2.4 percent increase from January, but was 15.5 percent lower than February 2021. Prices throughout February 2022 increased nationwide, as the median sale price of all existing homes rose 15.0 percent from a year ago to \$357,300. February 2022 was the 120<sup>th</sup> continuous month of year-over-year increases in existing median home sales prices. Sales in the Midwest slipped 11.3 percent from January to February and the average price for a home in the Midwest was \$248,900, a 7.5 percent increase from February 2021. According to the **Ohio Realtors**, activity in the Ohio housing market stabilized during the month of February as sales matched the same month last year. The average sale price was \$235,359 in February 2022, an 11.9 percent increase compared to February 2021.



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 decreased 2.0 points in March to 79.0 from a revised 81.0 in February. In the Midwest, the HMI increased 2.0 points in March to 73.0 from a revised 71.0 in February.

## **REVENUES**

During March, GRF tax revenues exceeded the estimate by \$324.0 million (20.8%), the largest whole-dollar and percentage variance experienced this fiscal year. Total fiscal year-to-date tax revenue exceeds estimate by \$1.4 billion (7.7%). Most of the accumulated positive variance has occurred over the last four months, accounting for 76.0 percent of the total year-to-date variance. The personal income tax had this month's largest positive tax revenue variance, exceeding its estimate by \$216.9 million (47.3%). The positive March performance had considerable breadth: all sources, with only one exception, exceeded or met its monthly estimate. Through March, year-to-date tax revenues are \$1.0 billion (5.5%) above last year, constituting robust growth after taking into account the one-time \$719 million shift in income tax revenue to fiscal year 2021 (from fiscal year 2020) caused by the postponement of certain calendar year 2020 income tax filing and payment due dates.

Aggregate (tax and non-tax) GRF receipts and transfers totaled \$3.8 billion in March and were \$1.2 billion (46.0%) above estimate. As noted above, tax revenues were \$324.0 million (20.8%) above estimate. Non-tax receipts were \$863.5 million (84.1%) above estimate and transfers were \$3.2 million above estimate. For the year-to-date, tax revenues, non-tax receipts, and transfers are above estimate as shown in the table below.

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance (millions)</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	\$1,404.6	7.7%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$1,494.8	17.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$25.2	82.9%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$2,924.6</b>	<b>11.0%</b>
<b>Non-federal revenue variance</b>		<b>\$1,753.7</b>	<b>9.5%</b>
<b>Federal grants variance</b>		<b>\$1,170.8</b>	<b>14.2%</b>

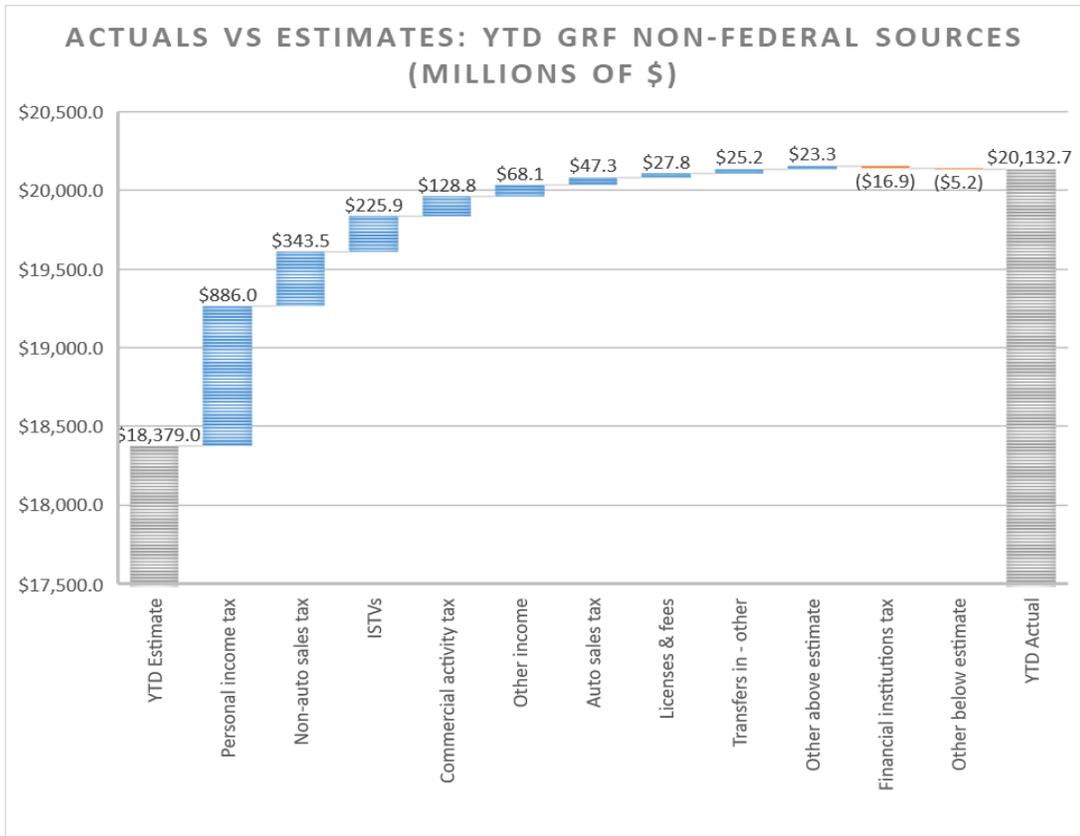
The table below shows that sources above estimate (a positive variance of \$1.2 billion) in March outweighed the size of sources below estimate (a negative variance of \$1.0 million), resulting in a \$1.2 billion net positive variance from estimate.

**GRF Revenue Sources Relative to Monthly Estimates – March 2022**  
**(\$ in millions)**

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Federal grants	\$834.8	Kilowatt-hour tax	(1.0)
Personal income tax	\$216.9		
Non-auto sales tax	\$57.5		
Auto sales tax	\$25.3		
Licenses and fees	\$25.0		
Financial institutions tax	\$9.3		
Commercial activity tax	\$8.9		
Other sources above estimate	\$14.0		
<b>Total above</b>	<b>\$1,191.7</b>	<b>Total below</b>	<b>(\$1.0)</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 chart below 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 \$1.8 billion.



For March, total receipts and transfers were \$1.1 billion (41.8%) above the previous year. Tax receipts increased by \$251.7 million (15.4%), non-tax receipts increased by \$870.3 million (85.3%), and transfers declined by \$8.8 million (-73.4%). For the year-to-date, tax receipts are \$1.0 billion (5.5%) above last year and non-tax receipts are \$699.6 million (7.6%) above the prior year. Transfers are \$41.4 million (-42.7%) below last year on a year-to-date basis.

During March, the source with the largest year-over-year increase was Federal grants, at \$853.9 million (87.4%) above last year. The next-largest increases were personal income tax at \$152.4 million (29.2%), non-auto sales tax at \$102.0 million (14.7%), and licenses & fees at \$23.6 million (75.9%). The largest declines were experienced by foreign insurance tax at \$15.9 million (-27.7%), ISTVs at \$11.1 million, and transfers in-other at \$8.8 million (-73.4%).

### **Non-Auto Sales Tax**

GRF non-auto sales and use tax collections in March totaled \$795.4 million and were \$57.5 million (7.8%) above the estimate. There has been a positive monthly variation from estimate each month starting in September. Since then, year-to-date revenue has also exceeded estimate. The source is now at \$343.5 million (4.4%) above estimate.

Revenue grew by \$102.0 million (14.7%) from last March. Year-to-date revenue is now \$692.2 million (9.4%) above fiscal year 2021. Revenue growth continues at strong pace. The Ohio non-auto revenue growth during the first nine months of fiscal year 2022 has exceeded every year in the last decade for the first nine months. After adjusting prior years' revenues to remove distortive collections from Medicaid Health Insuring Corporations, the next-highest year-to-date growth rate was 7.0 percent in fiscal year 2014. Furthermore, that year's growth was skewed upward by the effects of the September 2013 state sales tax rate increase.

The current data release from the U.S. Census Bureau's Monthly Advance Retail Trade Survey (MARTS) program shows elevated national year-over-year growth in nearly every retail business category. Focusing on the retail categories that are predominantly subject to Ohio non-auto sales tax (NAICS codes 442, 443, 444, 448, 451, 452, 453, and 454), the MARTS data show a 14.9 percent year-over-year increase in national non-seasonally adjusted sales during February 2022. In comparison, year-over-year growth in Ohio all-funds non-auto sales tax revenue was 6.7 percent during February.

Expanding the time frame, U.S. retail sales for the primarily taxable non-auto categories increased by 13.4 percent during July through February compared to the prior year; Ohio all-funds non-auto sales tax revenue increased by 10.7 percent during that time period. However, the MARTS data also indicate that February sales essentially plateaued relative to the preceding month. February 2022 sales for the above-indicated retail categories dropped by 1.0 percent from January, following an 8.7 percent increase in January from December, based on seasonally adjusted figures.

The U.S. Census Bureau's recently released Quarterly Services Report as of the fourth quarter of calendar year 2021 (an update to the Advance report issued in January) provides additional information on consumption. Although most consumer and business services are not subject to Ohio sales tax, lodging and food sold for on-premises consumption are two significant taxable activities not reflected in the MARTS totals cited above. The data show that July through December 2021 sales for the combined Accommodations and Food Services industries (excluding limited-service eating places, which are predominantly exempt from Ohio sales tax since most of their sales are via carryout) grew by 63.5 percent relative to the pandemic-suppressed July through December 2020 period. However, July through December 2021 sales grew by a more modest 11.7 percent relative to the pre-pandemic July through December 2019 period. In comparison, according to data from Ohio sales tax returns, tax collections from businesses in those two industries increased by 64.9 percent during July through December 2021 relative to 2020 but declined by 1.3 percent relative to 2019.

### **Auto Sales Tax**

March auto sales tax revenues were \$180.9 million, performing \$25.3 million (16.2%) above the estimate. This source is \$47.3 million (3.5%) above the estimate for the fiscal year. Revenues were \$11.1 million (6.5%) above last March, and for the year are \$89.8 million (6.9%) above fiscal year 2021.

Nonetheless, the new light vehicle market remains notably suppressed by supply chain issues and March's sales figures reflect the continuing challenges. According to the U.S. Department of Commerce Bureau of Economic Analysis, national new light vehicle sales in March reached 13.3 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 represents a 24.4 percent decline from a year ago and a 4.6 percent decline from February. On an unadjusted basis, March light vehicle unit sales were at 1.2 million units. Although this figure represents a 19.2 percent increase from February, it is 22.0 percent below last March. Meanwhile, new vehicle transaction prices remain considerably higher than a year ago, but growth momentum has recently subsided: TrueCar, Inc. estimates that the average transaction price for new vehicles was \$43,462 in March, up 15.4 percent relative to last year but down 1.0 percent from January, constituting the third successive month in which prices have declined.

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during March to be 3.6 million, not annualized and not seasonally adjusted, up 11.0 percent from last month and down 13.0 percent from last year. As with new vehicles, prices have been the source of growth for the used vehicle market during the current period: the Moody's Analytics used vehicle price index (a measure of wholesale vehicle prices) in March 2022 was 34.1 percent higher than the prior year, but 2.7 percent below February.

Ohio-specific data also shows that price growth – particularly for used vehicles – accounts for increased revenue growth. According to quarterly data from the Bureau of Motor Vehicles (BMV), taxable sales of titled motor vehicles increased by \$496.3 million (6.3%) in the first quarter of calendar year 2022 as compared to the prior year. The increase is attributable to used vehicles, whose sales grew by \$668.6 billion (14.4%); new vehicle sales declined by \$172.3 million (-5.4%). Used vehicle sales accounted for 63.9 percent of total motor vehicle sales during the first quarter of this year, compared to 59.4 percent in the prior year. The number of unit sales and average transaction values went in opposite directions during the first quarter: titled motor vehicle transactions declined by 71,363 (-13.3%) from a year ago, while the average taxable price increased by \$3,301 (22.6%). Furthermore, the growth dynamics of the first quarter were similar to those of the two preceding quarters, when the number of unit sales declined but average prices increased enough to offset the unit drop-off and thereby result in a net increase in taxable sales.

## **Personal Income Tax**

March GRF personal income tax receipts totaled \$675.1 million and were \$216.9 million (47.3%) above the estimate. This represents the largest positive variance of this fiscal year. For the year-to-date, revenue is \$886.0 million (14.4%) above estimate. Income tax collections have exceeded estimate every month this year, although much of the variance has occurred during the last three months. The combined January through March variance accounts for 66.5 percent of the year-to-date total.

On a year-over-year basis, March income tax collections increased by \$152.4 million (29.2%). Year-to-date revenue for fiscal year 2022 is \$10.9 million (0.2%) above the prior year. However, growth would have been substantially higher if not for the shift in revenue from fiscal year 2020 to fiscal year 2021 caused by the due date for annual tax returns and the first and second quarter estimated tax returns being extended to July 2020.

Withholding collections amounted to \$1.0 billion in March and were \$108.0 million (11.5%) above estimate in March. Withholding accounted for nearly one-half of the total income tax variance for the month. For the fiscal year-to-date, the withholding component exceeds estimate by \$346.7 million (4.7%). Withholding has exceeded estimate in every month since September, and currently accounts for 39.1 percent of the total year-to-date personal income tax variance. This component was \$158.7 million (17.9%) above last year during March and is \$601.9 million (8.5%) above last year for the fiscal year-to-date. March collections were impacted by the three-percent reduction in employer withholding tax rates that took effect in September 2021. After adjusting for this change and to adjust for collections this March due to an additional Thursday (a high collections day), withholding collections for March 2022 would have been an estimated \$172.0 million (19.8%) higher than last year. Fiscal year-to-date collections are an estimated \$790.6 million (11.1%) higher than the previous year after adjusting for the withholding tax rate reduction.

Annual return payments in March were \$48.6 million (65.4%) above estimate. This component is now \$124.3 million (56.0%) above estimate for the fiscal year. Although April is a far more significant payment month for this component, the fact it is \$61.9 million (62.6%) above estimate for the elapsed (January-March) filing season likely bodes well for April and the remainder of the season.

Although March is not a significant payment month for quarterly estimated payments, they were \$5.6 million (34.9%) above estimate for the month, and \$128.5 million (21.2%) above estimate for the fiscal year. During March, the category grew by \$4.6 million (26.9%) from last year. The first quarterly payment on income earned during calendar year 2022 is due next month and may give a hint about performance for the calendar year. The two remaining tax collection categories – trust payments and other payments – were \$7.3 million (42.3%) above estimate for March and are \$18.5 million (19.2%) above estimate for the fiscal year.

Refunds were \$51.8 million (-9.3%) below estimate for the month. For the elapsed filing season (January through March), refund payments are \$272.5 million (-19.7%) below estimate. Although they performed below expectations, March refunds were still \$52.7 million (11.6%) above last year. Refunds for the filing season have increased by \$221.9 million (25.0%) from the previous year. Payment detail indicates that the number of refunds has increased by 5.1 percent from the previous year while average refund value has grown by 21.4 percent.

<b>MARCH PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	Actual March	Estimate March	\$ Var	Actual Mar-2022	Actual Mar- 2021	\$ Var Y-over-Y
Withholding	\$1,047.8	\$939.8	\$108.0	\$1,047.8	\$889.1	\$158.7
Quarterly Est.	\$21.5	\$15.9	\$5.6	\$21.5	\$16.9	\$4.6
Annual Returns & 40 P	\$122.9	\$74.3	\$48.6	\$122.9	\$88.5	\$34.4
Trust Payments	\$3.6	\$2.3	\$1.3	\$3.6	\$2.2	\$1.4
Other	\$21.0	\$15.0	\$6.0	\$21.0	\$15.1	\$6.0
Less: Refunds	(\$507.5)	(\$559.3)	\$51.8	(\$507.5)	(\$454.8)	(\$52.7)
Local Distributions	(\$34.2)	(\$29.8)	(\$4.4)	(\$34.2)	(\$34.2)	\$0.0
Net to GRF	\$675.1	\$458.2	\$216.9	\$675.1	\$522.7	\$152.4

(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)**

March GRF revenues from the CAT were \$8.9 million (57.9%) above the estimate. For the year-to-date, the source is \$128.8 million (9.5%) above estimate. CAT revenue in March increased by \$3.8 million (18.7%) from last year and fiscal year-to-date revenue is now \$254.0 million (20.6%) 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 \$228.4 million (18.1%) producing a compound annual growth rate of 8.7 percent.

Most CAT revenue emanates from quarterly tax payments, so it is also suitable to analyze the CAT revenue stream in quarterly segments. Revenue exceeded estimate in each month of the just-concluded quarter, with total January through March GRF CAT revenue ending \$60.2 million (12.6%) above estimate. This result outperformed the two preceding quarters, when revenues exceeded estimate by 8.1 percent and 7.5 percent during the first and second quarters, respectively.

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

The second estimated payment of each tax year is due at the end of each March. Because the due date is on the final day of the month, some of the second estimated payment remittances are posted in April rather than March. Although the revenue estimate attempts to predict this timing dynamic, it remains a challenge to anticipate the payment flow with great precision. FIT revenue performed above forecast in March by \$9.3 million (23.6%). Data from early April indicate that the March positive variance was not merely an artifact of timing and instead indicates that combined March and April revenue will reach estimate. Year-to-date revenue through March is \$16.9 million (-13.0%) below estimate.

## **GRF Non-Tax Receipts**

GRF non-tax receipts totaled \$1.9 billion and were \$863.5 million (84.1%) above estimate for the month of March. For the year-to-date, non-tax receipts totaled \$9.9 billion and were \$1.5 billion (17.8%) above estimate.

Nearly all the monthly variance in non-tax receipts was in the Federal Grants category, which was \$834.8 million (83.8%) above estimate. Year-to-date Federal Grants revenue is now \$1.2 billion (14.2%) above estimate. A portion of the variance, \$143 million, was attributable to the Enhanced Federal Medical Assistance Percentage continuing in March, though it was originally expected to end in December 2021. The remainder of the variance in that category was driven by higher than estimated Medicaid GRF disbursements, as discussed in the disbursement section of this report.

4/8/2022

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL MARCH	ESTIMATE MARCH	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	795,429	737,900	57,529	7.8%	8,090,465	7,747,000	343,465	4.4%
Auto Sales & Use	180,879	155,600	25,279	16.2%	1,397,702	1,350,400	47,302	3.5%
Subtotal Sales & Use	976,308	893,500	82,808	9.3%	9,488,167	9,097,400	390,767	4.3%
Personal Income	675,092	458,200	216,892	47.3%	7,045,810	6,159,800	886,010	14.4%
Corporate Franchise	24	0	24	N/A	668	0	668	N/A
Financial Institutions Tax	48,574	39,300	9,274	23.6%	112,622	129,500	(16,878)	-13.0%
Commercial Activity Tax	24,322	15,400	8,922	57.9%	1,486,781	1,358,000	128,781	9.5%
Petroleum Activity Tax	2,846	2,600	246	9.5%	6,474	6,600	(126)	-1.9%
Public Utility	2,898	2,700	198	7.3%	106,382	94,500	11,882	12.6%
Kilowatt Hour	30,239	29,600	639	2.2%	235,329	237,600	(2,271)	-1.0%
Natural Gas Distribution	11	0	11	N/A	34,909	33,900	1,009	3.0%
Foreign Insurance	41,378	38,600	2,778	7.2%	352,229	351,100	1,129	0.3%
Domestic Insurance	(20)	(800)	780	97.5%	2,291	800	1,491	186.4%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	70,362	71,400	(1,038)	-1.5%	616,214	619,000	(2,786)	-0.5%
Alcoholic Beverage	6,688	4,300	2,388	55.5%	49,086	45,500	3,586	7.9%
Liquor Gallonage	4,211	4,200	11	0.3%	43,492	42,200	1,292	3.1%
Estate	43	0	43	N/A	50	0	50	N/A
Total Tax Receipts	1,882,975	1,559,000	323,975	20.8%	19,580,504	18,175,900	1,404,604	7.7%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,830,802	996,003	834,799	83.8%	9,414,236	8,243,421	1,170,815	14.2%
Earnings on Investments	0	0	0	N/A	20,960	18,737	2,223	11.9%
License & Fees	54,639	29,684	24,955	84.1%	79,010	51,248	27,762	54.2%
Other Income	4,784	1,043	3,740	358.5%	170,797	102,724	68,073	66.3%
ISTV'S	0	0	0	N/A	225,913	0	225,913	N/A
Total Non-Tax Receipts	1,890,225	1,026,730	863,495	84.1%	9,910,915	8,416,129	1,494,786	17.8%
<b>TOTAL REVENUES</b>	<b>3,773,200</b>	<b>2,585,730</b>	<b>1,187,470</b>	<b>45.9%</b>	<b>29,491,420</b>	<b>26,592,029</b>	<b>2,899,391</b>	<b>10.9%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	3,184	0	3,184	N/A	55,535	30,362	25,172	82.9%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	3,184	0	3,184	N/A	55,535	30,362	25,172	82.9%
<b>TOTAL SOURCES</b>	<b>3,776,384</b>	<b>2,585,730</b>	<b>1,190,654</b>	<b>46.0%</b>	<b>29,546,954</b>	<b>26,622,391</b>	<b>2,924,563</b>	<b>11.0%</b>

4/8/2022

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	MARCH	MARCH	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2022	FY 2021	VAR	VAR	FY 2022	FY 2021	VAR	VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	795,429	693,436	101,993	14.7%	8,090,465	7,398,225	692,239	9.4%
Auto Sales & Use	180,879	169,823	11,056	6.5%	1,397,702	1,307,897	89,805	6.9%
Subtotal Sales & Use	976,308	863,259	113,049	13.1%	9,488,167	8,706,123	782,044	9.0%
Personal Income	675,092	522,682	152,410	29.2%	7,045,810	7,034,900	10,910	0.2%
Corporate Franchise	24	60	(36)	-60.4%	668	5,877	(5,209)	-88.6%
Financial Institutions Tax	48,574	50,418	(1,845)	-3.7%	112,622	146,855	(34,233)	-23.3%
Commercial Activity Tax	24,322	20,492	3,830	18.7%	1,486,781	1,232,773	254,008	20.6%
Petroleum Activity Tax	2,846	1,140	1,706	149.6%	6,474	3,202	3,271	102.2%
Public Utility	2,898	2,975	(77)	-2.6%	106,382	82,106	24,276	29.6%
Kilowatt Hour	30,239	28,931	1,307	4.5%	235,329	236,145	(815)	-0.3%
Natural Gas Distribution	11	0	11	N/A	34,909	35,798	(889)	-2.5%
Foreign Insurance	41,378	57,260	(15,882)	-27.7%	352,229	350,911	1,319	0.4%
Domestic Insurance	(20)	135	(155)	-114.6%	2,291	975	1,316	134.9%
Other Business & Property	0	0	0	N/A	0	59	(59)	N/A
Cigarette and Other Tobacco	70,362	76,003	(5,640)	-7.4%	616,214	639,650	(23,436)	-3.7%
Alcoholic Beverage	6,688	3,712	2,975	80.1%	49,086	45,097	3,989	8.8%
Liquor Gallonage	4,211	4,202	9	0.2%	43,492	42,808	684	1.6%
Estate	43	14	29	209.2%	50	26	24	90.1%
Total Tax Receipts	1,882,975	1,631,283	251,691	15.4%	19,580,504	18,563,305	1,017,199	5.5%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,830,802	976,896	853,906	87.4%	9,414,236	9,016,802	397,434	4.4%
Earnings on Investments	0	0	0	N/A	20,960	32,559	(11,600)	-35.6%
License & Fee	54,639	31,065	23,574	75.9%	79,010	55,473	23,537	42.4%
Other Income	4,784	837	3,946	471.3%	170,797	94,228	76,569	81.3%
ISTV'S	0	11,133	(11,133)	-100.0%	225,913	12,225	213,688	1747.9%
Total Non-Tax Receipts	1,890,225	1,019,931	870,294	85.3%	9,910,915	9,211,287	699,628	7.6%
<b>TOTAL REVENUES</b>	<b>3,773,200</b>	<b>2,651,215</b>	<b>1,121,985</b>	<b>42.3%</b>	<b>29,491,420</b>	<b>27,774,592</b>	<b>1,716,827</b>	<b>6.2%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	3,184	11,957	(8,773)	-73.4%	55,535	96,983	(41,449)	-42.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	3,184	11,957	(8,773)	-73.4%	55,535	96,983	(41,449)	-42.7%
<b>TOTAL SOURCES</b>	<b>3,776,384</b>	<b>2,663,171</b>	<b>1,113,213</b>	<b>41.8%</b>	<b>29,546,954</b>	<b>27,871,576</b>	<b>1,675,379</b>	<b>6.0%</b>

## **DISBURSEMENTS**

March GRF disbursements, across all uses, totaled \$3.8 billion and were \$1.0 billion (36.8%) above estimate. This variance was primarily attributable to above estimate disbursements in Medicaid. On a year-over-year basis, March total uses were \$881.6 million (30.5%) 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.

<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)	\$885.9	30.8%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	-\$4.3	(-32.1%)
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>\$881.6</b>	<b>30.5%</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. March disbursements for this category totaled \$369.4 million and were \$50.6 million (-12.1%) below estimate. This variance was primarily attributable to below estimated disbursements in the Foundation Funding – All Students and Pupil Transportation line items. Disbursements in the Foundation Funding – All Students line item were below estimate as foundation payments for traditional districts were less than anticipated due to a normally occurring reconciliation process driven by changes in student enrollment. Disbursements in the Pupil Transportation line item were below estimate as payments for pupil transportation and special education transportation were less than anticipated.

Year-to-date disbursements were \$6.6 billion, which were \$226.2 million (3.6%) above estimate. On a year-over-year basis, disbursements in this category were \$256.2 million (-41.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$335.2 million (5.4%) higher than the same point in fiscal year 2021. The year-over-year variance is due to one fewer foundation payment occurring in March of fiscal year 2022 compared to March of fiscal year 2021.

## Higher Education

March disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$211.9 million and were \$11.9 million (6.0%) above estimate. This variance was primarily attributable to disbursements in the War Orphans and Severely Disabled Veterans' Children, National Guard, and Ohio College Opportunity Grant Scholarship line items, which were a total of \$8.1 million above estimate due to higher-than-expected requests for reimbursement from higher education institutions. Another significant source of the variance was the result of disbursements in the OhioLink and OARNET line items, which were \$5.7 million above estimate because Memorandum of Understanding (MOUs), which are necessary prior to disbursement of funds, were executed later than anticipated and payments for the previous quarters were made in March. This variance was partially offset by spending in the Choose Ohio First Scholarship line item, which was \$1.0 million below estimate due to lower-than-expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were \$1.8 billion and were \$21.3 million (-1.1%) below estimate. On a year-over-year basis, disbursements in this category were \$6.5 million (3.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$72.2 million (4.1%) 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.

March disbursements in this category totaled \$3.2 million and were \$671,000 (-17.5%) below estimate due to modest underspending in a handful of line items in this category. Year-to-date disbursements were \$70.9 million and were \$4.6 million (-6.1%) below estimate. On a year-over-year basis, disbursements in this category were \$770,000 (-19.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$13.3 million (23.0%) higher than at the same point in fiscal year 2021.

## Medicaid

*Note: Medicaid enrollment and spending estimates included in this report are based on projections made in July at the start of fiscal year 2022. These projections assumed the federally-declared public health emergency through December 2021. Therefore, the estimates assume the receipt of additional federal reimbursement and the suspension of routine eligibility redeterminations only for the July-December period of fiscal year 2022. However, the federal public health emergency has been extended into April 2022 and with it the additional federal reimbursement and the suspension of eligibility redeterminations; both are now in effect for the March-June period of fiscal year 2022. This will result in deviations from both the fiscal and enrollment estimates found in this report.*

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

March GRF disbursements for the Medicaid Program totaled \$2.5 billion and were \$1.1 billion (73.4%) above estimate and \$1.1 billion (72.6%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled \$13.5 billion and were \$1.2 billion (10.0%) above estimate, and \$548.3 million (4.2%) above disbursements for the same point in the previous fiscal year.

The monthly GRF variance was primarily attributable to a general shift in the Department's original spending plan necessitated by the continuation of the federal public health emergency and the continued receipt of enhanced federal reimbursement and due to several legislatively authorized provider relief payments outlined in House Bill 169 of the 134<sup>th</sup> General Assembly, which passed after estimates for this report were developed. It should be noted that approximately 78.0 percent of the GRF variance is federal and that despite the overage, Medicaid spending will end fiscal year 2022 within the overall budget.

The largest portion of the variance was attributable to the early disbursement of a managed care quality incentive payment that was originally estimated to disburse in fiscal year 2023. Data collection for the payment calculation was completed in fiscal year 2022 and by disbursing early, the Department ensured the higher federal reimbursement rate associated with the federal public health emergency. This decision is part of a larger cash management plan that also includes alterations to the timing and use of non-GRF funds, the largest alteration being the planned use of the Health and Human Services fund (5SA4). This funding was intended to be used as bridge funding for when the federal public health emergency ends, at which point the enhanced federal reimbursement will end despite continued elevated caseloads associated with federal law changes made in response to the pandemic. Due to the continuation of the federal public health emergency, the Department has utilized existing resources, including the additional enhanced federal reimbursement, instead of the Health and Human Services fund. Use of the Health and Human Services Fund is now likely to occur during fiscal year 2023 – this decision shifts some non-GRF spending into the GRF during current fiscal year 2022. The Department will continue to evaluate the use of both GRF and non-GRF resources in funding the program. Finally, H.B. 169 authorized provider relief payments to both home and community based (HCBS) and institutional service providers. The HCBS payments included specific funding via the American Rescue Plan Act (ARPA) and were made from non-GRF resources – these payments are described in the all-funds section below. Relief payments for institutional providers were disbursed from the GRF using the enhanced federal reimbursement. These payments totaled \$372.2 million and were made to nursing facilities, hospice providers, residential care facilities, and intermediate care facilities for individuals with intellectual disabilities. The payments were targeted towards providing additional compensation to direct care staff at the noted facilities.

Lower than estimated managed care rates continue to offset some of the higher spending associated with increased caseloads. Caseloads in both the managed care and fee-for-service programs will remain above estimate for fiscal year 2022 as original estimates assumed the end of the federal public health emergency in December 2021 and the resumption of routine eligibility redeterminations in January 2022. Caseloads were 37,600 and 11,200 above estimate in the managed care and fee-for-service program, respectively. While GRF spending was significantly above estimate in March, a large managed care reconciliation is expected to occur in April, which is estimated to result in an approximately \$570 million negative GRF variance. This, and other planned adjustments, will bring the program’s GRF spending back within appropriation levels as planned.

March all-funds disbursements for the Medicaid Program totaled \$4.3 billion and were \$1.1 billion (35.4%) above estimate, and \$1.8 million (72.0%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled \$26.9 billion and were \$283.5 million (1.1%) above estimate, and \$3.7 billion (16.1%) above disbursements for the same point in the previous fiscal year.

The March all-funds and year-over-year variance was primarily attributable to the early disbursement of a managed care incentive payment and the disbursement of H.B. 169 payments as described above. In addition to the H.B. 169 institutional provider payments noted above, the Department also disbursed \$490 million in non-GRF provider relief payments to home and community-based service (HCBS) providers. These payments were associated with the Centers for Medicare and Medicaid Services (CMS) approved plan for the use of federal American Rescue Plan Act (ARPA) dollars and were disbursed to HCBS providers across the networks of the Departments of Medicaid, Developmental Disabilities, Aging, and Mental Health and Addiction Services. H.B. 169 included additional non-GRF appropriation to make these HCBS provider payments, however, the additional appropriation is not factored into the estimates in this report. Therefore, the all-funds variance appears greater than it would have had estimates in this report been adjusted to account for this additional appropriation. In addition to the provider payments, a portion of a direct hospital payment that was originally estimated to occur in February was disbursed in March instead, further contributing to above estimate spending. Offsetting some of this variance was below estimate spending on administration, which occurred due to anticipated operational costs being pushed into fiscal year 2023.

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

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

	<u>March Estimate</u>	<u>March Actual</u>	<u>Variance</u>	<u>Variance %</u>
GRF	\$1,454.7	\$2,522.1	\$1,067.4	73.4%
Non-GRF	\$1,735.3	\$1,796.6	\$61.4	3.5%
All Funds	\$3,190.0	\$4,318.7	\$1,128.7	35.4%

### Enrollment

Total March enrollment was 3.37 million, which was 45,950 (1.4%) above estimate and approximately 204,800 (6.5%) above enrollment for the same period last fiscal year. As noted above, enrollment will continue to be above estimate for the remainder of fiscal year 2022 because budget estimates assumed the end of the federal public health emergency in December 2021 followed by the resumption of redeterminations beginning early in the third quarter of the state fiscal year. Year-to-date average monthly enrollment was 3.31 million and was approximately 5,620 (0.2%) above estimate.

March enrollment by major eligibility category was: Covered Families and Children, 1.85 million; Group VIII Expansion, 880,700; and Aged, Blind and Disabled (ABD), 501,450.

*\*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.

March disbursements in this category totaled \$141.3 million and were \$3.8 million (2.8%) above estimate. Year-to-date disbursements were \$1.2 billion and were \$163.1 million (-12.3%) below estimate. On a year-over-year basis, disbursements in this category were \$11.2 million (-7.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$62.1 million (5.7%) higher than at the same point in fiscal year 2021.

### Department of Job and Family Services

March disbursements for the Department of Job and Family Services totaled \$96.3 million and were \$8.6 million (9.8%) above estimate. This variance was primarily attributable to disbursements in the Temporary Assistance for Needy Families (TANF) State Maintenance of Effort line item, which were \$11.4 million above estimate due to the quarterly TANF Maintenance of Effort spending by counties expected in February being paid in March. This variance was also attributable to disbursements in the Children and Families line item, which were \$3.3 million above estimate due to counties requesting the Foster Parent Recruitment in March, rather than in the estimated last few months of the fiscal year.

The variance was partially offset by disbursements in the Program Operations line item, which were \$2.5 million below estimate due to not receiving invoices from contract support and maintenance agreement vendors as anticipated. Disbursements in the Child Care State line item were \$1.9 million below estimate due to having lower than anticipated Child Care Matching provider payments. Child Care caseloads have been lower than expected due to the pandemic impacting daycare enrollment and/or attendance.

### Department of Mental Health and Addiction Services

March disbursements for The Department of Mental Health and Addiction Services totaled \$25.5 million and were \$4.8 million (-15.7%) below estimate. The variance was primarily attributable to disbursements in the Community Innovations line item, which was \$3.9 million below estimate due to payments for the Equity and Cultural, Parent Peer Support, and Residential Quality legislative earmarks which will be paid later than expected. The variance was also attributable to disbursements in the Addiction Services Partnership with Corrections line item, which was \$1.3 million below estimate due to an anticipation of increased staffing, which has not occurred yet, as well as lower than expected contract spending for this time of year. This variance was partially offset by disbursements in the Criminal Justice Services line item, which was \$1.4 million above estimate due to an earlier than expected payment for the Psychotropic Drug Program.

## **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.

March disbursements in this category totaled \$194.4 million and were \$13.5 million (7.5%) above estimate. Year-to-date disbursements were \$2.0 billion and were \$121.5 million (-5.7%) below estimate. On a year-over-year basis, disbursements in this category were \$34.7 million (21.7%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$173.9 million (9.5%) higher than at the same point in fiscal year 2021.

### Office of the Attorney General

March disbursements for the Office of the Attorney General totaled \$9.9 million and were \$1.7 million (20.7%) above estimate. This variance was primarily attributable to disbursements in the School Safety Training Grants line item, which was \$1.0 million above estimate because spending in this line item is subject to grantee requests, which are often difficult to predict.

### Department of Public Safety

March disbursements for the Department of Public Safety totaled \$2.8 million and were \$2.3 million (-44.6%) below estimate. This variance was primarily attributable to disbursements in the Justice Program Services line item, which was \$1.6 million below estimate due to delays in establishing newly authorized programs and awarding grants.

### Department of Rehabilitation and Correction

March disbursements for the Department of Rehabilitation and Correction totaled \$124.1 million and were \$3.9 million (-3.0%) below estimate. This variance was primarily attributable to disbursements in the Institutional Medical Services line item, which was \$4.9 million below estimate due to low facility populations leading to lower medical costs. This variance was partially offset by disbursements in the Institutional Operations line item, which was \$1.6 million above estimate due to the timing of large facility maintenance projects such as roof repairs, paving, and duct cleaning.

### Public Defender Commission

March disbursements for the Public Defender Commission totaled \$29.0 million and were \$17.0 million (140.4%) above estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was \$16.9 million above estimate due to the timing of county reimbursement payments which offsets the prior below estimate variances and larger than expected requests for reimbursement from the counties.

## **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.

March disbursements in this category totaled \$33.5 million and were \$8.9 million (-21.1%) below estimate. Year-to-date disbursements were \$378.5 million and were \$59.8 million (-13.6%) below estimate. On a year-over-year basis, disbursements in this category were \$4.5 million (15.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$56.7 million (17.6%) higher than at the same point in fiscal year 2021.

### Department of Administrative Services

March disbursements for the Department of Administrative Services totaled \$4.2 million and were \$1.3 million (45.6%) above estimate. This variance was primarily attributable to disbursements in the State Agency Support Services line item, which was \$1.4 million above estimate due to the timing of rent payments.

### Department of Agriculture

March disbursements for the Department of Agriculture totaled \$2.2 million and were \$3.1 million (-58.2%) below estimate. This variance was primarily attributable to the Soil and Water District Support line item, which was \$3.1 million below estimate due to payment delays while the implementation and fund distribution parameters of a new cover crop program are being planned.

### Department of Development

March disbursements for the Department of Development totaled \$2.6 million and were \$3.3 million (-55.2%) below estimate. This variance was primarily attributable to disbursements in the Local Development Projects line item, which was \$2.8 million below estimate due to grantees drawing down funds at a slower pace than anticipated in March.

### Department of Transportation

March disbursements for the Department of Transportation totaled \$4.7 million and were \$3.2 million (-40.6%) below estimate. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was \$2.7 million below estimate due to supplier issues with bus deliveries for the Transit Preservation Partnership Program.

## **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. March property tax reimbursements totaled \$128.4 million and were \$22.0 million (-14.6%) below estimate. Year-to-date reimbursements totaled \$1.0 billion and were \$31.6 million (-2.9%) below estimate. The monthly and year-to-date variances were primarily timing related and are largely expected to be offset with higher than estimated disbursements in future months.

**Debt Service**

March payments for debt service were \$158.0 million and were \$3.7 million (-2.3%) below estimate for the month. The monthly variance was primarily attributable to variable interest rate debt in the State's portfolio being below the budgeted three percent rate, leading to lower debt service payments. Year-to-date debt service payments were \$1.3 billion and were \$5.8 million (-0.5%) below estimate for the year. Debt service payments are currently \$377.8 million (42.2%) above this point last fiscal year due to debt restructuring lowering 2021 payments below typical levels.

**Transfers Out**

March transfers out totaled \$9.2 million and were \$3.2 million (53.3%) above estimate. Year-to-date transfers out totaled \$3.0 billion and were \$18.5 million (0.6%) above estimate. The monthly variance was attributable to a \$9.0 million transfer to the Board of Elections Reimbursement and Education Fund, which was authorized in recent legislation. A \$6.0 million transfer originally planned for March actually occurred in January, which largely offset the monthly variance.

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL MARCH	ESTIMATED MARCH	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	369,373	420,001	(50,628)	-12.1%	6,558,575	6,332,425	226,150	3.6%
Higher Education	211,850	199,902	11,948	6.0%	1,833,385	1,854,680	(21,295)	-1.1%
Other Education	3,160	3,831	(671)	-17.5%	70,928	75,563	(4,635)	-6.1%
Medicaid	2,522,073	1,454,710	1,067,363	73.4%	13,480,689	12,250,531	1,230,158	10.0%
Health and Human Services	141,277	137,441	3,837	2.8%	1,159,584	1,322,644	(163,061)	-12.3%
Justice and Public Protection	194,386	180,880	13,505	7.5%	2,002,529	2,124,034	(121,505)	-5.7%
General Government	33,517	42,463	(8,946)	-21.1%	378,544	438,372	(59,827)	-13.6%
Property Tax Reimbursements	128,352	150,359	(22,007)	-14.6%	1,041,404	1,073,024	(31,620)	-2.9%
Debt Service	157,963	161,656	(3,693)	-2.3%	1,274,081	1,279,843	(5,762)	-0.5%
<b>Total Expenditures &amp; ISTV's</b>	<b>3,761,951</b>	<b>2,751,244</b>	<b>1,010,708</b>	<b>36.7%</b>	<b>27,799,720</b>	<b>26,751,116</b>	<b>1,048,604</b>	<b>3.9%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	9,200	6,000	3,200	53.3%	2,988,863	2,970,400	18,463	0.6%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>9,200</b>	<b>6,000</b>	<b>3,200</b>	<b>53.3%</b>	<b>2,988,863</b>	<b>2,970,400</b>	<b>18,463</b>	<b>0.6%</b>
<b>Total Fund Uses</b>	<b>3,771,151</b>	<b>2,757,244</b>	<b>1,013,908</b>	<b>36.8%</b>	<b>30,788,583</b>	<b>29,721,516</b>	<b>1,067,067</b>	<b>3.6%</b>

4/8/2022

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	MARCH FY 2022	MARCH FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
Primary and Secondary Education	369,373	625,588	(256,215)	-41.0%	6,558,575	6,223,342	335,232	5.4%
Higher Education	211,850	205,309	6,541	3.2%	1,833,385	1,761,168	72,216	4.1%
Other Education	3,160	3,930	(770)	-19.6%	70,928	57,657	13,271	23.0%
Medicaid	2,522,073	1,461,519	1,060,555	72.6%	13,480,689	12,932,364	548,325	4.2%
Health and Human Services	141,277	152,465	(11,187)	-7.3%	1,159,584	1,097,441	62,143	5.7%
Justice and Public Protection	194,386	159,711	34,675	21.7%	2,002,529	1,828,607	173,922	9.5%
General Government	33,517	29,030	4,487	15.5%	378,544	321,876	56,668	17.6%
Property Tax Reimbursements	128,352	159,126	(30,775)	-19.3%	1,041,404	1,063,471	(22,066)	-2.1%
Debt Service	157,963	79,365	78,598	99.0%	1,274,081	896,234	377,847	42.2%
<b>Total Expenditures &amp; ISTV's</b>	<b>3,761,951</b>	<b>2,876,043</b>	<b>885,908</b>	<b>30.8%</b>	<b>27,799,720</b>	<b>26,182,160</b>	<b>1,617,559</b>	<b>6.2%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	9,200	13,545	(4,345)	-32.1%	2,988,863	458,415	2,530,448	552.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>9,200</b>	<b>13,545</b>	<b>(4,345)</b>	<b>-32.1%</b>	<b>2,988,863</b>	<b>458,415</b>	<b>2,530,448</b>	<b>552.0%</b>
<b>Total Fund Uses</b>	<b>3,771,151</b>	<b>2,889,588</b>	<b>881,563</b>	<b>30.5%</b>	<b>30,788,583</b>	<b>26,640,575</b>	<b>4,148,008</b>	<b>15.6%</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.

OBM staff that contributed to the development of this report are:  
 Jason Akbar, Ben Boettcher, Frederick Church, Todd Clark, Adam Damin, Paul DiNapoli, Chris Guerrini, Chris Hall, Sharon Hanrahan, Charlotte Kirschner, Sári Klepacz, Taylor Pair, Steven Peishel, Craig Rethman, Tara Clayton, Jasmine Winston, Melissa Snider, Nick Strahan, Sarah Kelly, Stephen Riester, Richard Hurley, Natalie Malloy, Diane Hare, Teri Lester, Mikaela Perkins, Khada Chapagai, and Luis da Cruz.