

State of Ohio Monthly Financial Report

JULY 11, 2022

Memorandum to:
The Honorable Mike DeWine, Governor
The Honorable Jon Husted, Lt. Governor

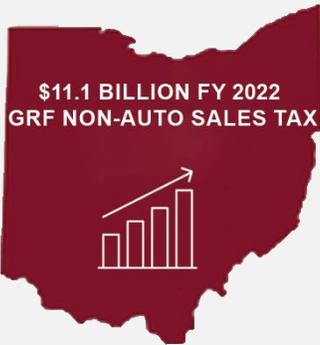
From: Kimberly Murnieks, Director



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Report Overview



FY 2022 non-auto sales and use tax collections totaled \$11.1 billion and were \$625.9 million (6.0%) above estimate. This source experienced positive variances in 10 months of the fiscal year.



FY 2022 personal income tax collections totaled \$10.8 billion and were \$1.9 billion (20.8%) above estimate. This source accounted for 67.7 percent of the total GRF tax revenue variance for the fiscal year.



FY 2022 commercial activity tax collections totaled \$2.0 billion and were \$196.1 million (10.9%) above the estimate.



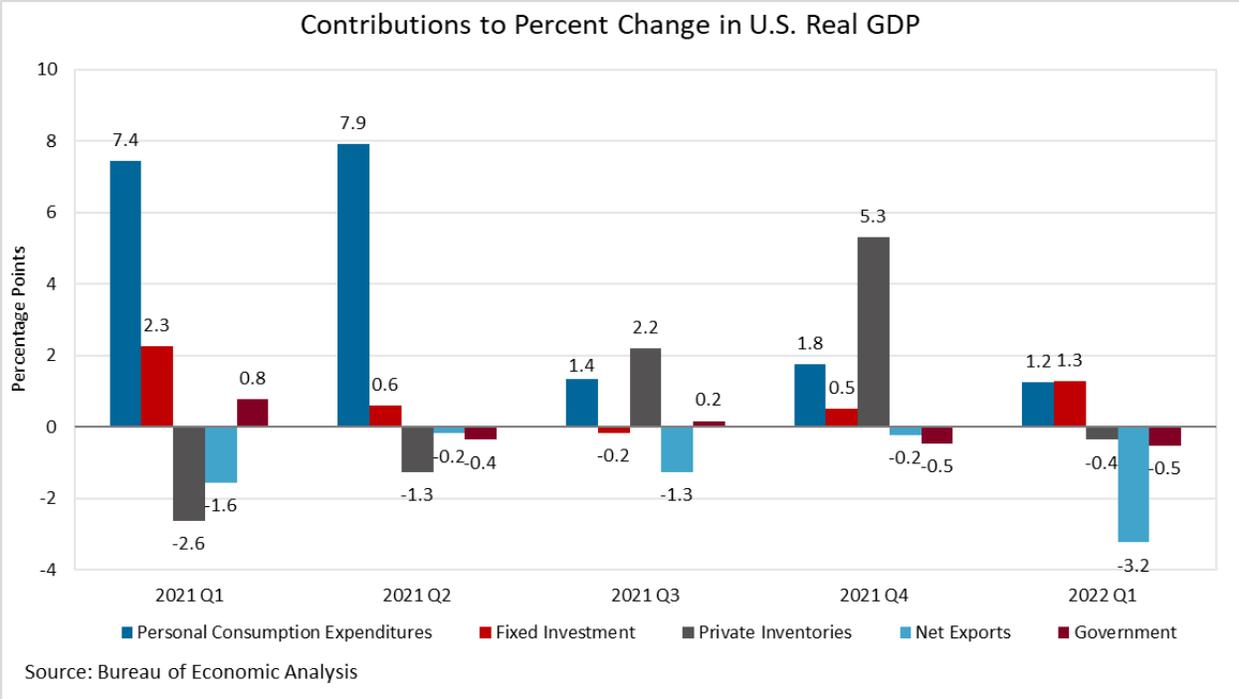
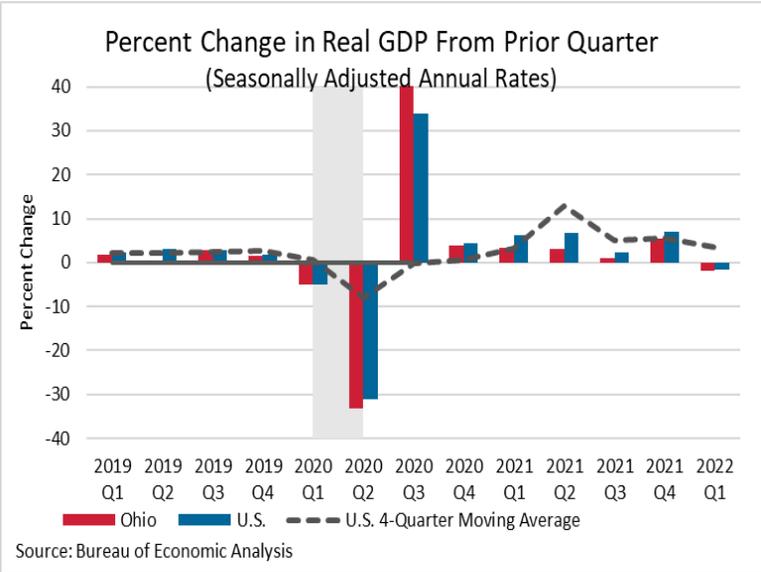
FY 2022 auto sales and use tax collections totaled \$1.9 billion and were \$88.9 million (4.8%) above estimate.

Economic Activity

Economic Outlook

According to the Bureau of Economic Analysis (BEA)'s 'third' estimate, **Real Gross Domestic Product (GDP)** decreased in the first quarter of calendar year 2022 at an annualized rate of 1.6 percent, an 0.1 percentage point revision downward from last month's 'second' estimate.

The first quarter decrease in real GDP resulted from decreases in net exports (-3.2 percentage points), private inventories (-0.4 percentage points) and government expenditures (-0.5 percentage points). These decreases were partially offset by increases in fixed investment (1.3 percentage points) and personal consumption expenditures (1.2 percentage points).



Ohio’s real GDP fell 1.8 percent during the first quarter of 2022. The change in GDP in Ohio largely reflected negative contributions in nondurable goods manufacturing (-1.2 percentage points), retail trade (-0.8 percentage points) and finance and insurance (-0.8 percentage points). These decreases were partially offset by increases in government and government enterprises (0.6 percentage points) and utilities (0.3 percentage points).

The **Back-to-Normal Index** tracks the economic recovery compared to pre-pandemic levels. As of July 6, 2022, the national index was at 91.5 percent. Ohio’s index was 1.8 percentage points higher at 93.3 percent. Ohio’s average Back-to-Normal Index value in June was 95.2 percent, which was 2.2 percentage points above the national average of 93.0 percent.

In May, the Conference Board’s **Leading Economic Index (LEI)** decreased 0.4 percent to 118.3 from April’s revised value. The decline in May was due to a decrease in residential construction, declining stock prices, and weak consumer expectations. The Conference Board’s senior director of economic research reported that the LEI remained flat over the last few months and that tighter monetary policy could potentially dampen future economic growth.

Economic forecasters now expect national economic growth to moderate compared to their earlier predictions. Concerns focused on growing geopolitical tensions and continued inflation in energy and food prices. However, ongoing interest rate increases are anticipated to bring a normalization of the U.S. labor and housing markets. Additionally, household income to debt ratios and business balance sheets are at healthy levels, suggesting that while consumer sentiment is responding to inflation, consumer spending will remain at steady levels.

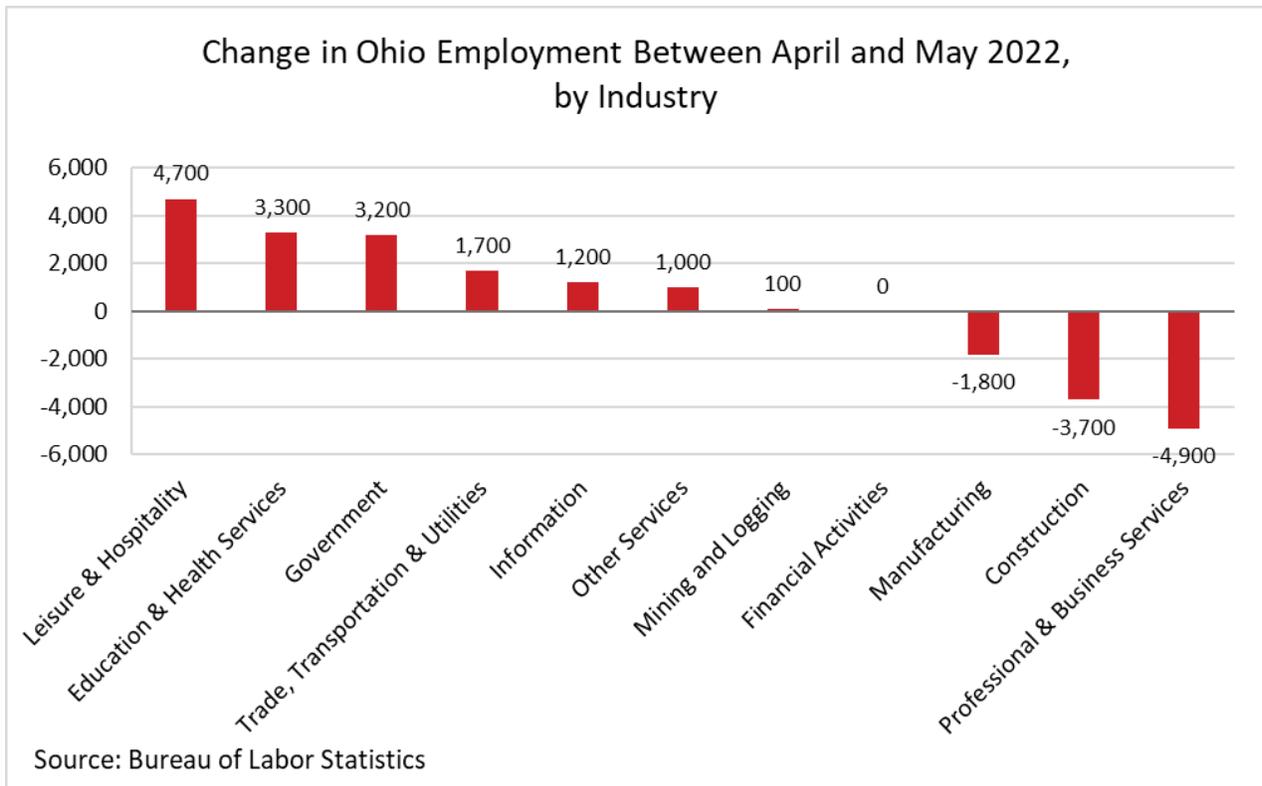
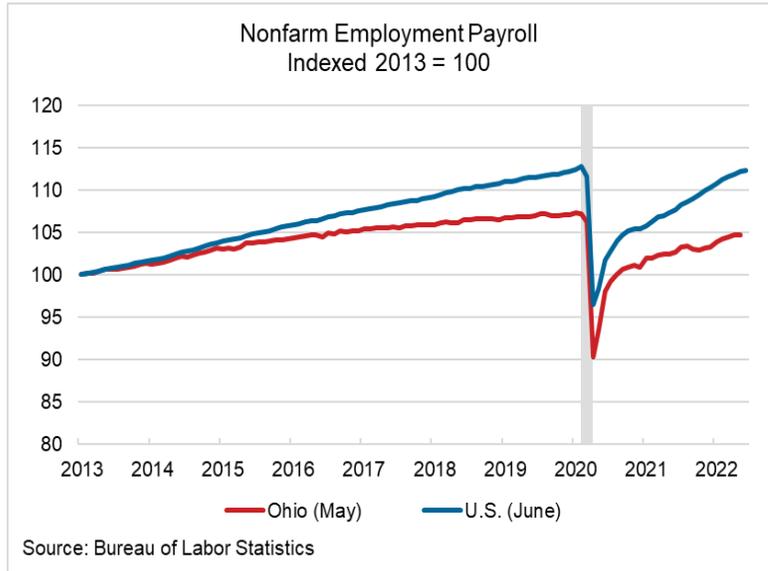
Economic Forecasts

Source	Date	2nd Quarter 2022 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	07/08/2022	-1.2%
IHS Markit GDP Tracker	07/08/2022	-1.7%
Moody’s Analytics High Frequency GDP Model	06/27/2022	-0.2%
Conference Board	06/21/2022	1.9%
Wells Fargo	06/17/2022	3.5%

Ohio Labor Market

Ohio's nonfarm payroll employment increased 0.1 percent (4,800 jobs) to 5.5 million jobs between April and May 2022. This was 2.3 percent above the number of jobs in May 2021.

In Ohio, the leisure and hospitality and education and health services industries had the largest job growth in May. These gains were partially offset by job losses in professional and business services and construction.

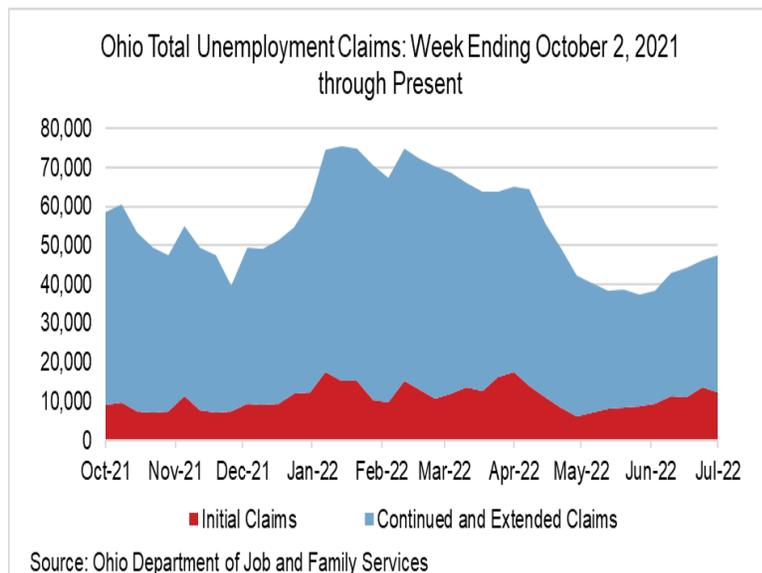
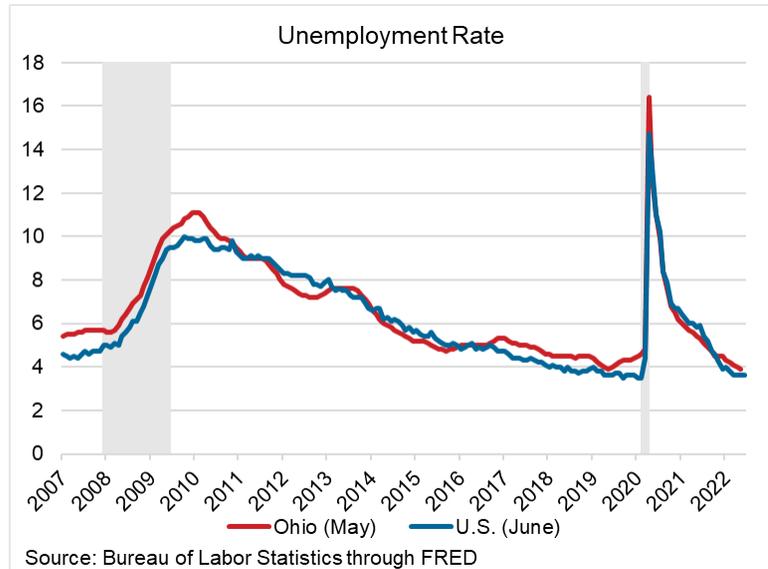


Ohio's labor force participation rate in May was 62.0 percent, an increase of 0.5 percentage points from April and **Ohio's employee-population ratio** increased by 0.1 percentage point to 60.1 in May 2022.



The **State-Level Coincident Index** for Ohio increased 0.3 percent in May 2022 and increased 1.1 percent over the last three months. Compared to May 2021 the Ohio index increased 4.8 percent. The U.S. coincident index increased 0.3 percent between April and May, and 1.3 percent over the last three months, for comparison.

The **Ohio unemployment rate** decreased again in May, by 0.1 percentage points to 3.9 percent.



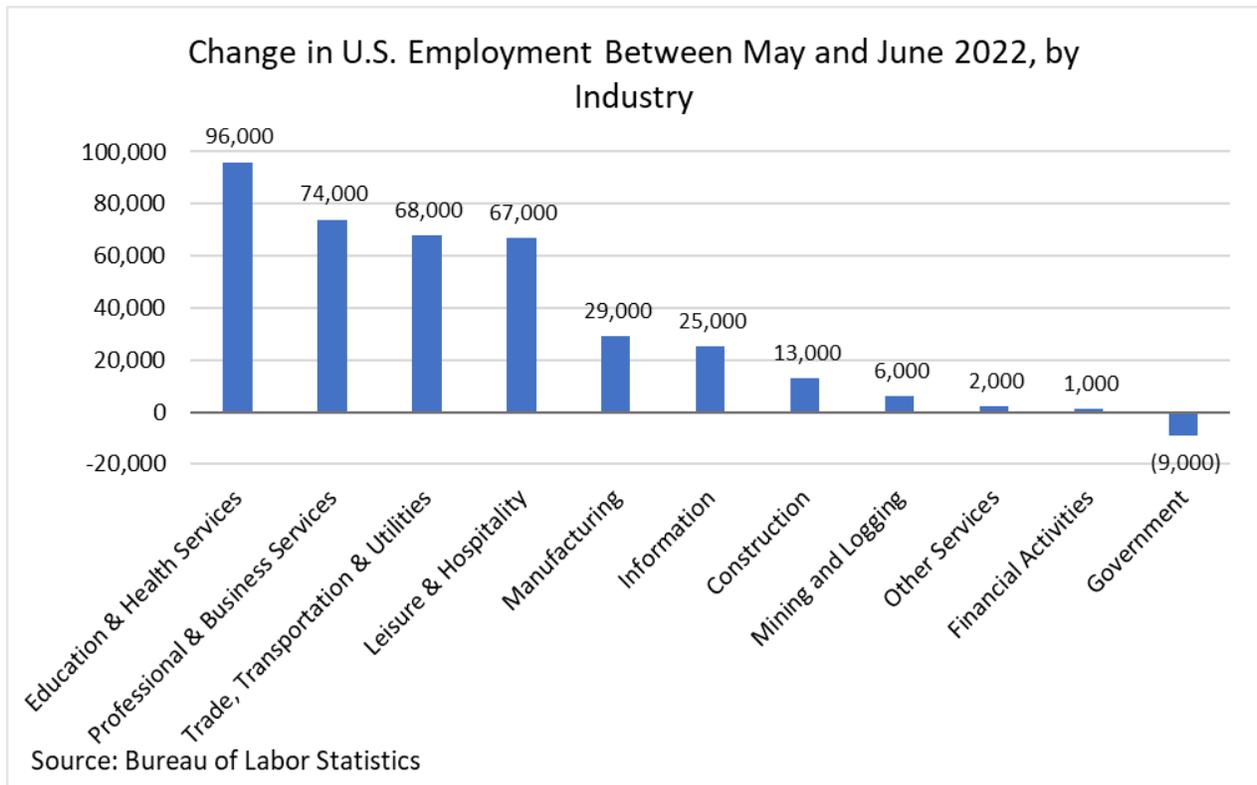
During the week ending July 2, 2022, a total of 12,481 **initial unemployment claims** were filed, a 7.4 percent decrease from the previous week. Individuals filing **continued and extended claims** for the week ending July 2, 2022, totaled 35,101. Continued and extended unemployment claims filings have been below pre-pandemic lows for several months.

U.S. Labor Market

372,000
Jobs Added

U.S. nonfarm payroll employment increased by 372,000 jobs in June. Total non-farm employment remained below the nation's February 2020 level by 524,000 jobs (0.3%).

Job gains were widespread with growth in education and health services, professional and business services, and in trade, transportation and utilities.



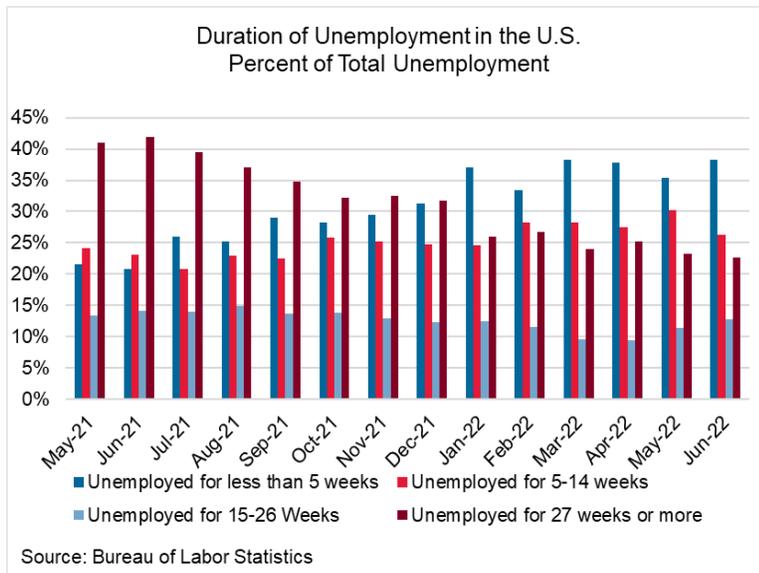
The **U.S. labor force participation rate** decreased by 0.1 percentage points to 62.2 in June. The employment-population ratio decreased by 0.2 percentage points to 59.9 percent. These measures are each below their February 2020 level by 1.2 and 1.3 percentage points, respectively.

The **U.S. unemployment rate** remained unchanged in June at 3.6 percent for the fourth month in a row. The number of unemployed individuals was relatively unchanged at 5.9 million. These measures remained above their February 2020 values by 0.1 percentage point and 200,000 individuals, respectively.

The change in unemployment rate for all demographic groups varied in June. The largest decrease was for individuals who identify as Black, which decreased 0.4 percentage points. However, the unemployment rate for individuals who identify as Asian increased 0.6 percentage points. The unemployment rate for women and men both decreased 0.1 percentage point between May and June. The unemployment rate for teenagers increased by 0.6 percentage points.

Unemployment Rates by Demographic Group

	April-22	May-22	June-22
Women	3.2%	3.4%	3.3%
Men	3.5%	3.4%	3.3%
Teenagers, 16-19	10.2%	10.4%	11.0%
Black	5.9%	6.2%	5.8%
White	3.2%	3.2%	3.3%
Asian	3.1%	2.4%	3.0%
Hispanic	4.1%	4.3%	4.3%

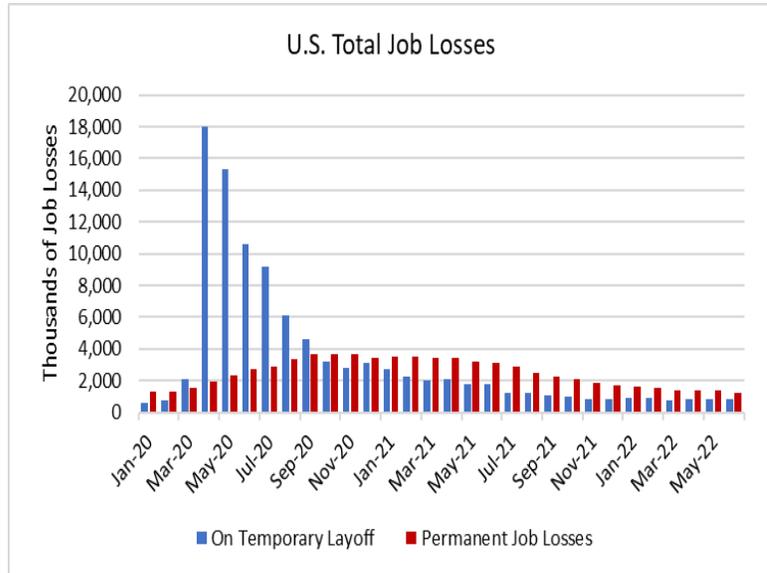


In June, 22.6 percent of unemployed individuals were unemployed for 27 or more weeks. This measure decreased to 1.3 million people but remained above the February 2020 level by 215,000 people.

The number of **people not in the labor force who currently want a job** decreased by 25,000 to 5.7 million, 660,000 higher than February 2020.

The number of unemployed people who were on **temporary layoff** slightly increased to 827,000 in June. This was 47,000 higher than in February 2020 but significantly reduced from the high of 18.0 million in April 2020.

The number of people with **permanent job losses** decreased by 113,000 in June to 1.3 million, 22,000 higher than in February 2020.



Consumer Income and Consumption

\$21.6 TRILLION

Personal income increased by \$113.4 billion (0.5%) in May to \$21.6 trillion. Gains in May were due to increases in rental income of \$14.6 billion (1.9%), proprietors' income of \$28.2 billion (1.5%), personal income receipts on assets of \$15.7 billion (0.5%) and compensation of employees of \$70.2 billion (0.5%).

Personal consumption expenditures increased by 0.2 percent (\$32.7 billion in current dollars) between April and May. Overall spending on goods decreased 0.7 percent in May. Spending on durable goods decreased 3.2 percent, which was primarily attributed to reductions in motor vehicles and parts (-7.1%) and recreational goods and vehicles (-1.5%). Spending on nondurable goods increased 0.7 percent which was primarily driven by an increase in spending on gasoline and other energy goods (4.2%). Spending on services increased 0.7 percent in May, with transportation services (1.5%), other services (1.4%), and recreational services (1.0%) 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)

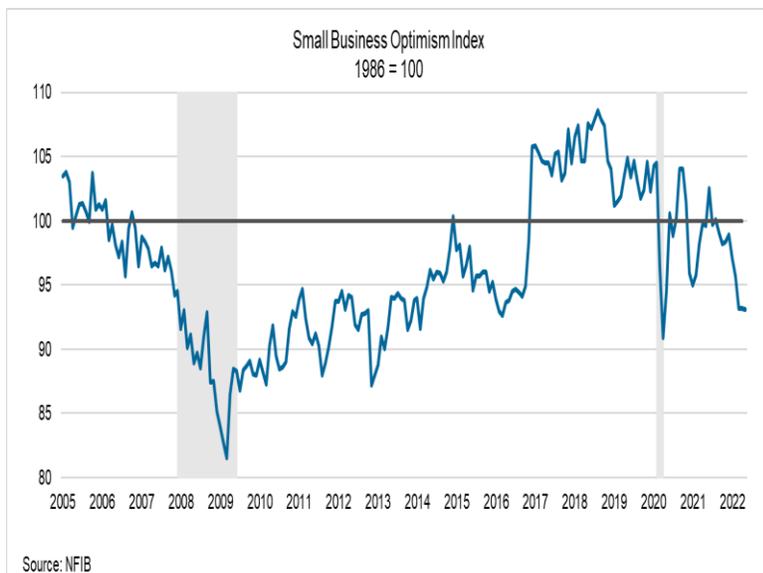
	April 2022	May 2022	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Durable Goods	\$2,229,970	\$2,152,144	-3.5%	-5.6%	18.9%
Motor vehicles and parts	\$610,549	\$560,443	-8.2%	-16.4%	3.1%
Furnishings and durable household equipment	\$484,209	\$484,611	0.1%	-5.2%	13.3%
Recreational goods and vehicles	\$836,436	\$823,914	-1.5%	2.4%	21.5%
Other durable goods	\$358,255	\$353,015	-1.5%	7.8%	83.4%
Nondurable Goods	\$3,339,232	\$3,320,358	-0.6%	-1.0%	11.3%
Clothing and footwear	\$500,092	\$496,703	-0.7%	-1.1%	54.0%
Gasoline and other energy goods	\$423,292	\$420,997	-0.5%	-1.1%	19.3%
Other nondurable goods	\$1,311,249	\$1,304,199	-0.5%	1.8%	10.8%
Services	\$8,576,252	\$8,599,176	0.3%	4.7%	19.3%
Food services and accommodations	\$893,568	\$890,293	-0.4%	7.0%	73.6%
Other Services	\$1,125,511	\$1,139,450	1.2%	7.5%	24.8%
Health Care	\$2,244,784	\$2,253,094	0.4%	2.6%	23.5%

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

Personal saving was \$1.0 trillion in May 2022, an increase of 6.1 percent (\$58.2 billion) compared to April and was 27.7 percent below the February 2020 level. The **personal savings rate** was 5.4 percent in May, an increase of 0.2 percentage points compared to April.

The **Consumer Price Index for All Urban Consumers** (CPI) increased 1.0 percent in May, which followed a 0.3 percent increase in April. The 'all items' index increased 8.6 percent over the last 12 months, the largest increase since December 1981. In May, the largest contributors to the increase in prices were energy (3.9%), food (1.2%) shelter (0.6%) indices.

The two surveys of consumer opinion reported declines in consumer confidence in June. Respondents in the University of Michigan's **Survey of Consumers** reported a 14.4 percent decrease in consumer sentiment to 50.0 compared to May. This was the lowest reading on record. The Conference Board's **Consumer Confidence** survey decreased by 4.5 points to 98.7 in June. In both surveys, consumers reported concerns about continuing inflation, particularly rising food, and gas prices.



The **Small Business Optimism Index** fell to 93.1 in May. This is the fifth consecutive month in a row that the index was below the 48-year average of 98.0. Inflation was identified as the single most important problem by 28.0 percent of respondents, followed by the quality and supply of labor at 23.0 percent. Small business owners continue to report that they are struggling to find workers to fill open positions. Of those trying to hire workers, 92.0 percent of business owners reported few or no qualified

applicants for the positions they were trying to fill. These two factors have significantly impacted small businesses and as a result 54.0 percent of small business owners think that general business conditions will be worse six months from now. This is the lowest reading on this measure since the series began in 1986, and owners' expectations have declined every month since January 2022.

Travel and Tourism

Average airline checkpoint traffic for the month of June remained relatively unchanged from May. **Total travel throughput** in June 2022 was 19.2 percent higher than in June 2021 but remained 10.9 percent lower than June 2019.

The **hotel occupancy rate** for the week ending June 25, 2022, was 72.3 percent, which was 4.1 percent below the comparable week in 2019. The **average daily rate** for a hotel room was \$157.05, up 17.1 percent from the 2019 comparable week. **Revenue per available room** was \$113.55 which was 12.3 percent more than the equivalent week in 2019.

Ohio **turnpike passenger vehicle miles traveled** during June 2022, decreased 2.9 percent compared to the same period in 2021 and decreased 7.7 percent compared to the same period in 2019. **Turnpike commercial vehicle miles traveled** in Ohio in June increased 7.3 percent compared to 2021 and increased 19.3 percent compared to the same period in 2019. **Total turnpike revenue** throughout June increased 1.3 percent compared to the same period in 2021 and was 14.2 percent higher than 2019.

Industrial Activity

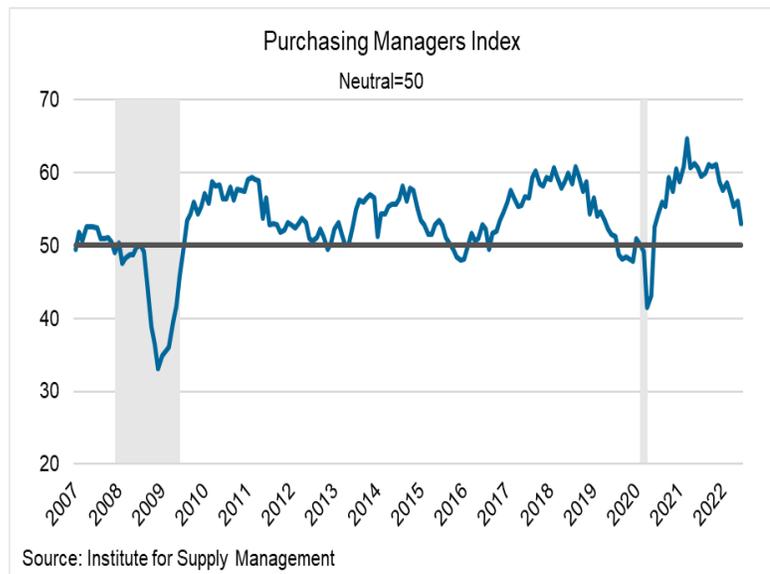
According to the Board of Governors of the Federal Reserve System, **total industrial production** increased 0.2 percent between April and May and was 5.8 percent higher than in May 2021. The index was 3.4 percent above levels in February 2020.

Rate of Change in U.S. Industrial Production by Manufacturing Sector

Manufacturing Sector	Percent Change March to April 2022	Percent Change April to May 2022	Percent Change May 2021 to May 2022
Aerospace and Other Transportation Equipment	3.5%	-0.4%	13.2%
Chemicals	0.6%	0.0%	2.6%
Electrical Equipment	-0.4%	-1.9%	2.2%
Fabricated Metal Products	0.4%	-0.8%	4.3%
Food Beverage and Tobacco Production	0.0%	-0.6%	1.5%
Machinery	1.7%	-2.1%	3.4%
Motor Vehicles and Parts	3.3%	0.7%	11.6%
Petroleum and Coal	0.0%	2.5%	4.9%
Plastics and Rubber Products	0.3%	0.3%	6.9%
Primary Metals	1.1%	0.8%	4.9%

The **manufacturing production index** decreased by 0.1 percent in May to 105.2 and was 5.8 percent above the May 2021 level. Nationally, manufacturing in five of Ohio's top 10 industries increased production between April and May. The largest increase was in the petroleum and coal industry (2.5%), which was partially offset by decreases in machinery (-2.1%), and in electrical equipment (-1.8%).

In June 2022, the Institute for Supply Management reported the **Purchasing Managers Index (PMI)** for the United States decreased 3.1 percentage points to 53.0 compared to May. Despite this decrease, the index remains above 50 indicating an overall expansion of the economy for the 25th month in a row.



Across the nation, all 10 industries most important to Ohio manufacturing reported growth in the last month, with machinery and electrical equipment leading the way.



Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry continued to feel the effect of supply chain challenges and high inventories in June.

Business is still steady. Some customers are pushing orders out because they have too much inventory. [Fabricated Metals]

Orders and production continue to be strong, but material availability is holding us back. Cannot run enough hours to eat into the backlog. [Electrical Equipment & Appliances]

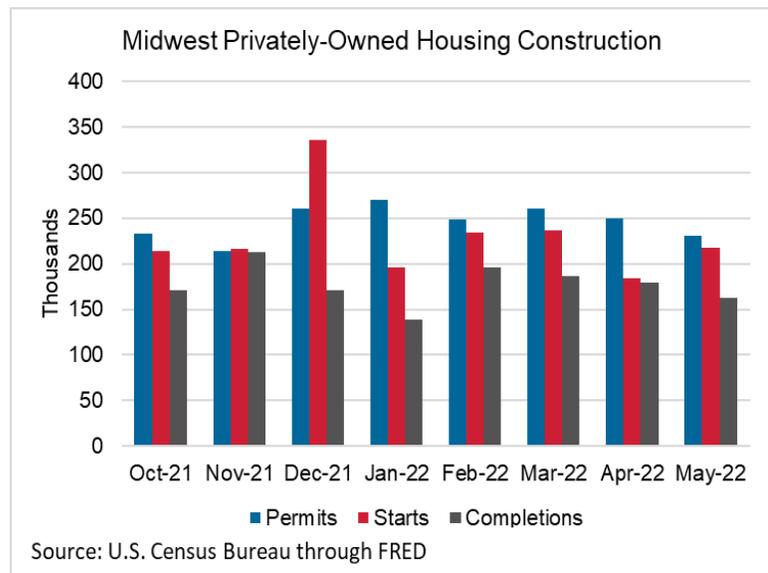
Ohio and Midwest Construction and Housing Market

In Ohio, **building permits** for privately-owned housing units decreased 9.9 percent between April and May, and were 19.1 percent below the number of permits issued in May 2021.

Privately-owned housing starts in the Midwest decreased 17.9 percent between April and May, and were 17.5 percent below May 2021 levels.

In May, privately-owned housing completions in the Midwest decreased 9.5 percent and were 13.8 percent below May 2021's level.

New home sales in the Midwest decreased 18.3 percent between April and May and were 37.0 percent below May 2021's level.



According to the Ohio Realtors, activity in the Ohio housing market began to increase in May after declining in April. Total sales were 15.1 percent above May 2021, and the average sale price in Ohio was \$277,452, a 13.0 percent increase compared to April 2021.



The **Housing Market Index** in the Midwest increased 3.0 points in June to 54.0 from a revised 51.0 in April. The Midwest Index was 13.0 points behind the national level in June. Builders report delays obtaining building materials and continuing concerns that rising interest rates and construction costs will price young and first-time buyers out of the market.

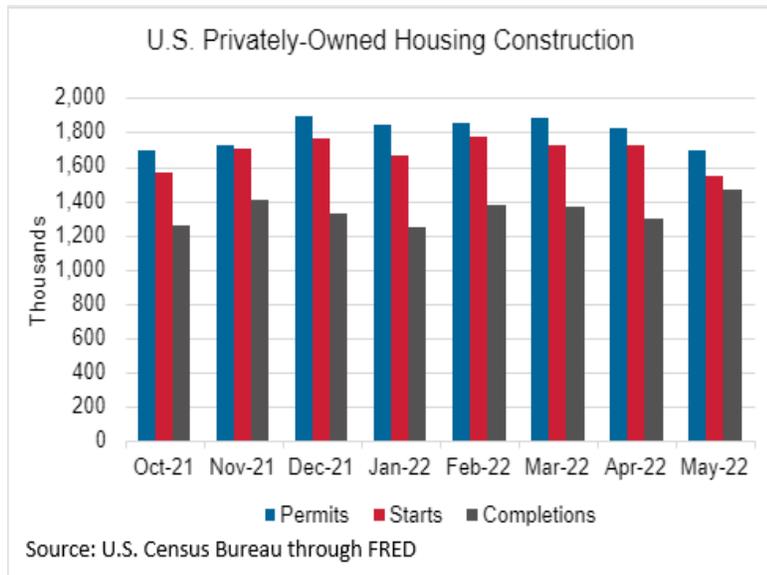
U.S. Construction and Housing Market

The U.S. Census Bureau estimated **total construction spending** in May 2022 at \$1.7 trillion, which was 0.1 percent below the revised April estimate. The May 2022 estimate was 9.7 percent above May 2021 and 30.1 percent above May 2020.

\$1.7 TRILLION

Public sector construction spending in May was at a seasonally adjusted annual rate of \$343.7 billion. This was 0.7 percent below the revised April estimate and 2.7 percent below the May 2021 rate. Spending in May on educational construction was 0.5 percent below April's revised value and was 3.1 percent below May 2021. Highway construction spending in May was 2.3 percent below the revised April value and was 6.0 percent below May 2021.

Private sector construction spending in May was at a seasonally adjusted annual rate of \$1.4 trillion. This was essentially unchanged compared to the revised April estimate and 13.2 percent above the May 2021 rate. Residential construction in May increased 0.2 percent from April and was 19.0 percent above May 2021. Nonresidential construction in May decreased 0.4 percent from the revised April rate and was 3.7 percent above May 2021.



U.S. **building permits** for privately-owned housing units decreased 7.6 percent between April and May, but were 0.2 percent above the number of permits issued in May 2021.

Nationally, privately-owned housing starts decreased 11.3 percent between April and May and were 3.6 percent below May 2021 levels.

In May, **newly built single-family home sales** decreased 10.7 percent to 696,000, and

were 5.9 percent below the May 2021 estimate. The national median sales price in May 2022 was \$449,000. This represented a 0.4 percent decrease compared to April 2022 and a 5.9 percent decrease compared to May 2021.

Existing home sales, as reported by the National Association of Realtors decreased 3.4 percent in May compared to April. May's existing home sales declined to 5.4 million housing units, an 8.6 percent decrease from May 2021.

Available inventory in May 2022 totaled 1.2 million units, a 12.6 percent increase from April, but was 4.1 percent lower than May 2021. The market has started to feel the impact of rising mortgage rates and inflation suppressing the purchasing power of prospective buyers. The median sale price of all existing homes rose 14.8 percent from a year ago to \$407,600. May 2022 was the 123rd continuous month of year-over-year increases in existing median home sale prices.

Revenues

June total tax revenue was strong and exceeded the monthly estimate by \$179.7 million (7.1%). This constituted the sixth-largest monthly variance of FY 2022. Non-auto sales tax had the month’s largest variance, at \$103.0 million (11.6%), followed by the personal income tax at \$50.1 million (5.1%). FY 2022 tax revenue finished the year at \$2.7 billion (10.8%) above estimate and is the highest on record. It exceeded FY 2021 revenues despite the income tax rate reductions that took effect in FY 2022 and timing-related enhanced revenue intake in FY 2021 caused by the postponement of the April 2020 income tax annual return due date to July 2020. The personal income tax accounted for most of the fiscal year’s robust performance and exceeded estimate by \$1.9 billion (20.8%), amounting to 67.7 percent of the total GRF tax revenue variance.

\$2.7 BILLION

Aggregate (tax and non-tax) GRF receipts and transfers totaled \$3.8 billion in June and were \$161.9 million (4.5%) above estimate. As noted above, tax revenues were \$179.7 million (7.1%) above estimate. Non-tax receipts were \$301.8 million (39.0%) above estimate while transfers were \$319.7 million below estimate. For the year, tax receipts and non-tax receipts were above estimate, and transfers were below estimate as shown in the table below.

Category	Includes:	YTD Variance (millions)	% Variance
Tax Receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$2,738.4	10.8%
Non-Tax Receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$1,616.5	14.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$292.9	-83.7%
TOTAL REVENUE VARIANCE:		\$4,062.0	11.1%
Non-Federal Revenue Variance		\$2,779.6	10.7%
Federal Grants Variance		\$1,282.4	12.1%

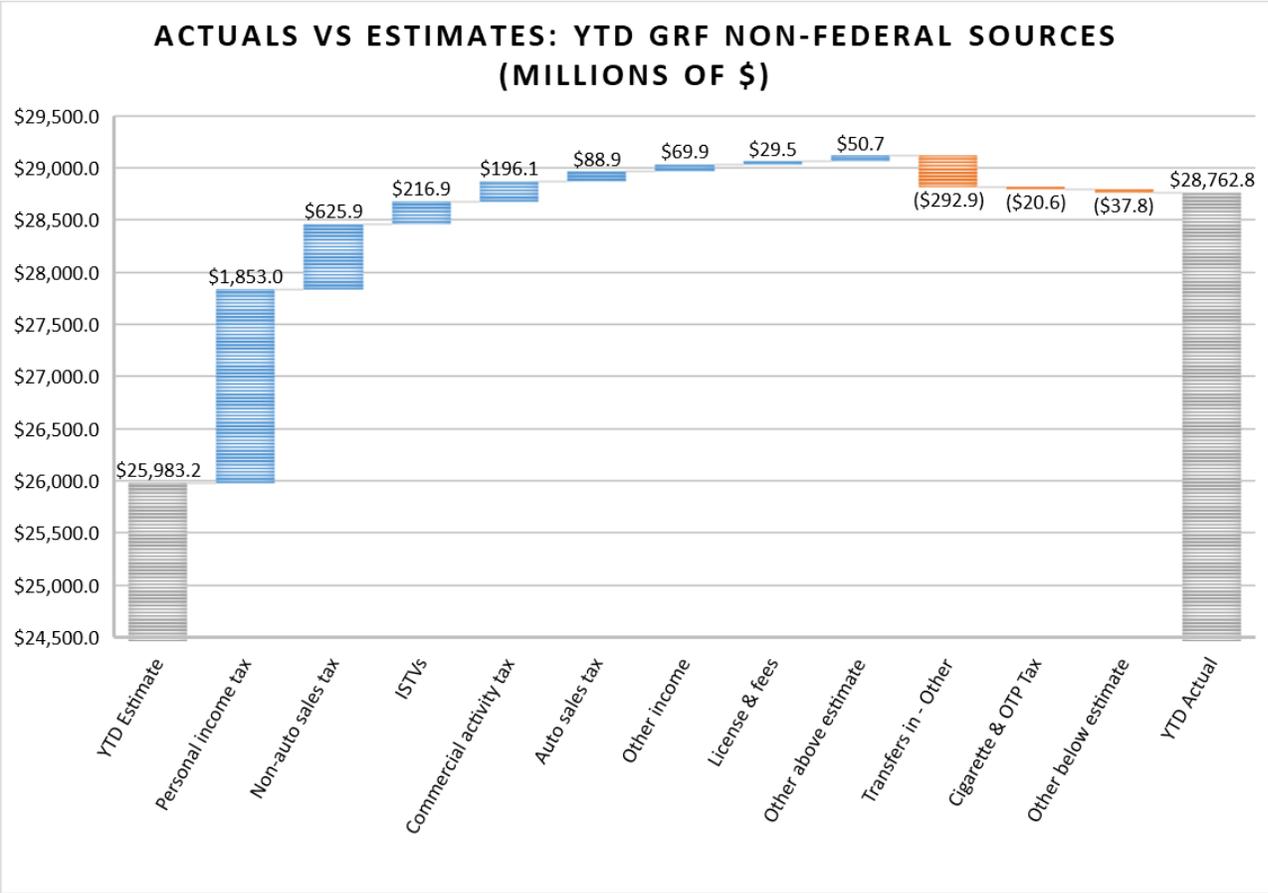
The table below shows that sources above estimate (a positive variance of \$506.2 million) in June outweighed the size of sources below estimate (a negative variance of \$344.3 million), resulting in a \$161.9 million net positive variance from estimate.

\$161.9 MILLION

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

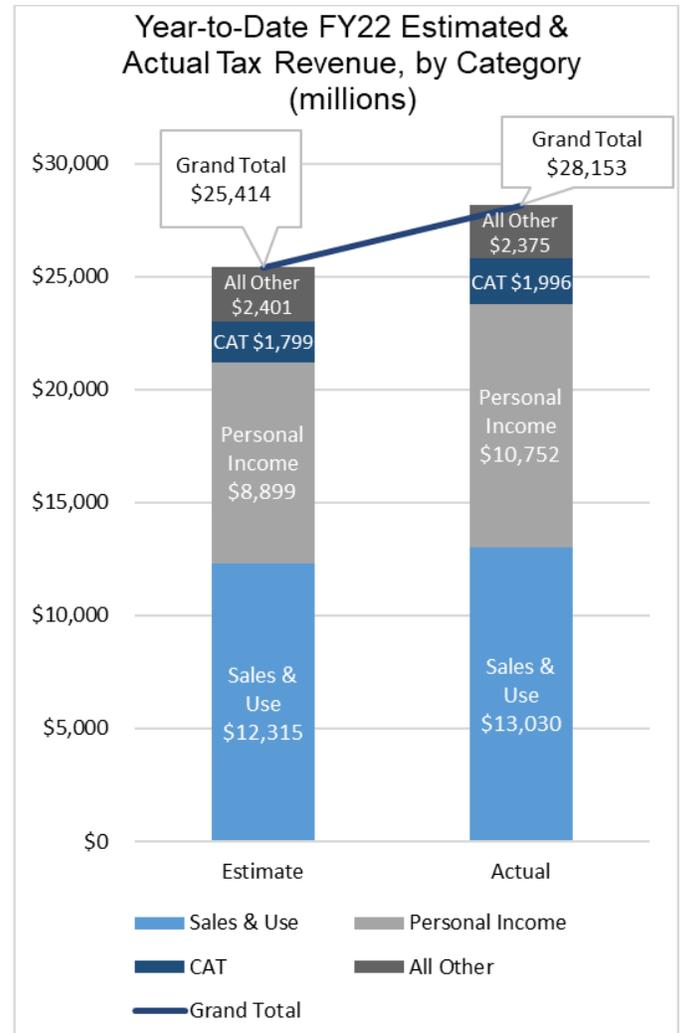
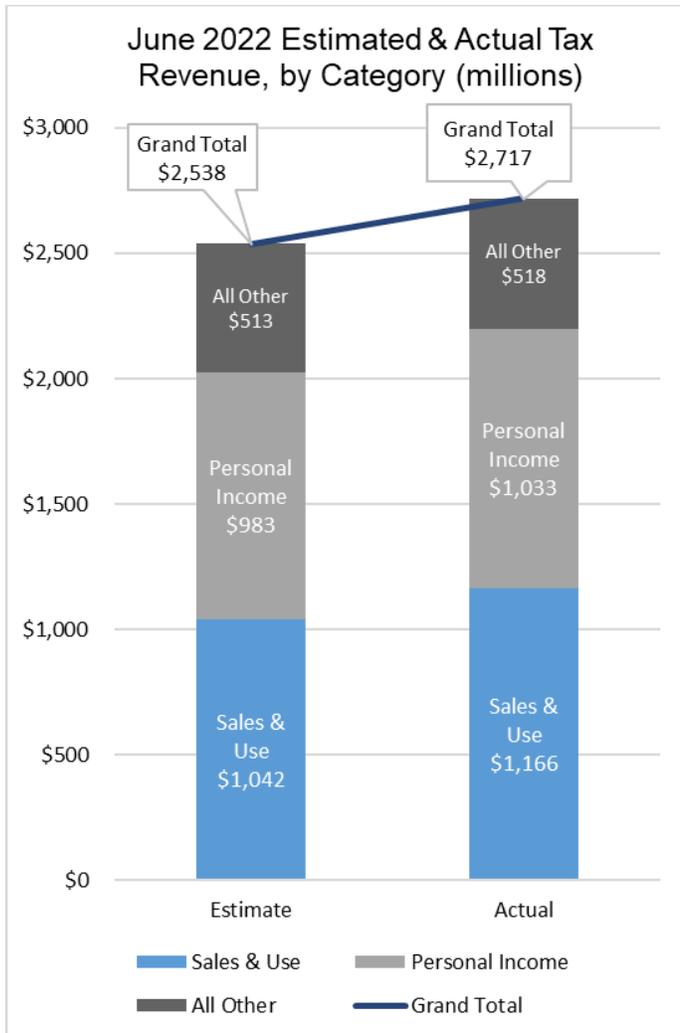
Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Federal Grants	\$291.8	Transfers In - Other	(\$319.7)
Non-Auto Sales Tax	\$103.0	Domestic Insurance Tax	(\$9.8)
Personal Income Tax	\$50.1	Cigarette & Other Tobacco Products Tax	(\$8.2)
Auto Sales Tax	\$21.6	Other sources below estimate	(\$6.7)
Foreign Insurance Tax	\$19.8		
Earnings on Investments	\$10.6		
Other sources above estimate	\$9.3		
Total	\$506.2	Total Below	(\$344.3)

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



The preceding chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for FY 2022, with the net difference totaling \$2.8 billion.

The following two graphs show the composition of estimated and actual GRF tax revenues for June 2022 and for the fiscal year. All tax sources are allocated among several major categories. The charts show the preponderant impact of the sales and use tax and the personal income tax on the GRF revenue structure.



For June, total receipts and transfers were \$290.9 million (-7.1%) below the previous year. Tax receipts increased by \$37.5 million (1.4%) and non-tax receipts decreased by \$327.8 million (-23.4%). For the year, tax receipts ended \$1.7 billion (6.4%) above last year and non-tax receipts ended \$530.9 million (-4.1%) below FY 2021. Transfers are \$40.7 million (-41.6%) below the preceding year.

During June, the source with the largest year-over-year increase was non-auto sales tax, at \$54.6 million (5.9%) above last year. The next-largest increase was foreign insurance tax at \$18.9 million. The largest declines were experienced by federal grants at \$334.3 million (-24.1%) and personal income tax at \$48.7 million (-4.5%).

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in June totaled \$987.1 million and were \$103.0 million (11.6%) above the estimate.

\$103.0 MILLION

This source has exceeded the budgeted estimate each month since September. For the fiscal year, the source was \$625.9 million (6.0%) above estimate.

Revenue increased by \$54.6 million (5.9%) from last June. The year-over-year growth was impressive, given that last June's revenue was high, fueled by federal economic impact payments to individuals. This June's intake was expected to be nearly 5.2 percent lower than last year.

Total FY 2022 revenue from this tax source increased by \$746.6 million (7.2%) compared to FY 2021. On a historical basis this constitutes an elevated growth rate. Except for the strong growth of FY 2021, driven by federal stimulus policies and a suppressed base year, and for several years impacted by tax rate increases or by significant tax base expansions, and after adjustments to remove distortions caused by the taxation of Medicaid Health Insuring Corporations, FY 2022 growth exceeds every year since the 1980's.

The current national data release from the U.S. Census Bureau's Monthly Advance Retail Trade Survey (MARTS) program shows year-over-year retail sales growth in May. Annual growth in the last three months has been well below the double-digit increases observed earlier this fiscal year. 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 6.5 percent year-over-year increase in national non-seasonally adjusted sales during May 2022. This compares to year-over-year growth of 5.0 percent in April and 3.3 percent in March. Meanwhile, year-over-year growth in Ohio all-funds non-auto sales tax revenue was 0.9 percent, 2.6 percent, and 13.5 percent during May, April, and March, respectively. Expanding the time frame, U.S. retail sales for the primarily taxable categories increased by 10.6 percent during July through May compared to the prior year; Ohio all-funds non-auto sales tax revenue increased by 9.1 percent during that period.

The MARTS data also shows a recent decline in retail sales on a month-over-month basis. Based on seasonally adjusted figures, May 2022 sales for the above-indicated retail categories decreased by 0.4 percent from April, following a 0.5 percent increase in April from March.

Auto Sales Tax

June auto sales tax revenues were \$179.1 million, exceeding the estimate by \$21.6 million (13.7%). This source ended the fiscal year \$88.9 million (4.8%) above the estimate. Revenues were \$4.5 million (2.6%) above last June. For the year, revenues were \$92.4 million (5.0%) above FY 2021.

\$21.6 MILLION

The June national sales figures were a slight improvement from the disappointing May levels. According to the U.S. Department of Commerce's Bureau of Economic Analysis, new light vehicle sales in June reached 13.0 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 modest increase from last month which recorded the lowest level this year. The figure is 2.1 percent above May and down 15.5 percent from a year ago. On an unadjusted basis, June light vehicle unit sales were at 1.13 million units. This is a 1.7 percent increase from May and is 13.5 percent below last June. New vehicle transaction prices remain above a year ago, and monthly growth continues. TrueCar, Inc. estimates that the average transaction price for new vehicles was \$45,272 in June, up 13.2 percent relative to last year and up 1.5 percent from May.

Turning to used vehicles, TrueCar, Inc. estimates that the number of used vehicle units sold at retail during June to be 2.9 million, not annualized and not seasonally adjusted, down 13.0 percent from last month and down 16.0 percent from last year. Used vehicle prices have grown considerably since the onset of the pandemic. However, prices appear to have peaked near the end of last year with a gradual decline throughout this calendar year. As evidence, the Manheim used vehicle value index, a measure of wholesale vehicle prices, for the first half of June 2022 was 11.1 percent higher than the previous year. The index remained essentially unchanged from May and has decreased by 5.7 percent since December 2021.

Personal Income Tax

June GRF personal income tax receipts totaled \$1.0 billion and were \$50.1 million (5.1%) above the estimate. For the fiscal year, revenue ended \$1.9 billion (20.8%) above estimate. Income tax collections exceeded estimate in every month of the year, although the month of April accounted for nearly one-half of the full year variance. The FY 2022 personal income tax variance exceeded any other tax source, and it accounted for two-thirds of the total \$2.7 billion GRF tax revenue variance. Every income tax payment category generated more revenue than anticipated during FY 2022, led by annual returns and followed by withholding, refunds (which had a negative variance, translating into a positive revenue effect), and estimated payments, respectively.

\$50.1 MILLION

On a year-over-year basis, June income tax collections decreased by \$48.7 million (-4.5%). For the year, revenue increased by \$550.8 million (5.4%) above FY 2021. FY 2022 growth would have been larger if not for the postponement of certain income tax filing dates from April 2020 and June 2020 to July 2020 that shifted over \$700.0 million in revenue into FY 2021.

Withholding collections amounted to \$867.9 million in June and were \$26.3 million (3.1%) above estimate. For the fiscal year, the withholding component exceeded estimate by \$494.3 million (5.0%). After August, withholding exceeded estimate in every month of the year. This component was \$43.3 million (5.2%) above last June; it ended the fiscal year \$774.8 million (8.1%) above FY 2021. June collections were impacted by the 3.0 percent reduction in employer withholding tax rates that took effect in September 2021. After adjusting for this change, withholding collections for June 2022 would have been an estimated \$68.1 million (8.3%) higher than last year. FY 2022 collections were an estimated \$1.0 billion (10.9%) higher than the previous year after adjusting for the withholding tax rate reduction.

Besides withholding, estimated payments comprised the other significant income tax category for the month. The second quarterly estimated tax payment for calendar year 2022 income was due in June, with the first payment due in April. Collections from this component were \$43.5 million (23.9%) above estimate for June. Over the last three months, estimated payments have exceeded estimate by \$54.5 million (15.1%). Estimated payments ended the fiscal year at \$183.0 million (18.9%) above estimate. During June, the category increased by \$32.1 million (16.6%) from last year. For FY 2022, estimated payments decreased by \$17.5 million (-1.5%); however, that comparison is distorted by the enhanced collections in early FY 2021 caused by the shift in due date of the April 2020 and June 2020 quarterly payments to July 2020.

Annual return payments did not have a significant effect on June income tax collections, but this category was significant in its impact on overall FY 2022 performance. Collections from this component were \$7.3 million (-16.0%) below estimate during the month. In contrast, annual return payments ended at \$736.5 million (65.8%) above estimate for the fiscal year. This category accounted for 40.0 percent of the total \$1.8 billion income tax variance during FY 2022. The elevated annual return variance mostly occurred in April, when collections exceeded the estimate by \$701.3 million. For the elapsed (January-June) filing season, annual return collections are \$674.1 million (67.7%) above estimate.

Trust payments were \$1.0 million (-8.3%) below estimate for June. Although June is not a notable month for this category, trust tax payments performed substantially above estimate for the fiscal year, exceeding the mark by \$34.0 million (32.3%).

Refunds were \$10.7 million (16.6%) above estimate for the month. For the elapsed filing season, refund payments are \$407.3 million (-17.3%) below estimate while for the entire fiscal year, refunds ended at \$424.0 (-15.4%) below estimate. June refunds were \$25.4 million (51.2%) above last year. Refunds for FY 2022 increased by \$132.9 million (6.0%) from the previous year; growth would have been larger if not for the postponement of the April 2020 annual return due date to July 2020 which shifted a substantial amount of refunds into early FY 2021. For the filing season they have increased by \$357.2 million (22.4%).

June Personal Income Tax Receipts by Component (\$ in millions)						
	Actual June	Estimate June	\$ Var	Actual Jun-2022	Actual Jun-2021	\$ Var Y-to-Y
Withholding	\$867.9	\$841.6	\$26.3	\$867.9	\$824.6	\$43.3
Quarterly Est.	\$225.6	\$182.1	\$43.5	\$225.6	\$193.5	\$32.1
Annual Returns / 40 P	\$38.6	\$45.9	(\$7.3)	\$38.6	\$144.7	(\$106.1)
Trust Payments	\$10.8	\$11.8	(\$1.0)	\$10.8	\$11.3	(\$0.4)
Other	\$9.6	\$8.6	\$1.0	\$9.6	\$8.6	\$1.0
Less: Refunds	(\$75.1)	(\$64.4)	(\$10.7)	(\$75.1)	(\$49.6)	(\$25.4)
Local Distributions	(\$44.5)	(\$42.8)	(\$1.7)	(\$44.5)	(\$51.4)	\$6.9
Net to GRF	\$1,032.9	\$982.8	\$50.1	\$1,032.9	\$1,081.6	(\$48.7)

Commercial Activity Tax

June GRF revenues from the CAT were \$3.4 million (-22.5%) below the estimate. June was the only month in the fiscal year where revenue did not surpass estimate. For the year, the source ended at \$196.1 million (10.9%) above estimate. CAT revenue in June increased by \$173,000 (1.5%) from last year, and total FY 2022 revenue grew by \$328.8 million (19.7%) from the previous fiscal year.



Most CAT revenue comes from quarterly tax payments, so it is also useful to analyze the CAT revenue stream in quarterly segments. Revenue exceeded the estimate in each quarter of the fiscal year, by 8.1 percent, 7.5 percent, 12.6 percent, and 15.3 percent in the first through fourth quarters, respectively. FY 2022 also demonstrated strong year-over-year growth during each quarter: growth rates of 31.0 percent, 15.5 percent, 17.4 percent, and 17.2 percent occurred during the first through fourth quarters.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$1.1 billion and were \$301.8 million (39.0%) above estimate for the month of June. For the fiscal year, non-tax receipts totaled \$12.5 billion and were \$1.6 billion (14.9%) above estimate.

Most of the non-tax receipts monthly variance was in the Federal Grants category, which was \$291.8 million (38.2%) above estimate. This variance was primarily attributable to the Enhanced Federal Medical Assistance Percentage (FMAP) continuing in June, though it was originally expected to end in December 2021. Fiscal year 2022 Federal Grant revenue totaled \$11.9 billion and was \$1.3 billion (12.1%) above estimate.

7/1/2022

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL JUNE	ESTIMATE JUNE	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	987,085	884,100	102,985	11.6%	11,080,574	10,454,700	625,874	6.0%
Auto Sales & Use	179,078	157,500	21,578	13.7%	1,948,990	1,860,100	88,890	4.8%
Subtotal Sales & Use	1,166,163	1,041,600	124,563	12.0%	13,029,564	12,314,800	714,764	5.8%
Personal Income	1,032,901	982,800	50,101	5.1%	10,752,165	8,899,200	1,852,965	20.8%
Corporate Franchise	19	0	19	N/A	721	0	721	N/A
Financial Institutions Tax	29,364	26,400	2,964	11.2%	202,770	215,000	(12,230)	-5.7%
Commercial Activity Tax	11,545	14,900	(3,355)	-22.5%	1,995,538	1,799,400	196,138	10.9%
Petroleum Activity Tax	2,802	1,400	1,402	100.1%	9,276	8,000	1,276	15.9%
Public Utility	8,079	3,400	4,679	137.6%	156,311	135,000	21,311	15.8%
Kilowatt Hour	16,584	16,400	184	1.1%	291,440	303,900	(12,460)	-4.1%
Natural Gas Distribution	0	0	0	N/A	69,019	68,000	1,019	1.5%
Foreign Insurance	12,311	(7,500)	19,811	264.2%	328,385	321,700	6,685	2.1%
Domestic Insurance	299,083	308,900	(9,817)	-3.2%	312,610	325,700	(13,090)	-4.0%
Other Business & Property	133	100	33	32.7%	404	200	204	101.9%
Cigarette and Other Tobacco	130,335	138,500	(8,165)	-5.9%	884,587	905,200	(20,613)	-2.3%
Alcoholic Beverage	3,065	5,700	(2,635)	-46.2%	61,742	61,000	742	1.2%
Liquor Gallonage	4,906	5,000	(94)	-1.9%	57,936	57,000	936	1.6%
Estate	0	0	0	N/A	58	0	58	N/A
Total Tax Receipts	2,717,290	2,537,600	179,690	7.1%	28,152,524	25,414,100	2,738,424	10.8%
NON-TAX RECEIPTS								
Federal Grants	1,055,364	763,603	291,762	38.2%	11,897,309	10,614,906	1,282,402	12.1%
Earnings on Investments	18,157	7,523	10,635	141.4%	52,787	35,001	17,786	50.8%
License & Fees	560	741	(182)	-24.5%	99,240	69,700	29,540	42.4%
Other Income	911	1,310	(398)	-30.4%	175,290	105,424	69,866	66.3%
ISTV'S	2	0	2	N/A	225,916	9,000	216,916	2410.2%
Total Non-Tax Receipts	1,074,995	773,176	301,819	39.0%	12,450,542	10,834,032	1,616,510	14.9%
TOTAL REVENUES	3,792,285	3,310,776	481,508	14.5%	40,603,066	36,248,132	4,354,934	12.0%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	319,653	(319,653)	N/A	57,085	350,016	(292,931)	-83.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	319,653	(319,653)	N/A	57,085	350,016	(292,931)	-83.7%
TOTAL SOURCES	3,792,285	3,630,430	161,855	4.5%	40,660,150	36,598,148	4,062,003	11.1%

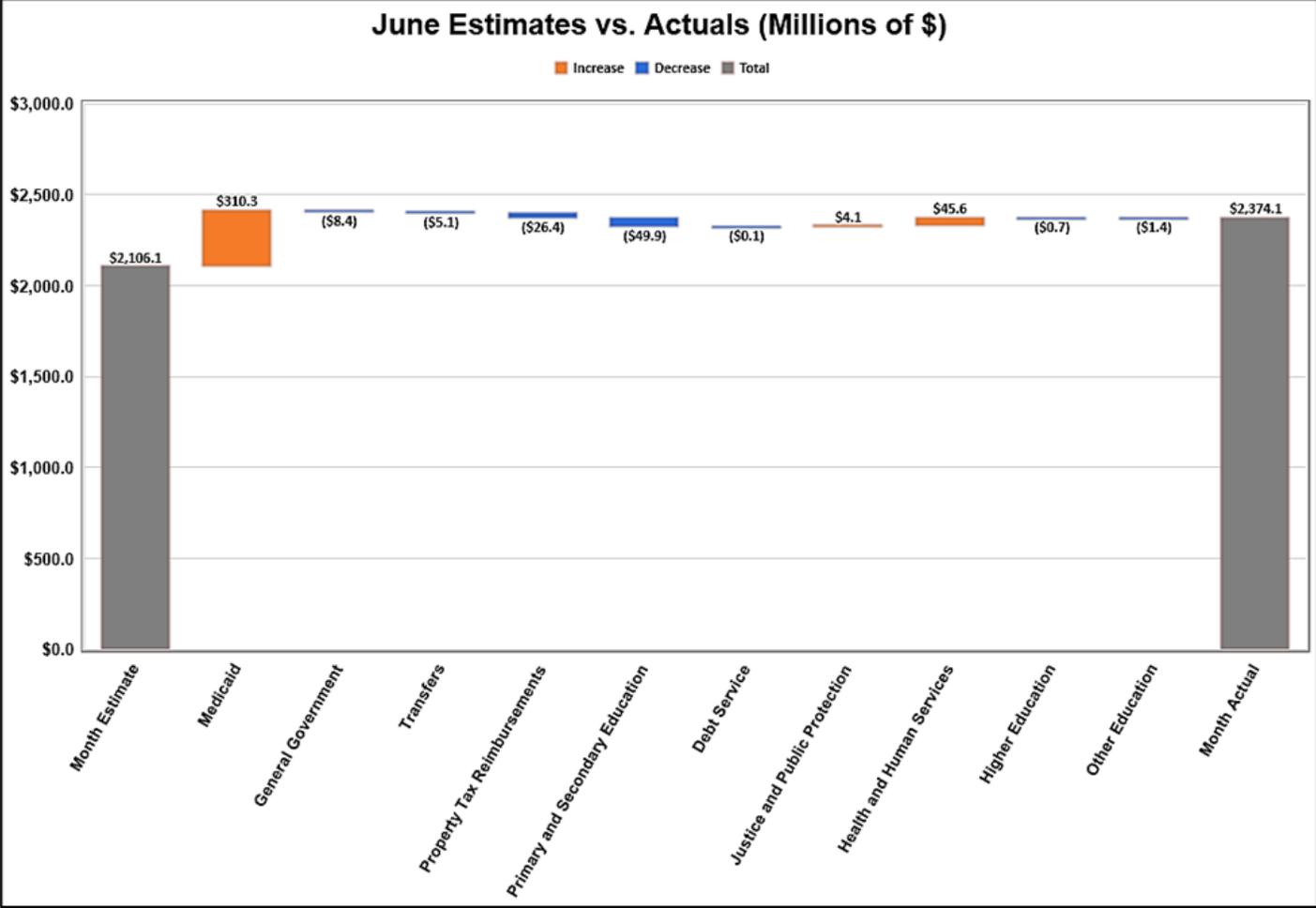
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Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2022 VS ACTUAL FY 2021
(\$ in thousands)

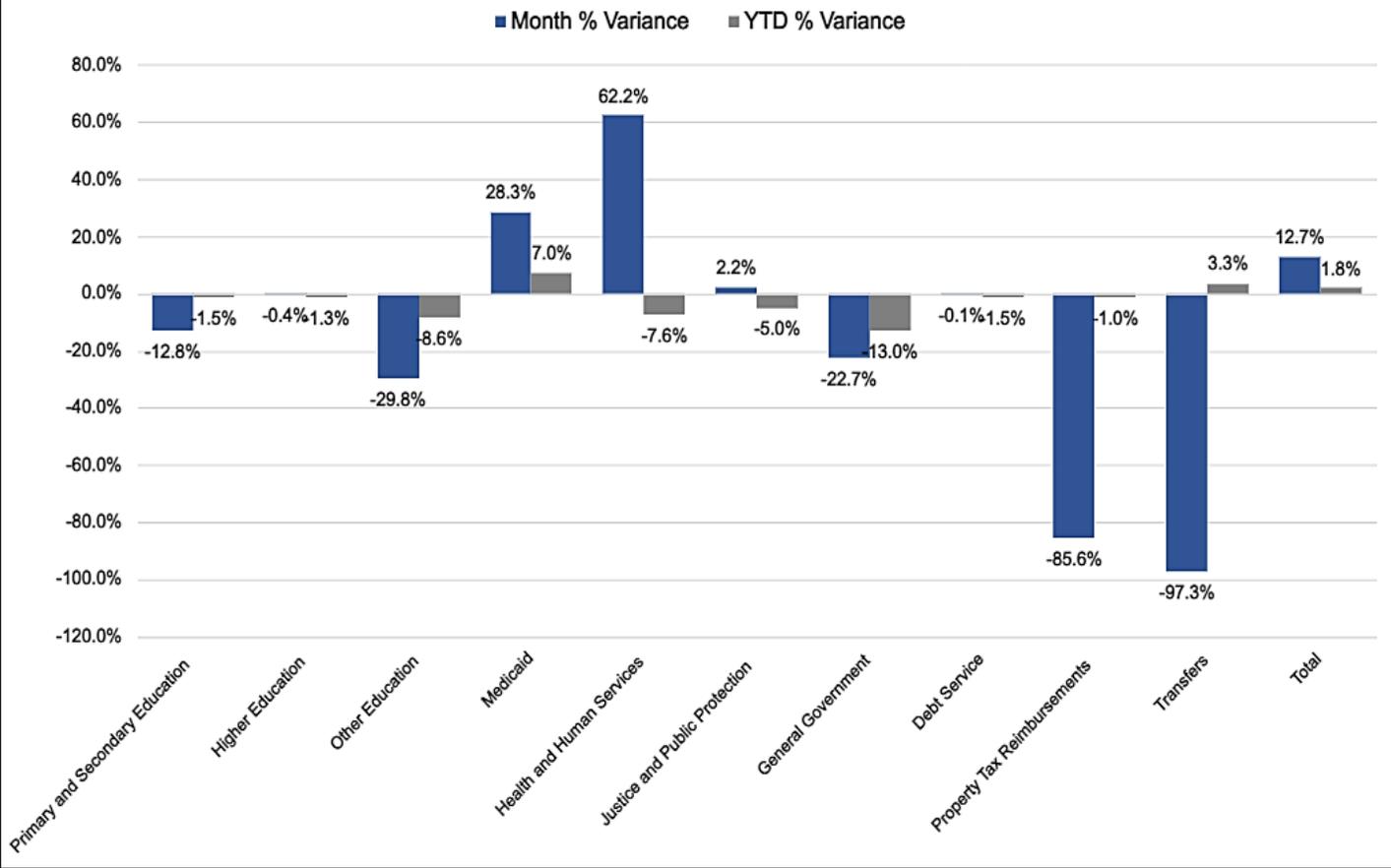
REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	JUNE FY 2022	JUNE FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	987,085	932,461	54,624	5.9%	11,080,574	10,334,014	746,560	7.2%
Auto Sales & Use	179,078	174,555	4,523	2.6%	1,948,990	1,856,618	92,372	5.0%
Subtotal Sales & Use	1,166,163	1,107,016	59,146	5.3%	13,029,564	12,190,632	838,932	6.9%
Personal Income	1,032,901	1,081,617	(48,716)	-4.5%	10,752,165	10,201,335	550,830	5.4%
Corporate Franchise	19	26	(7)	-27.0%	721	5,955	(5,233)	-87.9%
Financial Institutions Tax	29,364	24,418	4,946	20.3%	202,770	226,375	(23,605)	-10.4%
Commercial Activity Tax	11,545	11,371	173	1.5%	1,995,538	1,666,759	328,779	19.7%
Petroleum Activity Tax	2,802	689	2,113	306.9%	9,276	3,891	5,385	138.4%
Public Utility	8,079	2,797	5,282	188.9%	156,311	124,664	31,647	25.4%
Kilowatt Hour	16,584	12,693	3,891	30.7%	291,440	298,216	(6,776)	-2.3%
Natural Gas Distribution	0	0	0	N/A	69,019	70,055	(1,036)	-1.5%
Foreign Insurance	12,311	(6,621)	18,932	286.0%	328,385	324,421	3,964	1.2%
Domestic Insurance	299,083	299,319	(237)	-0.1%	312,610	309,716	2,893	0.9%
Other Business & Property	133	223	(91)	-40.6%	404	413	(9)	-2.2%
Cigarette and Other Tobacco	130,335	137,279	(6,945)	-5.1%	884,587	926,884	(42,297)	-4.6%
Alcoholic Beverage	3,065	3,931	(866)	-22.0%	61,742	59,874	1,868	3.1%
Liquor Gallonage	4,906	5,049	(143)	-2.8%	57,936	57,637	299	0.5%
Estate	0	1	(1)	-70.3%	58	62	(4)	-6.7%
Total Tax Receipts	2,717,290	2,679,810	37,480	1.4%	28,152,524	26,466,889	1,685,635	6.4%
NON-TAX RECEIPTS								
Federal Grants	1,055,364	1,389,636	(334,271)	-24.1%	11,897,309	12,727,184	(829,875)	-6.5%
Earnings on Investments	18,157	11,394	6,763	59.4%	52,787	56,990	(4,203)	-7.4%
License & Fee	560	940	(381)	-40.5%	99,240	88,423	10,817	12.2%
Other Income	911	690	221	32.0%	175,290	96,465	78,825	81.7%
ISTV'S	2	93	(91)	-97.7%	225,916	12,389	213,527	1723.5%
Total Non-Tax Receipts	1,074,995	1,402,753	(327,758)	-23.4%	12,450,542	12,981,452	(530,910)	-4.1%
TOTAL REVENUES	3,792,285	4,082,563	(290,279)	-7.1%	40,603,066	39,448,341	1,154,725	2.9%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	617	(617)	N/A	57,085	97,791	(40,706)	-41.6%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	617	(617)	N/A	57,085	97,791	(40,706)	-41.6%
TOTAL SOURCES	3,792,285	4,083,181	(290,896)	-7.1%	40,660,150	39,546,132	1,114,019	2.8%

Disbursements

June GRF disbursements, across all uses, totaled \$2.4 billion and were \$268.0 million (12.7%) above estimate. This variance was primarily attributable to above estimate disbursements in Medicaid. On a year-over-year basis, June total uses were \$359.9 million (-13.2%) lower than those of the same month in the previous fiscal year, with a decrease in Medicaid largely responsible for the difference.



Monthly and Year to Date Percent Variance from Budgeted Estimate



Primary and Secondary Education

This category contains GRF spending for the Ohio Department of Education. June disbursements for this category totaled \$341.5 million and were \$49.9 million (-12.8%) below estimate. This variance was primarily attributable to the normally occurring reconciliation process. Implementation of the new school funding formula in mid-year resulted in overspending in December and January as any funding increases owed to schools were paid in those months. If schools experienced reduced funding for any category of foundation aid, those reductions occur over the remaining payments. Therefore, the department continued to deduct overpayments in Spring of 2022, and underspending continued for the remainder of FY 2022. Disbursements for the Foundation Funding All Students line item totaled \$7.0 billion and were \$28.3 million (-0.4%) below estimate in FY 2022. The department encumbered the balance of this line item for final, foundation reconciliation payments that will occur in FY 2023.

Disbursements for Pupil Transportation were below estimate as payments for pupil transportation and special education transportation were less than anticipated. Lower than anticipated special education transportation costs in FY 2021 contributed to the formula for FY 2022. In addition to the prior year low cost, a decrease of 65,000 bus riders in FY 2022 compared to FY 2020 contributed to the underspending. Disbursements for Pupil Transportation totaled \$605.2 million and were \$51.1 million (-7.8%) below estimate in FY 2022. The department encumbered a portion of the balance for final, foundation reconciliation payments that will occur in FY 2023.

Disbursements for Industry-Recognized Credentials for High School Students were below estimate as payments occurred in May instead of June as credential data for the payments were available earlier than anticipated. These payments reimbursed schools for the testing fees of students who earned 60,733 industry-recognized credentials during the 2020-2021 school year. Schools also received incentive payments for 5,744 credentials earned by students under the Innovative Workforce Incentive Program. Earning an industry-recognized credential allows students to learn about a particular skill set or job and demonstrate mastery of skills while helping meet graduation requirements.

Year-to-date disbursements were \$8.2 billion, which were \$122.7 million (-1.5%) below estimate. On

\$8.2 BILLION YTD

a year-over-year basis, disbursements in this category were \$37.3 million (12.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$328.2 million (4.2%) higher than the same point in FY 2021.

Medicaid

Note: Medicaid enrollment and spending estimates included in this report are based on projections made in July at the start of FY 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 FY 2022. However, the federal public health emergency is now expected to be extended into October 2022 and with it the additional federal reimbursement and the suspension of eligibility redeterminations; both now in effect for the April-June period of FY 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 supported by the following eight agencies: the Department of Medicaid, the Department of Mental Health and Addiction Services, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, the Department of Aging, the Department of Education, and the State Board of Pharmacy.

Medicaid Expenditures

June GRF disbursements for the Medicaid Program totaled \$1.4 billion and were \$310.3 million (28.3%) above estimate and \$411.7 billion (-22.6%) below disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled \$17.1 billion and were \$1.1 billion (7.0%) above estimate, and \$1.0 billion (-5.6%) below disbursements for the same point in the previous fiscal year.

The monthly GRF variance was primarily attributable to a delayed managed care quality payment that was originally estimated to disburse in May but disbursed in June instead. Offsetting some of this variance was lower than anticipated managed care rates, which took effect in January. Despite the lower rates, caseloads in both the managed care and fee-for-service programs were above estimate 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 approximately 62,300 and 53,600 above estimate in the managed care and fee-for-service program, respectively.

Year-to-date GRF spending was above estimate due largely to provider payments authorized in H.B. 169 that were disbursed in March and the additional federal reimbursement associated with the continuation of the federal public health emergency and the enhanced Federal Medical Assistance Percentage (FMAP). As part of a cash management plan and to account for the variance, the department implemented several appropriation adjustments authorized in both H.B. 110 and H.B. 169. These adjustments shifted additional appropriation to the department's main GRF line item, 651525 Medicaid Health Care Services, mainly to account for additional federal revenue that was being deposited into the GRF due to the continuation of the federal public health emergency and the enhanced FMAP. These changes were budget neutral but ensured that appropriation was available where needed due to the shifting circumstances. The estimates in this report do not reflect these appropriation adjustments as noted above. When accounting for these appropriation adjustments, the year-to-date GRF spending variance shrinks to \$300.1 million below estimate (-1.7%).

June all-funds disbursements for the Medicaid Program totaled \$3.3 billion and were \$313.8 million (10.5%) above estimate, and \$51.2 million (1.6%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled \$35.1 billion and were \$789.1 million (-2.2%) below estimate, and \$3.3 billion (10.4%) above disbursements for the same point in the previous fiscal year.

The June all-funds variance was primarily attributable to the delayed managed care quality payment mentioned above. Again, this payment was originally estimated to be disbursed in May but was disbursed in June instead and contributed approximately \$300.0 million to the monthly variance. Additionally, a delayed direct payment to hospitals was also disbursed in June. Offsetting some of the variance was lower than anticipated managed care rates that took effect in January and below estimate spending on administration related expenses.

The year-to-date all-funds variance was primarily attributable to non-enrollment related payments, many of which were delayed to FY 2023, and below estimate managed care spending due to lower than anticipated rates. Additionally, the federal health insurer fee was budgeted for in FY 2022 but was eliminated, contributing approximately \$170.6 million to the variance. Finally, spending on administration has been below estimate as some anticipated operational costs are being pushed into FY 2023. The year-over-year variance was primarily attributable to increases costs associated with elevated caseloads because of the pandemic but also due to the provider payments made pursuant to H.B. 169.

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

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

	<u>June Estimate</u>	<u>June Actual</u>	<u>Variance</u>	<u>Variance %</u>
GRF	\$1,098.2	\$1,408.5	\$310.3	28.3%
Non-GRF	\$1,883.0	\$1,886.5	\$3.5	0.2%
All Funds	\$2,981.2	\$3,294.9	\$313.8	10.5%

Medicaid Enrollment

Total June enrollment was 3.41 million, which was 112,100 (3.4%) above estimate and approximately 193,150 (6.0%) above enrollment for the same period last fiscal year. As noted above, enrollment was above estimate in fiscal year 2022 because original 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 3.33 million and was approximately 26,000 (0.8%) above estimate.

June enrollment by major eligibility category was: Covered Families and Children, 1.86 million; Group VIII Expansion, 905,300; and Aged, Blind and Disabled, 505,450.

*Please note that enrollment data are subject to revision.

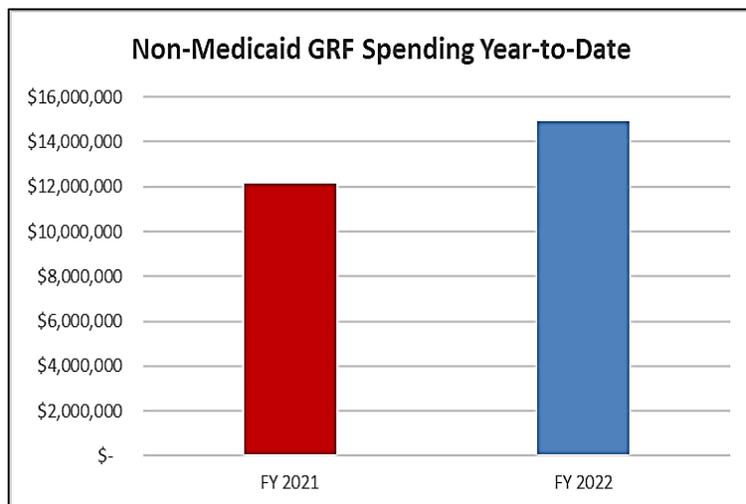
Department of Job and Family Services

June disbursements for the Department of Job and Family Services totaled \$73.6 million and were \$47.4 million above estimate. The variance was largely attributed to Program Operations, which were \$26.3 million above estimate and accounted for 55.5 percent of the total variance in June. Program Operations support the administrative functions and operations expenses for numerous offices within the department. Prior to June, the variance for this line item averaged \$4.0 million below estimates and year-to-date \$132.6 million has been disbursed, an average of \$11.0 million a month.

The June variance in Program Operations can be attributed to accounting adjustments made by the department in prior month expenditures to support the operations of the Unemployment Insurance (UI) program. The Unemployment Insurance program is largely supported by federal funding, but sporadic GRF support of the program has been necessary in prior years. This year the department made a large adjustment in June rather than smaller adjustments throughout the fiscal year.

Department of Aging

Year-to-date disbursements for the Department of Aging totaled \$14.9 million and are \$2.8 million (22.7%) higher than at the same point in FY 2021. Most of the overage is from an increased investment in the area agencies on aging. These funds help plan, coordinate, and implement programs based on local needs while making the most of local service networks. Top program priorities being implemented include home-delivered meals, senior transportation services, and personal care. The remaining increase in spending is due primarily to disbursements in the Long-Term Care Ombudsman line item for support to the 12 regional programs. The mission of the 12 regional programs is to advocate for excellence in long-term services and supports wherever seniors live. Activity had slowed slightly during the previous fiscal year due to the pandemic. Now activity is returning to more normal levels and requests for assistance are rising.



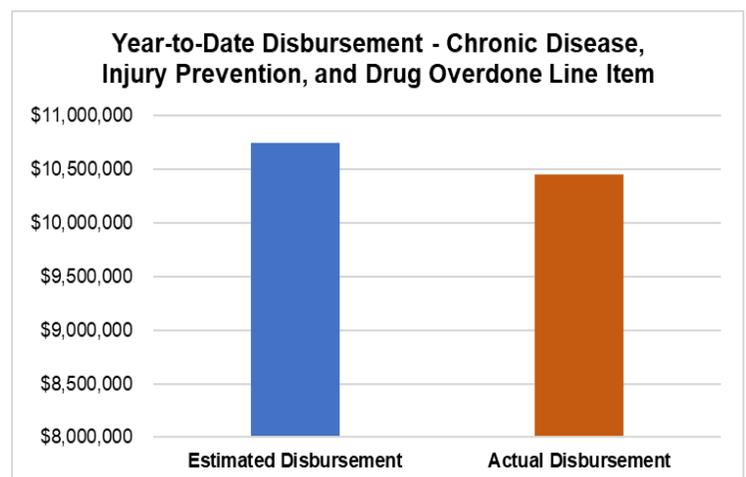
Department of Mental Health and Addiction Services

Pursuant to House Bill 110, The Department of Mental Health and Addiction Services received \$89.5 million in appropriations in their Continuum of Care line item. This GRF line item is used to distribute funds to local boards for mental health and alcohol, drug, and gambling addiction services to meet locally determined needs. Additionally, it provides funding for medication needs as requested by the local boards. June disbursement variance for Continuum of Care was \$4.5 million (-67.0%) below estimate due to early payments made to local mental health boards. Year-to-date disbursements in this line item total \$85.0 million, an average of \$7.1 million a month. The department met local demand throughout FY 2022 and encumbered over \$4.0 million in remaining appropriation to continue to meet local needs in FY 2023.

Department of Health

GRF expenditures for the Department of Health totaled \$11.6 million in June and were \$805,990 (-6.5%) below estimate. The variance was primarily attributable to the Help Me Grow line item, which was \$1.6 million below estimate. This occurred due to a shift from in-person home visits to cheaper online visits during the pandemic, as explained in the May edition of this report. The department projects that in-person visits will increase as the public continues to become more comfortable with social gatherings. The reduced expenditures have not impacted service levels.

The negative variance was partially offset by disbursements in the Chronic Disease, Injury Prevention and Drug Overdose line item, which was \$2.1 million above estimate. The overage occurred primarily due to grant payments to three hospitals that support the Emergency Department Comprehensive Care Initiative. The timing of the payment occurred in June instead of previous months because the hospitals completed the grant application process in the last month of the fiscal year. This initiative enhances Ohio's response to the addiction crisis by creating a comprehensive system of care for patients with addiction through the implementation of a screening process in emergency departments and further evidence-based services after the screening. The June disbursement for this line item offset lower-than-anticipated disbursements in previous months and year-to-date disbursements total \$10.5 million, which is \$290,953 below estimate.



Department of Transportation

June disbursements for the Department of Transportation totaled \$2.1 million and were \$6.1 million (-75.0%) below estimate. The variance was attributable to disbursements in the Public Transportation State line item, which was \$5.6 million (-74.2%) below estimate. This line item provides subsidy assistance for transit systems, grants to small urban and rural transit systems under the Elderly and Disabled Fare Assistance Program, and operating funding for the Office of Transit. Disbursements year-to-date were \$44.4 million out of an estimated \$80.5 million. On average, this line item performed below budget estimates by \$2.7 million per month due to two factors. First, supplier issues slowed bus deliveries for the Transit Preservation Partnership program, delaying spending by approximately \$13.7 million. Secondly, receipt of additional Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) funding for regional and local transit programs decreased the need to apply for state funding to use for the same purposes this fiscal year. As a result, the Transit Operational Assistance Program had delayed spending of approximately \$15.5 million.

Justice and Public Protection

This category includes non-debt service GRF expenditures by the Department of Rehabilitation & Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities.

June disbursements in this category totaled \$193.3 million and were \$4.1 million (2.2%) above estimate. Year-to-date disbursements were \$2.7 billion and were \$139.8 million (-5.0%) below estimate. On a year-over-year basis, disbursements in this category were \$73.6 million (61.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$265.8 million (11.1%) higher than at the same point in FY 2021.

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.

June disbursements in this category totaled \$28.8 million and were \$8.4 million (-22.7%) below estimate. Year-to-date disbursements were \$499.4 million and were \$74.8 million (-13.0%) below estimate. On a year-over-year basis, disbursements in this category were \$9.3 million (48.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$77.6 million (18.4%) higher than at the same point in FY 2021.

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.

June disbursements in this category totaled \$119.0 million and were \$45.6 million (62.2%) above estimate. Year-to-date disbursements were \$1.5 billion and were \$125.4 million (-7.6%) below estimate. On a year-over-year basis, disbursements in this category were \$58.0 million (95.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$138.5 million (10.0%) higher than at the same point in FY 2021.

Transfers Out

June transfers out totaled \$139,000 and were \$5.1 million (-97.3%) below estimate. FY 2022 transfers out totaled \$3.1 billion and were \$98.7 million (3.3%) above estimate. The FY 2022 variance was primarily attributable to an \$85.0 million transfer to the Investing in Ohio Fund, which was authorized in recent legislation and therefore not included in the original transfer estimates made last year.

Higher Education

June disbursements in this category totaled \$187.6 million and were \$710,000 (-0.4%) below estimate. Year-to-date disbursements were \$2.4 billion and were \$31.1 million (-1.3%) below estimate. On a year-over-year basis, disbursements in this category were \$5.3 million (-2.8%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$49.0 million (2.1%) higher than at the same point in FY 2021.

Property Tax Reimbursement

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone due to the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. June property tax reimbursements totaled \$4.4 million and were \$26.4 million (-85.6%) below estimate. FY 2022 reimbursements totaled \$1.8 billion and were \$17.7 million (-1.0%) below estimate.

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.

June disbursements in this category totaled \$3.3 million and were \$1.4 million (-29.8%) below estimate. Year-to-date disbursements were \$87.2 million and were \$8.3 million (-8.6%) below estimate. On a year-over-year basis, disbursements in this category were \$2.1 million (173.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$16.1 million (22.6%) higher than at the same point in FY 2021.

Debt Service

June payments for debt service totaled \$87.7 million and were \$121,000 (-0.1%) below estimate. Year-to-date debt service payments were \$1.5 billion and were \$22.9 million (-1.5%) below estimate for the year. On a year-over-year basis, disbursements in this category were \$109.3 million (-55.5%) lower than for the same month in the previous fiscal year. Year-to-date expenditures were \$258.0 million (21.2%) higher than at the same point in FY 2021 due to successful debt restructuring which lowered 2021 payments below typical levels.

7/1/2022

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL JUNE	ESTIMATED JUNE	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	341,457	391,401	(49,944)	-12.8%	8,211,255	8,333,987	(122,732)	-1.5%
Higher Education	187,628	188,338	(710)	-0.4%	2,417,559	2,448,654	(31,095)	-1.3%
Other Education	3,312	4,719	(1,407)	-29.8%	87,161	95,413	(8,252)	-8.6%
Medicaid	1,408,460	1,098,171	310,289	28.3%	17,079,327	15,956,268	1,123,059	7.0%
Health and Human Services	119,007	73,359	45,648	62.2%	1,519,875	1,645,230	(125,356)	-7.6%
Justice and Public Protection	193,306	189,190	4,116	2.2%	2,652,803	2,792,595	(139,792)	-5.0%
General Government	28,761	37,195	(8,434)	-22.7%	499,389	574,216	(74,827)	-13.0%
Property Tax Reimbursements	4,429	30,806	(26,377)	-85.6%	1,818,202	1,835,900	(17,698)	-1.0%
Debt Service	87,636	87,757	(121)	-0.1%	1,474,769	1,497,710	(22,941)	-1.5%
Total Expenditures & ISTV's	2,373,995	2,100,937	273,058	13.0%	35,760,340	35,179,972	580,368	1.6%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	139	5,200	(5,061)	-97.3%	3,074,283	2,975,600	98,683	3.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	139	5,200	(5,061)	-97.3%	3,074,283	2,975,600	98,683	3.3%
Total Fund Uses	2,374,134	2,106,137	267,997	12.7%	38,834,623	38,155,572	679,051	1.8%

7/1/2022

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JUNE FY 2022	JUNE FY 2021	\$ VAR	% VAR	ACTUAL FY 2022	ACTUAL FY 2021	\$ VAR	% VAR
Primary and Secondary Education	341,457	304,142	37,315	12.3%	8,211,255	7,883,063	328,192	4.2%
Higher Education	187,628	192,966	(5,338)	-2.8%	2,417,559	2,368,511	49,048	2.1%
Other Education	3,312	1,212	2,100	173.3%	87,161	71,097	16,064	22.6%
Medicaid	1,408,460	1,820,192	(411,733)	-22.6%	17,079,327	18,094,379	(1,015,051)	-5.6%
Health and Human Services	119,007	61,032	57,975	95.0%	1,519,875	1,381,340	138,535	10.0%
Justice and Public Protection	193,306	119,695	73,611	61.5%	2,652,803	2,387,018	265,785	11.1%
General Government	28,761	19,431	9,330	48.0%	499,389	421,789	77,601	18.4%
Property Tax Reimbursements	4,429	12,591	(8,161)	-64.8%	1,818,202	1,805,991	12,210	0.7%
Debt Service	87,636	196,968	(109,332)	-55.5%	1,474,769	1,216,805	257,964	21.2%
Total Expenditures & ISTV's	2,373,995	2,728,228	(354,233)	-13.0%	35,760,340	35,629,993	130,347	0.4%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	139	5,766	(5,627)	-97.6%	3,074,283	464,960	2,609,323	561.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	139	5,766	(5,627)	-97.6%	3,074,283	464,960	2,609,323	561.2%
Total Fund Uses	2,374,134	2,733,994	(359,860)	-13.2%	38,834,623	36,094,953	2,739,670	7.6%

**Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2022
(\$ in thousands)**

July 1, 2021 Beginning Cash Balance*	4,721,519.6
Plus FY 2022 Actual Revenues	28,705,757.0
Plus FY 2022 Actual Federal Revenues	11,897,308.8
Plus FY 2022 Actual Transfers to GRF	57,084.6
Total Sources Available for Expenditures & Transfers	45,381,660.9
Less FY 2022 Actual Disbursements**	35,760,340.3
Less FY 2022 Actual Total Encumbrances as of June 30, 2022	883,540.2
Less FY 2022 Actual Transfers Out	3,074,282.8
Total Actual Uses	39,718,163.2
FY 2022 UNENCUMBERED ENDING FUND BALANCE ***	5,663,497.7

*Includes reservations of \$689.3 million for prior year encumbrances. After accounting for this adjustment, the estimated unencumbered beginning fund balance for fiscal year 2021 is \$4,032.3 million.

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

***Substitute House Bill 687, the capital budget for Fiscal Years 2023-2024, included transfers and appropriation from the General Revenue Fund that will disburse in Fiscal Year 2023. The Fiscal Year 2022 Unencumbered Ending Fund Balance will be used in Fiscal Year 2023 to support the authorized and potential future plans listed below.

Authorized and Potential Non-Recurring Fiscal Year 2023 Plans (\$ in thousands)	Amount
• Ohio Onshoring Incentive	600,000
• State Road Improvements	110,000
• Authorized Capital Fund Transfers	1,500,000
• Additional Capital Fund Transfers (Potential)	1,300,000
Grand Total	3,510,000

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Glossary

<p><u>Average Daily Rate</u></p>	<p>A measure of a hotel’s profit and performance, the average rate paid per hotel room that is occupied at United States hotel properties. It is calculated by dividing room revenue by rooms sold.</p>
<p><u>Back-to-Normal Index</u></p>	<p>Created by Moody’s Analytics and CNN 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.</p>
<p><u>Beige Book</u></p>	<p>This report published by the Board of Governors of the Federal Reserve System evaluates current economic conditions across the 12 Federal Reserve districts in the United States, highlighting changes in economic conditions since the previous report.</p>
<p><u>Building Permits</u></p>	<p>The number of privately-owned housing units authorized for construction in Ohio or in the United States. Permits for a house, an apartment, a group of rooms, or a single room intended for occupancy as separate living quarters are included in this measure.</p>
<p><u>Consumer Confidence</u></p>	<p>The Conference Board’s measure reflects present and anticipated business conditions. The monthly report measures consumer attitudes, buying intentions, vacation plans, and consumers expectations on inflations, stock prices, and interest rates in the United States.</p>
<p><u>Consumer Price Index for All Urban Consumers</u></p>	<p>Computed by the Bureau of Labor Statistics, this index measures the average change in prices paid by consumers for goods and services over time. The index is based on spending patterns of urban consumers for more than 200 items and over 120 different combinations of items such as food and beverages, housing, and energy.</p>
<p><u>Continued and Extended Unemployment Claims</u></p>	<p>Continued unemployment claims include the number of Ohio residents filing for ongoing unemployment benefits for a period up to 26 weeks, after their initial claim. In some cases, the federal government may extend the period that unemployment benefits may be received, even if the worker has exhausted regular unemployment insurance period.</p>
<p><u>Employment Trends Index</u></p>	<p>The Conference Board’s Leading composite index indicates the direction of employment through the aggregation of eight leading employment indicators.</p>

<u>Existing Home Sales</u>	A measure of the number of sales of existing homes, which includes single-family, townhomes, condominiums, and co-ops. This number is based on transaction closings from the Multiple Listing Services.
<u>Hotel Occupancy Rate</u>	A performance indicator that shows the percentage of hotel rooms that are occupied in the United States compared to total available space.
<u>Housing Market Index</u>	Produced by the National Association of Home Builders (NAHB) and Wells Fargo, the index is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. Respondents are asked to rate market conditions for the sale of new homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes.
<u>Initial Unemployment Claims</u>	The number of new jobless claims filed by Ohio workers seeking unemployment assistance for the first-time following a job loss.
<u>Leading Economic Index</u>	The Conference Board's composite index is designed to reveal patterns in economic data by smoothing the volatility of its 10 individual components. The Leading Economic Index is a predictive index that anticipates business cycle inflexion points.
<u>Manufacturing Production Index</u>	A measure produced by the Board of Governors of the Federal Reserve System; the index measures the real output of the United States manufacturing industry by sector. The reference period for the index is 2017.
<u>Newly Built Single-Family Home Sales</u>	A measure of the sales of newly built single family structures including houses and townhouses.
<u>Ohio Employee-Population Ratio</u>	The proportion of Ohio civilian employment to the Ohio civilian non-institutional population. The ratio is primarily used as a measure of job holders and to track the pace of job creation compared to the adult population over time.
<u>Ohio Labor Force Participation Rate</u>	This rate represents the number of people in the Ohio labor force as a percentage of the Ohio civilian non-institutionalized population.
<u>Ohio Nonfarm Payroll Employment</u>	A measure of the number of workers in Ohio excluding farm workers as well as some government workers, private household employees, proprietors, unpaid volunteers, and the unincorporated self-employed.

<u>Ohio Unemployment Rate</u>	A measure of the share of workers in the Ohio labor force who do not currently have a job that are actively looking for work. People who have not looked for work in the past four weeks are not included in this measure.
<u>People Not in the Labor Force Who Currently Want a Job</u>	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.
<u>Permanent Job Losses</u>	Unemployed persons whose employment ended involuntarily, or completed a temporary job, and began looking for work.
<u>Personal Consumption Expenditures</u>	Produced by the Bureau of Economic Analysis, this indicator reflects price and consumer changes of national household expenditures for goods and services exchanged in the United States economy.
<u>Personal Income</u>	Income that people receive from wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources.
<u>Personal Saving</u>	Produced by the Bureau of Economic analysis, this is the difference between current-dollar disposable income (i.e., after-tax income) and personal outlays.
<u>Personal Savings Rate</u>	Produced by the Bureau of Economic Analysis, this indicator calculates the percentage of an individual's incomes left after they pay taxes and spend money. It is the percentage of the disposable income that people save.
<u>Purchasing Managers Index</u>	Produced by the Institute for Supply Management that measures expansions and contractions of the manufacturing economy. An index score reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent it is generally contracting.
<u>Real Gross Domestic Product</u>	Produced by the Bureau of Economic Analysis, this is a measure of the inflation adjusted value of the goods and services produced by labor and property located in the United States.
<u>Revenue Per Available Room</u>	This is a standard performance measure used in the hotel industry calculated by multiplying a hotel's average daily room rate by its occupancy rate.

<u>Small Business Optimism Index</u>	The National Federation of Independent Business calculates this index to provide an indication of the health of small businesses in the United States through a composite of 10 seasonally adjusted components.
<u>State-Level Coincident Index</u>	Produced by the Federal Reserve Bank of Philadelphia, this index 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.
<u>Survey of Consumers</u>	The University of Michigan’s Survey of Consumers reports a measure of consumer confidence in the overall health of the economy in the United States. Information is gathered from a monthly telephone survey of consumer expectations for the economy.
<u>Temporary Layoff</u>	People who have been given a date to return to work or who expect to return to work within six months. Those on temporary layoff do not need to be looking for work to be classified as unemployed.
<u>Total Construction Spending</u>	The Census Bureau’s estimate of the total dollar value of construction work done in the United States for the month on new structures or improvements to existing structures for private and public sectors. Estimates include the cost of architectural and engineering work, the cost of labor and materials, overhead costs, interest, and taxes paid during construction, and contractor’s profits.
<u>Total Industrial Production</u>	A measure produced by the Board of Governors of the Federal Reserve System, the index measures the real output of the manufacturing, mining, and electric and gas utilities industries. The reference period for the index is 2017.
<u>Total Travel Throughput</u>	The number of travelers that go through Transportation Security Administration checkpoints in airports across the United States.
<u>Total Turnpike Revenue</u>	The amount of revenue received through the operation of the Ohio Turnpike.
<u>Turnpike Commercial Vehicle Miles Traveled</u>	The number of miles traveled on the Ohio Turnpike by a commercial vehicle; a commercial vehicle is any car, truck, van, or other vehicle that a person uses to conduct business.
<u>Turnpike Passenger Vehicle Miles Traveled</u>	The number of miles traveled on the Ohio Turnpike by a passenger vehicle; a passenger vehicle is any vehicle that is not used for business or commercial purposes.

<p><u>U.S. Labor Force Participation Rate</u></p>	<p>This rate represents the number of people in the United States labor force as a percentage of the United States civilian non-institutionalized population.</p>
<p><u>U.S. Nonfarm Payroll Employment</u></p>	<p>A measure of the number of workers in the United States excluding farm workers as well as some government workers, private household employees, proprietors, unpaid volunteers, and the unincorporated self-employed.</p>
<p><u>U.S. Unemployment Rate</u></p>	<p>A measure of the share of workers in the United States labor force who do not currently have a job but are actively looking for work. People who have not looked for work in the past four weeks are not included in this measure.</p>
<p><u>Worker Adjustment and Retraining Notification (WARN) Act</u></p>	<p>The WARN Act requires employers to provide written notices of at least 60 days in advance of covered plant closings and mass layoffs in Ohio to the Ohio Department of Job and Family Services.</p>