

May 10, 2021

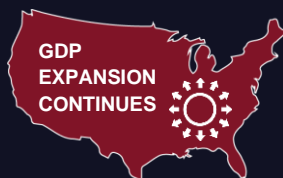
MEMORANDUM TO: The Honorable Mike DeWine, Governor
The Honorable Jon Husted, Lt. Governor

FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report



Report Overview:



GDP expanded in the first quarter of calendar year 2021 at an annualized rate of 6.4 percent. This expansion reflects the economic recovery spurred on by pandemic mitigation efforts, increased vaccination rates, government assistance, and business activities that continue to move towards pre-pandemic levels.



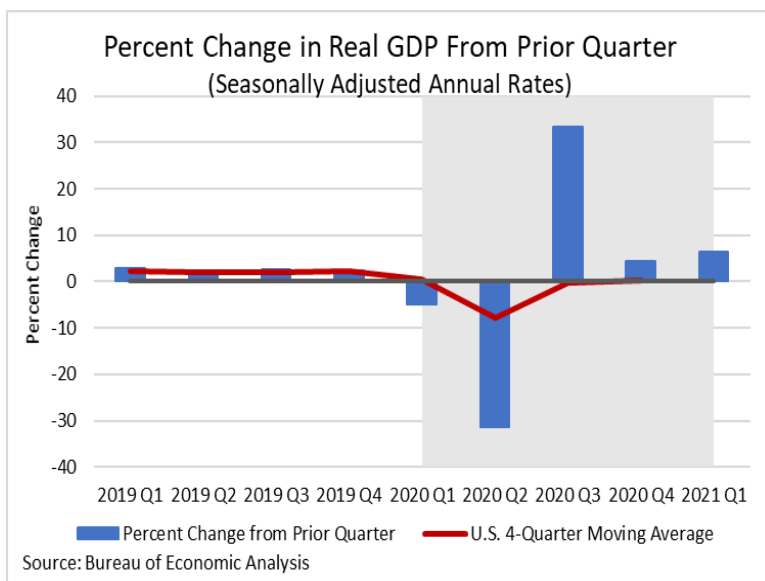
GRF non-auto sales and use tax collections in April totaled \$1.0 billion and were \$189.4 million (22.9%) above the estimate. Across the first ten months of the fiscal year, revenues in this category are now \$496.0 million (6.3%) above estimate; actual revenue has exceeded estimate in eight of these months.



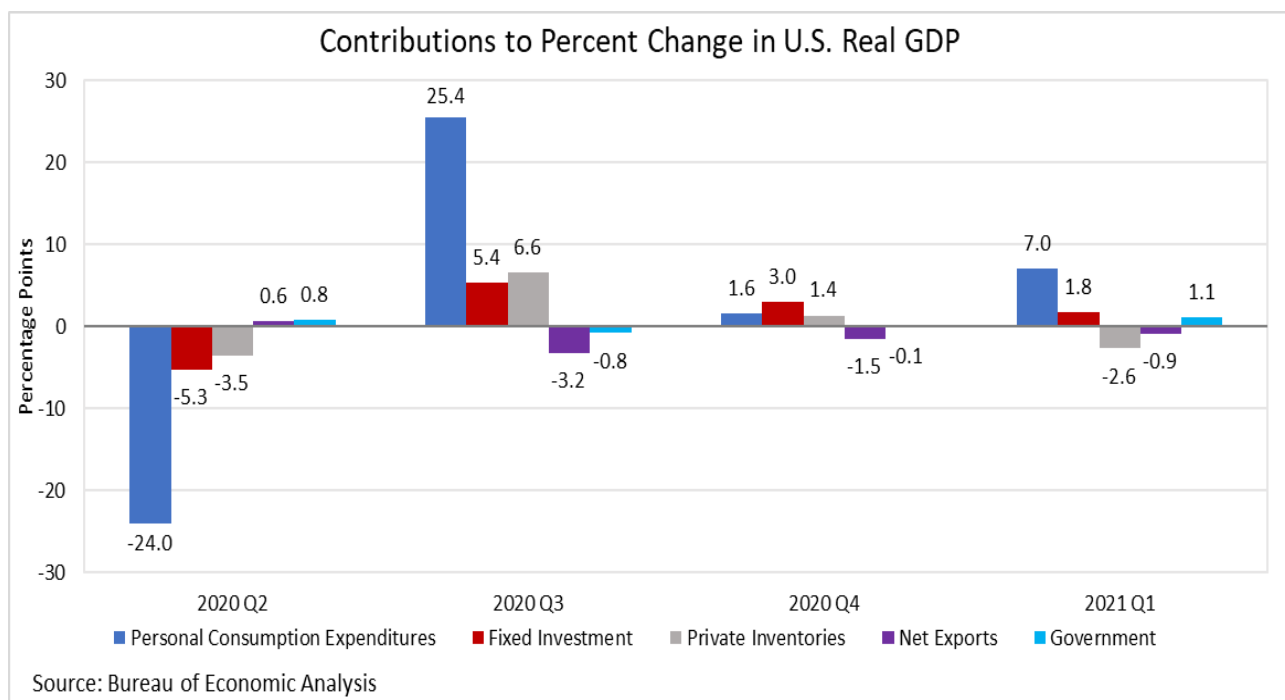
April auto sales tax collections totaled \$202.7 million and were \$38.6 million (23.5%) above the estimate. Across the first ten months of the fiscal year, revenues in this category are now \$209.5 million (16.1%) above estimate. The auto sales tax has now exceeded estimates for eleven consecutive months.

Economic Activity

According to the Bureau of Economic Analysis (BEA)'s advance estimate, **Real Gross Domestic Product (GDP)** expanded in the first quarter of calendar year 2021 at an annualized rate of 6.4 percent. This growth, along with those in the third and fourth quarters of 2020, put GDP just 0.9 percent below its pre-pandemic peak reached in the fourth quarter of 2019. The expansion reflects the economic recovery spurred on by pandemic mitigation efforts, increased vaccination rates, government assistance, and business activities that continue to move towards pre-pandemic levels.



The first quarter increase in real GDP resulted from growth in personal consumption expenditures (7.0 percentage points), nonresidential fixed investment (1.3 percentage points), federal government spending (0.9 percentage points), residential fixed investment (0.5 percentage points), and state and local government spending (0.2 percentage points). These increases were partially offset by decreases in private inventory investment (-2.6 percentage points) and net exports (-0.9 percentage points).

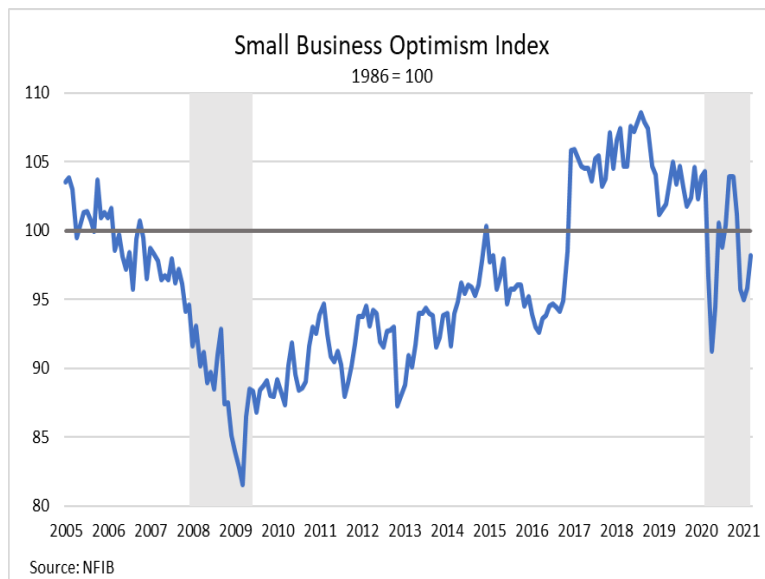


Moody's Analytics and CNN created the **Back-to-Normal Index** to track the economic recovery. The national index combines 37 indicators of economic activity, including the 25 traditional economic indicators used in Moody's High Frequency GDP model, with 12 real-time indicators. Each state index is composed of a weighted average of the national index and six state-level indicators. Both indices range from zero, representing no economic activity, to 100 percent, indicating full economic recovery to pre-pandemic levels. As of May 5, 2021, the national index was at 88.7 percent. Ohio's index was 1.1 percentage point ahead of the national index at 89.8. After several months of slow growth, the Ohio index increased from an average of 85.3 in March 2021 to an average of 88.4 in April 2021. The monthly averages of the national index showed similar increases.

The Federal Reserve's **Beige Book** evaluates current economic conditions across its 12 districts. According to the April 14, 2021 report, the economy in the Fourth District, which includes Ohio, continued to accelerate between February and March. Additional stimulus from the federal government and ongoing progress with vaccine distribution were key factors in both the economic improvements and the more optimistic outlook. More firms reported a willingness to move forward with capital spending plans and readiness to increase staffing as both were put on hold by uncertainty surrounding the pandemic. However, a lack of qualified applicants contributed to supply chain disruptions resulting in longer lead times and project delays. Looking ahead, respondents in the fourth district expect the economy to grow robustly in 2021 as supply chain disruptions are expected to ease later in the year.

The Conference Board's composite **Leading Economic Index** (LEI) is an index designed to reveal patterns in economic data by smoothing the volatility of its ten individual components. In March, the LEI increased 1.3 percent to reach 111.6. This increase more than offset the slight decline in the index in February and puts the index just 0.2 percentage points below pre-pandemic levels from February 2020. In March, all ten components of the index saw gains. The largest contributors to those gains were the reduction of initial unemployment claims and the ISM New Orders Index. The growth in the index suggests that the economy is recovering quickly as more people get vaccinated and additional federal stimulus is received.

The Ohio economy showed signs of an expansion in March. The **state-level coincident economic index** produced by the Federal Reserve Bank of Philadelphia is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements. The Ohio index increased 0.8 percent between February and March, and 1.4 percent over the last three months. For comparison, the U.S. coincident index increased 0.6 percent between February and March, and 1.6 percent over the last three months. Between February and March, the indexes increased in 49 states and decreased in one. This resulted in a one-month diffusion index of 96. The three-month diffusion index was the same.



Produced by the National Federation of Independent Business (NFIB), the **Small Business Optimism Index** surveys a sample of small-business owners to determine the health of small businesses each month. The national index improved 2.4 points to 98.2 in March, slightly above the 47-year historic average of 98.0.

While earnings trends over the past three months declined 4.0 points, to a net negative 15.0 percent, sales expectations over the next three months improved 8.0 points, to a net zero. As small business owners

wonder whether it is a good time to expand their businesses or not, the uncertainty index rose 6.0 points to 81.0. Overall, main street businesses are doing better as COVID-19 related restrictions are lifted but finding qualified labor has become a key issue nationwide.

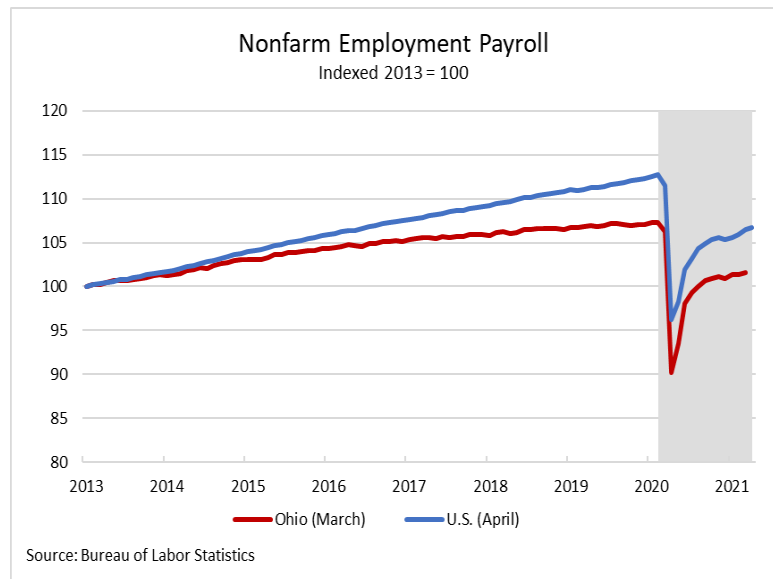
As aid from the \$1.9 trillion American Rescue Plan begins to flow through the economy it is not surprising that the economists agree that the second quarter of 2021 will bring strong growth and the economy will grow steadily for the rest of the year. While the expansion is expected to be robust, it may be hampered by supply constraints (e.g., shortages of raw materials and delays in transportation) as the supply chain recalibrates. Additionally, as more people are vaccinated and the warmer weather allows for more outside activity, demand for services will likely increase and the demand for goods may wane.

Source	Date	2 nd Quarter 2021 Annualized GDP Forecast
Federal Reserve Bank of Atlanta (GDPNow)	4/30/21	10.4%
Federal Reserve Bank of New York (NowCast)	4/30/21	5.3%
IHS Markit GDP Tracker	4/30/21	9.5%
Moody's Analytics High Frequency GDP Model	4/30/21	6.4%
Wells Fargo	4/23/21	8.9%
Conference Board	4/14/21	8.6%

Employment

The U.S. Bureau of Labor Statistics reported that **total nonfarm payroll employment** increased 266,000 jobs in April. This was the fourth month of increases in total nonfarm payroll employment. Even with these gains, nonfarm employment remained below February 2020's pre-pandemic levels by 5.4 percent (8.2 million jobs). Notable gains were made in leisure and hospitality, other service industries, and local government education.

In April **leisure and hospitality** increased by 331,000 jobs, which was attributed to an easing of pandemic restrictions in certain areas of the country. About half of the increase was within food services and drinking places, which increased by 187,000 jobs. Employment also rose in amusements, gambling, and recreation (73,000) and in accommodation (54,000). Despite these gains in leisure and hospitality employment, this sector remained 16.8 percent or 2.8 million jobs lower than in February 2020.



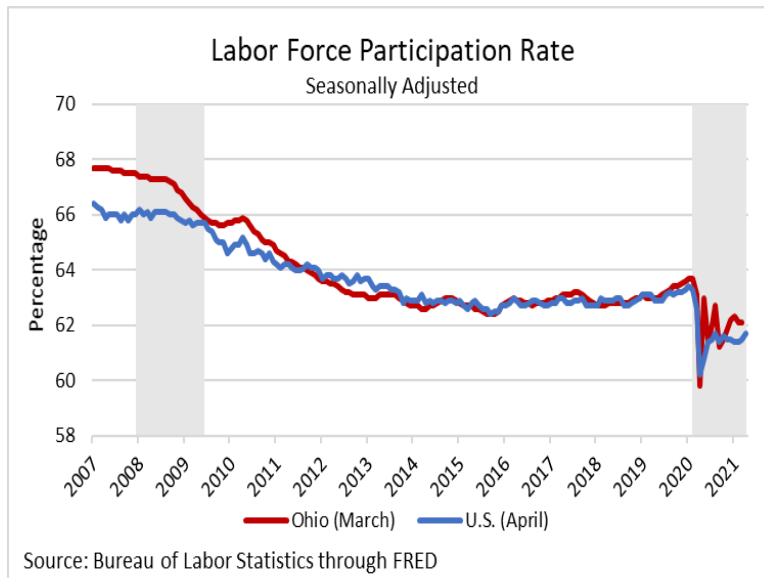
Employment in **other service industries** increased by 44,000 jobs, with more than half of the gains in repair and maintenance (14,000) and personal and laundry services (14,000). Employment in these industries remained 352,000 jobs below its level in February 2020.

With the continued return to in-person learning and resumed school related activities, **local government education** employment increased by 31,000 jobs in April but remained 611,000 jobs lower than in February 2020.

Manufacturing employment decreased in April by 18,000 jobs, following gains in the previous two months. In April, job losses in motor vehicles and parts (-27,000) and wood products (-7,000) more than offset job gains in miscellaneous durable goods (13,000) and chemicals (4,000). There were 515,000 fewer manufacturing jobs in April 2021 compared to February 2020.

Employment in construction, mining, wholesale trade, and information changed little between March and April. Gains in other sectors of employment were partially offset by job losses in **professional business services** (-79,000) and **transportation and warehousing** (-74,100). Within professional and business services, temporary help services declined by 111,000 jobs in April and was 296,000 jobs lower than in February 2020. Within transportation and warehousing, employment in couriers and messengers declined by 77,000 in April but remained 126,000 jobs ahead of February 2020 levels.

The **national labor force participation rate** changed slightly, up 0.2 percentage point to 61.7 percent in April. This rate is 1.6 percentage points lower than February 2020. The **employment-population ratio** increased by 0.1 percentage points in April to 57.9 percent. However, the ratio remained 3.2 percentage points lower than February 2020.



Ohio's nonfarm payroll employment increased 0.2 percent between February and March, essentially staying stable at 5.3 million jobs for the third month in a row. Having reached this plateau, nonfarm employment was 5.3 percent lower than it was in February 2020. Sectors with the greatest job gains between February and March included education and health services (3,600), construction (2,900), manufacturing (2,200), professional and business services (2,200), trade, transportation, and utilities (1,500) and government (1,100). These gains were partially

offset by job losses in leisure and hospitality (-1,100). Ohio's seasonally adjusted labor force participation rate in March was 61.2 percent. This rate was the same as in February 2021 and was 1.6 percentage points lower than in February 2020's pre-pandemic levels. However, Ohio's labor force participation rate remained 0.6 percentage points higher than the nation's in March.

The Bureau of Labor Statistics reported that the national **unemployment rate** increased slightly (0.1 percentage points) to 6.1 percent between March and April. The number of **unemployed individuals** increased by 102,000 people to 9.8 million in April. Despite both measures being substantially lower than their April 2020 highs, they remain above their February pre-pandemic levels by 2.6 percentage points and 4.0 million, respectively.

There was little change in unemployment rates by demographic group between March and April. The unemployment rate for those who identify as Asian decreased by 0.3 percentage points to 5.7 percent. The unemployment rate for those who identify as White decreased by 0.1 percentage points to 5.3 percent. Individuals who identify as Black had an unemployment rate increase of 0.1 percentage points to 9.7 percent. Individuals who identify as Hispanic or Latino Ethnicity had a constant unemployment rate of 7.9 percent. While the unemployment rate for adult women decreased by 0.1 percentage points to 5.6, the rate for adult men increased by 0.3 percentage points to 6.1 percent. In April, the unemployment rate for teenagers declined 0.7 percentage points to 12.3 percent.

The number of unemployed who were on **temporary layoff** increased slightly adding 88,000 to the numbers in April, for a total of 2.1 million. This was 1.4 million higher than in February 2020 but substantially reduced from the high of 18.0 million in April 2020. The number of people with **permanent job losses** declined in April to 3.5 million and remained 2.2 million higher than February 2020. The number of unemployed **reentrants**, those who have previously worked but were not in the labor force prior to beginning their job search, decreased by 181,000 to 2.1 million.

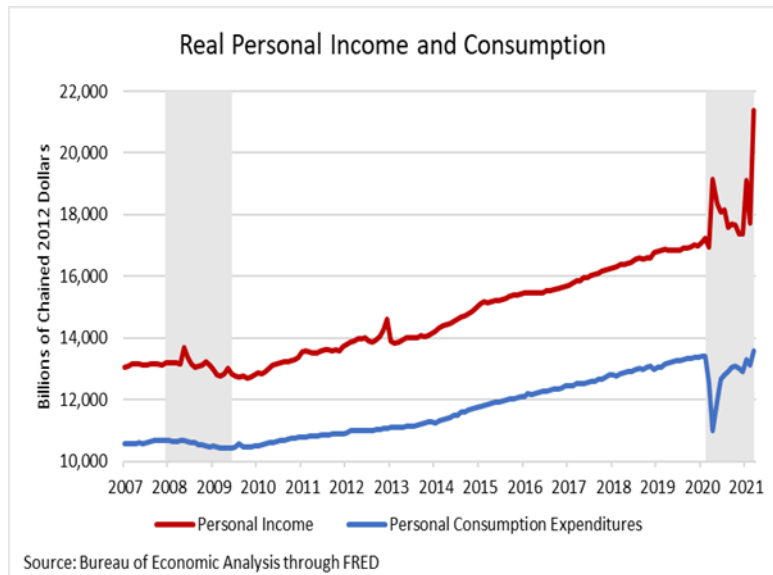
The number of unemployed individuals who were **jobless less than 5 weeks** increased by 237,000 to 2.4 million. Individuals who were **jobless 5 to 14 weeks** essentially stayed the same in April at 1.9 million. Those **jobless 15 to 26 weeks** decreased 188,000 to 1.2 million individuals. Unemployed individuals that were long-term unemployed, **jobless 27 weeks or more**, decreased by 35,000 to 4.2 million. The long-term unemployed make up 43.0 percent of the total unemployed in April.

The number of **people not in the labor force who currently want a job** was 6.6 million people, decreasing 3.0 percent between March and April, and remained up 1.6 million people from February 2020. These are individuals who want a job but are not counted as unemployed because they were not actively looking for work over the last 4 weeks or were unavailable to take a job for a variety of reasons including caring for children or other family members.

The **Ohio unemployment rate** decreased to 4.7 percent in March 2021, a 0.3 percentage point drop compared to the February rate. During the week ending May 1, 2021, 18,642 initial unemployment claims were filed. This was a 93.2 percent decline from the peak week in March 2020 when 274,215 initial claims were filed. Continued claims in Ohio decreased substantially between the peak of 776,302 in April 2020 and the week ending May 1, 2021, in which 114,327 individuals filed continued claims. However, an additional 121,320 people filed for extended benefits during the same week; these individuals were unemployed for 26 or more weeks. As of May 6, 2021, the Ohio Department of Job and Family Services had received Worker Adjustment and Retraining Notification (WARN) Act notices warning 265 employees of potential future layoffs and closures in May and 145 in June.

Consumer Income and Consumption

According to the Bureau of Economic Analysis, **personal income** increased \$4.2 trillion (21.1%) in March. This increase was mainly in the government social benefit to persons category, which increased by \$4.0 trillion (96.2%) in March. Within this category, other social benefits, increased by \$4.0 trillion (507.4%). This increase stemmed from the American Rescue Plan, which provided another round of economic payments to households primarily distributed in March.



Real Personal consumption

expenditures, a measure of national consumer spending for goods and services, increased 3.6 percent between February and March. This change resulted from an increase of 7.3 percent on goods. Both nondurable and durable goods contributed to the increase. The 6.5 percent increase in nondurable goods was led by other nondurable goods which includes recreational items such as games, toys, and hobbies. Durable goods increased by 10.3 percent which was led by motor vehicles and parts. Spending for services increased 1.7 percent led by spending for food services and accommodations. The table below provides additional details on personal consumption spending in chained 2012 dollars, which represents real inflation adjusted growth rates.

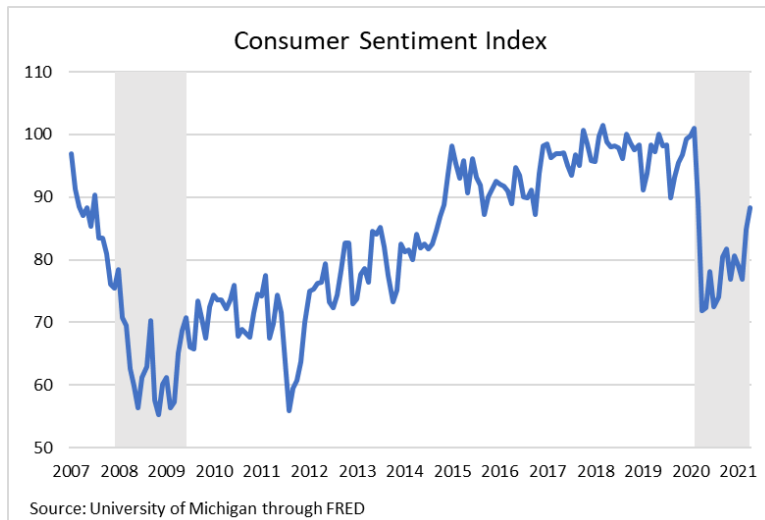
Consumer Spending by Industry, for Select Industries
(In Millions of Chained 2012 dollars)

	February 2021	March 2021	1-Month Percent Change	12-Month Percent Change	24-Month Percent Change
Durable Goods	\$2,097,613	\$2,314,045	10.3%	44.0%	32.3%
Motor vehicles and parts	\$597,096	\$678,311	13.6%	60.7%	25.9%
Recreational goods and vehicles	\$753,212	\$833,121	10.6%	37.3%	47.8%
Other durable goods	\$307,352	\$324,165	5.5%	47.0%	24.6%
Nondurable goods	\$3,163,994	\$3,342,440	5.6%	5.5%	12.3%
Clothing and footwear	\$414,657	\$482,750	16.4%	60.5%	18.0%
Food and beverages purchased for off-premises consumption	\$1,066,670	\$1,100,546	3.2%	-8.4%	13.3%
Gasoline and other energy goods	\$401,577	\$412,267	2.7%	8.9%	-7.2%
Other nondurable goods	\$1,243,179	\$1,309,874	5.4%	6.4%	15.4%
Services	\$8,042,925	\$8,182,817	1.7%	4.3%	-3.5%
Food services and accommodations	\$676,945	\$756,341	11.7%	22.8%	-9.5%
Transportation services	\$339,235	\$371,397	9.5%	10.6%	-15.3%
Recreation services	\$351,402	\$373,672	6.3%	4.4%	-25.9%

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

Personal saving increased 144.3 percent (\$3.6 trillion) in March 2021 compared to February 2021. This was the first month of an increase after a decrease in the prior month. Personal savings remained above the February 2020 level by 334.6 percent (\$4.6 trillion). Personal savings as a percentage of disposable personal income, the **personal savings rate**, was 27.6 percent, an increase of 13.7 percentage points between February and March.

The Bureau of Labor Statistics computes the consumer price index to measure the average change overtime in prices paid by consumers for goods and services. The **Consumer Price Index for All Urban Consumers** (CPI) increased 0.6 percent in March, this was the largest rise in this index since August 2012. Over the last 12 months the index increased 2.6 percent. The overall increase in the index was primarily attributed to the 9.1 percent increase in the gasoline index in March. The increase in the gasoline index accounted for over half of the increase in the overall CPI.



Results from the University of Michigan's **Surveys of Consumers** indicated that consumer sentiment continued to increase in April. The Consumer Sentiment Index increased 3.4 points to 88.3. This was a 4.0 percent increase from March and a 23.0 percent increase compared to April 2020. The Current Economic Conditions Index increased 4.2 points to 97.2. This was a 4.5 percent increase from March and a 30.8 percent increase compared to April 2020. The Consumer Expectations Index increased 3.0 points to 82.7. This was

a 3.8 percent increase from March and increased 18.0 percent compared to April 2020. The increases in April are attributed to gains in consumer confidence due to a more positive perception of the job market and income potential. The surge in confidence can be attributed to the positive effect of vaccinations and the level of federal stimulus. In addition, consumers anticipate the unemployment rate to decline in the year ahead.

The **Conference Board's Consumer Confidence Index**, which reflects consumer attitudes and buying intentions increased again in April. Consumer confidence increased 12.7 percentage points to 121.7 up from March's revised value of 109.0. After four months of increases, the Consumer Confidence index has reached its highest level since the start of the pandemic in February. The **Conference Board's Present Situation Index**, which measures consumers' current assessment of business and labor market conditions, increased by 29.5 percentage points, from 110.0 in March to 139.6 in April. The **Conference Board's Expectation Index** examines consumers short-term outlook for the economy. In April, the index increased 1.5 percentage points from 108.3 in March to 109.8 in April. Economic growth in the short term increased significantly, which suggests a strong economic recovery. Due to the improving job market consumers are more positive about their potential income prospects.

The travel and hospitality industries continue to face significant challenges due to the pandemic. The **Transportation Security Administration (TSA)** tracks how many travelers go through TSA checkpoints as "throughput". As vaccinations have increased more people are willing to travel which has resulted in an increase in airline travel of 9.9 percent in April 2021 compared to March 2021. Total travel throughput in April 2021 was 1,158.9 percent higher than in April 2020; however, travel was 40.7 percent lower in April 2021 compared to April 2019.

For the week ending April 24, 2021, **STR**, a company that provides analytics and data on the hospitality sector, reported a hotel occupancy rate of 57.3 percent. The average daily rate for a hotel room is \$108.1 and revenue per available room is \$61.9. Occupancy levels are expected to remain plateaued until the anticipated travel boom this summer. However, occupancy during weekdays began to increase which suggests an increase in business travel.

Commercial vehicle miles traveled on the Ohio turnpike in April 2021 increased 12.4 percent compared to April 2020. However, **passenger vehicle miles traveled** in April 2021 decreased 10.8 percent from April 2019. Revenue on the Ohio turnpike is 7.7 percent higher in April 2021 compared to April 2020.

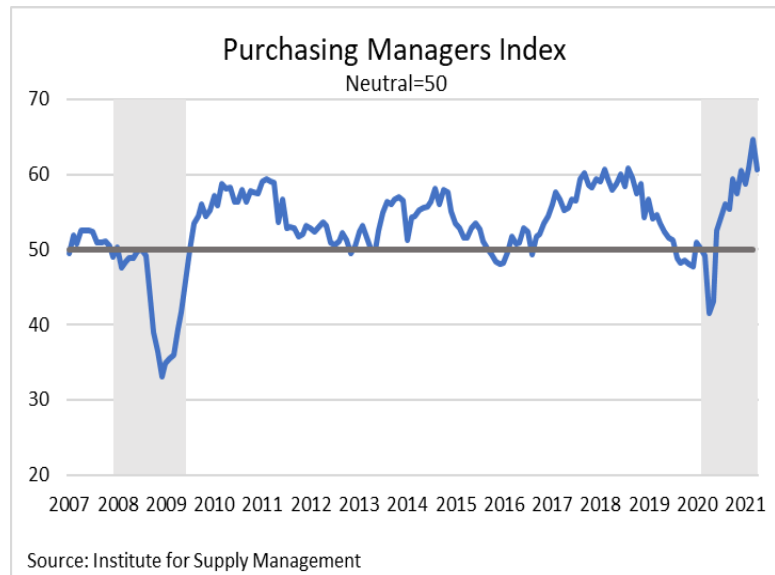
Industrial Activity

The Industrial Production Index, produced by the Board of Governors of the Federal Reserve System, is an indicator that measures real output for manufacturing, mining, and gas and electric utility facilities located in the United States. **Total industrial production** increased 1.4 percent between February and March. The index recovered more than half of its pandemic decline but remained 3.4 percent below February 2020.

The **manufacturing production index** increased by 2.8 percent in March, making up most of the decline that occurred in the previous month. Durable goods production increased 3.0 percent, with all major categories increasing production. Nondurable manufacturing increased 2.6 percent. The output of utilities decreased an historic 11.4 percent after an unseasonably cold February and unseasonably warm March throughout most of the United States.

Most of the manufacturing industries that are relevant to Ohio's economy increased nationally in March compared to February. After a large decrease in February, the output of motor vehicles and parts increased 2.8 percent in March; however, shortages of semi-conductors held down vehicle production in both months. March production levels increased the most in the following industries: petroleum and coal products (5.7%), aerospace and miscellaneous transportation equipment (4.3%), fabricated metals products (4.2%), and chemicals (4.1%). Smaller gains were made in machinery manufacturing (2.9%), primary metals (2.8%), food beverage and tobacco productions (1.7%) and electrical equipment and appliances (0.9%). Production of plastic and rubber products decreased 1.1 percent.

Produced by the Institute for Supply Management (ISM), the **Purchasing Managers Index (PMI)** measures expansions and contractions of the manufacturing economy. A PMI score reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent it is generally contracting. In April, the PMI for the United States registered at 60.7 percent, down 4.0 percentage points compared to March. This indicated an overall expansion of the economy for the eleventh month in a row after contraction between March and May 2020.



The new orders index decreased 3.7 percentage points to 64.3 percent and the production index was down 5.6 percentage points to 62.5 percent. The backlog of orders index rose 0.7 percentage points to 68.2 percent. The employment index contracted 4.5 percentage points to 55.1 percent. Overall, these changes provide evidence that the manufacturing economy is continuing to expand; however, respondents reported that they continue to struggle to meet increasing rates of demand because of the supply chain limitations, rising prices for commodities, and challenges transporting products.

Of the 18 industries tracked by the Manufacturing ISM[®] *Report on Business*, all reported growth between March and April. Each of the ten industries most important to Ohio manufacturing reported growth in the last month, with electrical equipment, appliances and components, and machinery leading the way.

Anecdotal evidence from purchasing and supply executives nationwide surveyed by ISM suggested that many in the manufacturing industry were feeling the effects of supply shortages in April. A source in the primary metals industry reported, “The metals markets remain very challenging at best. Shortages of raw materials have increased, especially in aluminum and carbon steel. Prices continue to rapidly increase. Transportation and trucking [are] also a big challenge.” Additionally, a respondent in the machinery industry reported, “Demand continues to be very strong. Supply chain delays hamper our availability and ability to sell more”.

Construction

The U.S. Census Bureau estimated **total construction spending** in March to be at a seasonally adjusted annual rate of \$1.5 trillion, which was 0.2 percent above the revised February estimate. The March 2021 estimate was 5.3 percent above that of March 2020 and 13.1 percent above March 2019.

Private sector construction spending in March 2021 was at a seasonally adjusted annual rate of \$1.1 trillion. This was 0.7 percent above the revised February estimate and 8.6 percent above the March 2020 rate. Residential construction in March increased 1.7 percent from February and remained 23.3 percent above March 2020. On the other hand, nonresidential construction in March decreased 1.1 percent from the revised February rate and was 7.4 percent below March 2020.

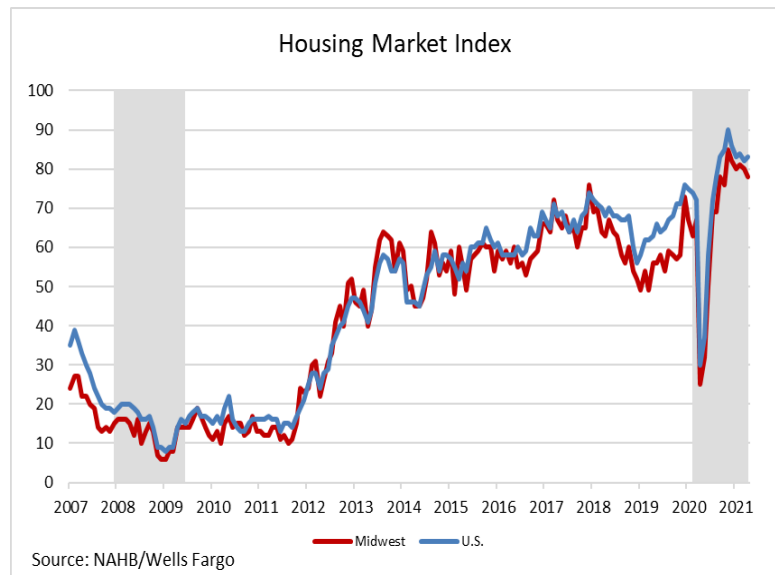
Public sector construction spending in March was at a seasonally adjusted annual rate of \$343.9 billion. This was 1.5 percent below the revised February estimate and 4.6 percent below the February 2020 rate. Spending in March on educational construction was 2.0 percent below February’s revised value and remained 4.0 percent below March 2020. Highway construction spending in March was 2.2 percent below the revised February value and was 10.9 percent below March 2020.

Nationally, the number of privately-owned housing units approved increased 2.7 percent between February and March and were 30.2 percent above March 2020 levels. In Ohio, building permits for privately owned units increased 9.8 percent between February and March, and 72.1 percent above permits issued in March 2020. Nationally, privately-owned housing starts in March increased 19.4 percent compared to February and were 37.0 percent above the March 2020 level. Midwest privately-owned housing starts increased 122.8 percent from February and is 87.0 percent above the March 2020 level. Nationally, privately-owned housing completions increased 16.6 percent in March and were 23.4 percent above the March 2020 rate. In March privately-owned housing completions in the Midwest increased 17.6 percent compared to February and were 12.4 percent above the March 2020 level.

The United States Census Bureau and the National Association of Home Builders report on newly built single-family home sales. In March, new home sales increased 20.7 percent to 1.0 million. New home sales in the Midwest increased 30.7 percent in March from February and remained 78.4 percent above the March 2020 level. Housing demand in March surged as interest rates remain low and consumers have a strong demand. The median sales price in March 2021 decreased 4.4 percent from the prior month and increased 0.8 percent from March 2020.

Existing home sales, as reported by the National Association of Realtors, decreased in March after two prior months of decreases. Sales decreased 3.7 percent in March, compared to February to a seasonally adjusted rate of 6.0 million housing units. This was an increase of 12.3 percent from a year ago. Available inventory in March rose slightly to 1.1 million units but remains down by 1.5 million units or 28.2 percent from a year ago. Inventory levels continue to show a near historic low causing a rise in home prices. The median sale price of all existing home sales increased 17.2 percent from a year ago. March 2021 was the 109th continuous month of year-over-year increases in existing median home price. Buyers remain active in the housing market despite higher home prices, rising mortgage rates and a decline in affordability. According to the Ohio Realtors, activity in the Ohio housing market increased in March with sales increasing 3.1 percent from March 2020. The average sale price in Ohio was \$220,603 in March, a 10.6 percent increase compared to March of last year.

The **Housing Market Index (HMI)** from the National Association of Home Builders (NAHB) and Wells Fargo takes the pulse of the single-family housing market and asks respondents to rate market conditions for the sale of new homes at the present time and in the next six months. Nationally, the HMI increased in April to 83.0 from 82.0 in March, a 1.2 percent increase. In the Midwest, HMI decreased by 2.5 percent, from 80.0 in March to 78.0 in April. Builders are facing serious challenges to expand the housing supply. Despite supply chain issues, a rise in lumber prices and higher home prices, there was still strong demand.



REVENUES

Total April GRF tax revenue was \$337.7 million (-12.8%) below estimate. This outcome was entirely due to a change in the timing of personal income tax revenue, with annual tax return payments being pushed from April to May due to the extension of the filing and payment date. If not for this change, total tax revenue would have more clearly reflected the historically strong performance exhibited by Ohio non-auto sales tax and auto sales tax in April. Non-auto sales tax exceeded estimate by 22.9 percent for the month, exceeding the \$1.0 billion mark for the first time. Auto sales tax revenues once again substantially exceeded expectations, with a 23.5 percent positive variance. For the first time, auto sales tax revenue exceeded \$200 million.

April total GRF receipts totaled \$3.1 billion and were \$150.1 million (-4.6%) below estimate. As noted above, tax revenues were \$337.7 million (-12.8%) below estimate. Non-tax receipts were \$187.4 million (29.7%) above estimate, while transfers were \$166,000 above estimate. For the year-to-date, tax revenues are above estimate, non-tax receipts are below estimate, and transfers are over estimate as shown in the table below.

Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$425.7	2.1%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$1,041.4)	-9.4%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$19.2	24.7%
TOTAL REVENUE VARIANCE:		(\$596.5)	-1.9%
Non-federal revenue variance		\$496.5	2.4%
Federal grants variance		(\$1,093.0)	-10.0%

For April, receipts and transfers were \$789.6 million (34.0%) above the previous year. Tax receipts increased by \$706.4 million (44.5%), non-tax receipts increased by \$83.7 million (11.4%), and transfers declined by \$0.5 million (-73.0%). For the year-to-date, tax receipts are \$2.3 billion (12.3%) above last year and non-tax receipts are \$1.5 billion (17.0%) over the prior year. Transfers are \$20.1 million (26.1%) above last year on a year-to-date basis.

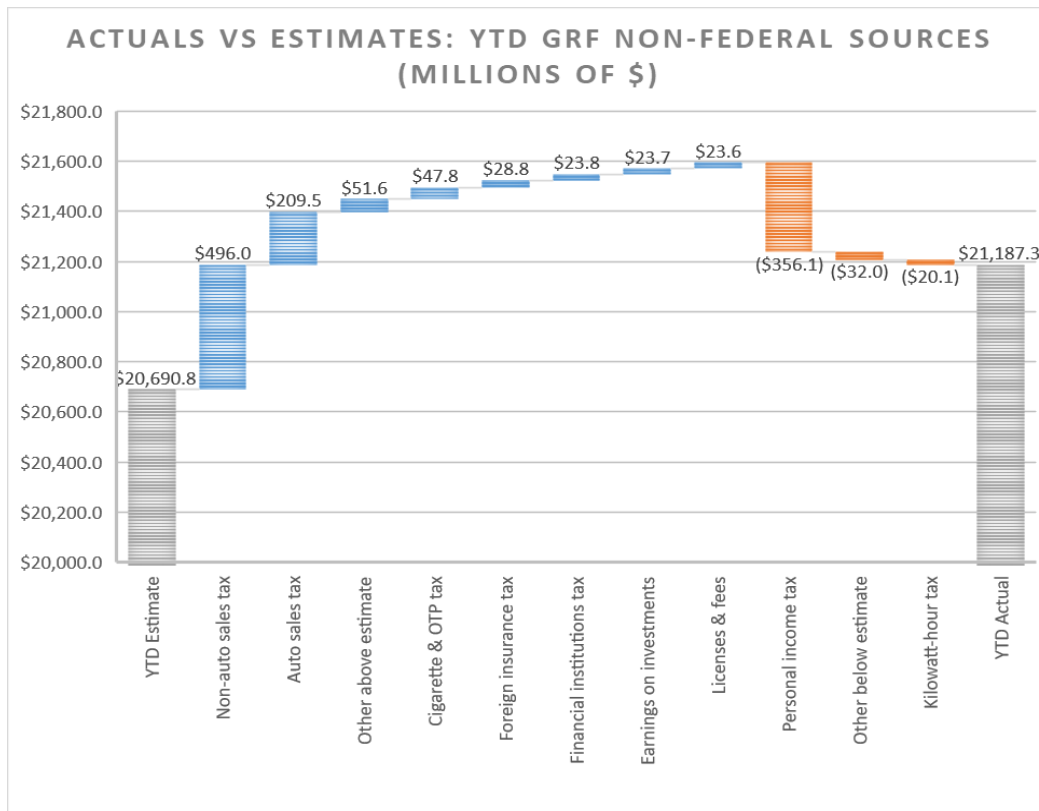
During April, the source with the largest year-over-year increase was non-auto sales tax, at \$337.3 million (49.6%) above last year. The next-largest increases were personal income tax at \$244.7 million (39.3%), auto sales tax at \$135.3 (200.6%), and Federal grants at \$102.2 million (15.1%). The largest decline was experienced by earnings on investments at \$21.4 million (-62.1%).

The table below shows that sources below estimate (a negative variance of \$580.2 million) in April outweighed the size of sources above estimate (a positive variance of \$430.1 million), resulting in a \$150.1 million net negative variance from estimate.

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto sales tax	\$189.4	Personal income tax	(\$554.9)
Federal grants	\$170.4	Financial institutions tax	(\$11.5)
Auto sales tax	\$38.6	ISTVs	(\$9.0)
Licenses & fees	\$15.7	Natural gas distribution tax	(\$4.5)
Earnings on investments	\$9.9	Other sources below estimate	(\$0.4)
Commercial activity tax	\$4.0		
Other sources above estimate	\$2.1		
Total above	\$430.1	Total below	(\$580.2)

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



The preceding chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues for fiscal year 2021 to date, with the net difference amounting to \$496.5 million. This month shows the recent effects of the one-month delay in the filing and payment date for personal income tax annual returns.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in April totaled \$1.0 billion and were \$189.4 million (22.9%) above the estimate. For the fiscal year-to-date, revenues are \$496.0 million (6.3%) above estimate; non-auto sales tax revenue has exceeded estimate in nearly every month of the fiscal year, this month's overage far exceeds that of any other month.

Non-auto sales tax revenue for April was \$337.3 million (49.6%) above the prior year, while year-to-date revenue is \$724.8 million (9.4%) above fiscal year 2020. However, the growth experienced this April occurred from a base amount that was greatly suppressed by the pandemic; for context, April 2020 revenue performed 17.7 percent below estimate and declined by 12.6 percent from April 2019. A more informative year-over-year comparison uses April 2019 revenue: a calculation of the compound annual growth rate from April 2019 to April 2021 yields 14.3 percent annual growth this April. Such a growth rate is still outsized, exceeding any other year-over-year growth rate experienced so far, this fiscal year except in July which reflected the boost that occurred in the aftermath of the initial pandemic health orders and advisories.

The pandemic and its policy responses continue to affect non-auto sales tax. Various elements of the \$1.9 trillion American Rescue Plan Act (ARP) enacted in March have provided a boost to household incomes. In particular, the \$1,400 per-individual direct economic recovery payments (“stimulus” payments) spurred consumption during March and April, with positive impacts on April tax revenue.

There continues to be a shift in consumption from services (which are mostly excluded from sales tax) to taxable goods, fostering revenue intake. The current “Monthly Event Study of Spending” table issued by BEA – a high-frequency data series which uses credit card spending data from Fiserv (a major card intermediary company) – continues to indicate significant declines in industries generally not subject to sales tax: Recreation, Accommodations, Food Services, and Gas Stations categories show median declines ranging from -0.6 percent to -35.2 percent in March relative to pre-pandemic levels. Most retail segments that are predominantly subject to Ohio sales tax displayed growth: Furniture, Building Materials & Garden Equipment, Automotive Parts, Sporting Goods & Hobby, and General Merchandise stores had median monthly growth rates ranging from 19.6 percent to 38.2 percent in March.

U.S. retail data emanate each month from the U.S. Census, through its Monthly Advance Retail Trade Survey (MARTS) program. During the July 2020-February 2021 period, the MARTS data for retail categories that are predominantly subject to Ohio non-auto sales tax (comprised of companies with NAICS codes 4413, 442, 443, 444, 448, 451, 452, 453, and 454) displayed an average monthly year-over-year growth rate of 10.2 percent. In comparison, Ohio sales tax collections from analogous retail categories experienced average year-over-year growth of 10.1 percent during the July 2020-February 2021 time period (reflecting the most recent available data).

The MARTS data for the month of March 2021 show extraordinary growth: for the retail categories listed above (excluding NAICS 4413 which is not available), year-over-year growth was 29.5 percent. These March figures likely reflect both the suppressed base year and the economic effects of ARP.

Auto Sales Tax

April auto sales tax revenues were \$202.7 million, \$135.3 million (200.6%) above last April. Fiscal year-to-date revenue is now \$285.0 million (23.3%) above fiscal year 2020. Auto sales tax revenue in April was \$38.6 million (23.5%) above estimate. This makes eleven successive months in which auto sales tax has exceeded estimate. April was the first month in which auto sales tax revenue has ever exceeded \$200 million. For the year, auto sales tax revenue is \$209.5 million (16.1%) above estimate.

The outsized year-over-year growth in April reflects both historically low performance in the prior year as well as current forces that are propelling motor vehicle sales. First, April 2020 auto sales tax revenue was lower than any month since February 2011. And because there is some seasonality to motor vehicle sales activity (winter months tend to be much lower than other months), if the comparison is limited to the month of April, last year’s auto sales tax revenue was lower than any April since 1997. The reason for the historically low April 2020 performance is traced to the pandemic.

The other dynamic causing the strong revenue outcome in April 2021 is a continuation of forces observed throughout this fiscal year, consisting of strong consumer demand with sustained increases in average vehicle prices. Although Ohio auto sales tax revenue does not move in lockstep with national vehicle sales, the U.S. data provide useful context and insight. Based on a seasonally adjusted annual rate (the amount of sales that occurred during the month after being adjusted for seasonal fluctuations and expressed as an annualized total), U.S. new light vehicle unit sales in April reached an estimated 18.5 million units. This represents the highest number of units ever sold during April. Unit sales during the month represented a 3.1 percent increase from a strong March level, and a 112.2 percent increase from the prior year. TrueCar, Inc. estimates that used vehicle unit sales in April declined by 6.0 percent from March but increased by 58.0 percent from last year.

Strong average vehicle price growth is also evident in the national vehicle sales data, although more recently the growth is attributable to used vehicles. Moody's Analytics reports that its wholesale price index for used vehicles increased by 70.5 percent in April from the prior year, more than twice the growth rate recorded in March which was the highest growth observed since the creation of this indicator in 1995. New vehicle transaction prices have not exhibited much volatility in recent months. TrueCar, Inc. estimates that the April average transaction value on new vehicle purchases was flat relative to last April and fell by 0.2 percent from the prior month.

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

Personal Income Tax

April GRF personal income tax receipts totaled \$866.9 million and were \$554.9 million (-39.0%) below the estimate. For the year-to-date, revenue is \$356.1 million (-4.3%) below estimate. On a year-over-year basis, April income tax collections were \$244.7 million (39.3%) above April 2020 collections.

The April negative variance from estimate was due to the postponement of certain income tax filing and payment deadlines. Annual return payments normally required to be made by April 15 are not required until May 17; this postponement of the due date was not anticipated in the estimate. Accordingly, payments accompanying annual income tax returns and return extension vouchers were below estimate by \$598.6 million (-68.9%). OBM expects the April negative variance from estimate to be reversed in May. Despite the negative variance from estimate during April, annual return payments for the month were \$146.0 million (117.6%) above the preceding year. Annual return payments during last year's filing season were not due until July 15, so perhaps the relatively shorter extension allowed during this filing season played a part in more taxpayers choosing to pay their tax this April as compared to last April.

Withholding collections were \$23.7 million (-2.3%) below estimate for the month. However, collections are closer to estimate over the fiscal year-to-date, with these payments being only \$5.3 million (-0.1%) below estimate. Withholding increased by \$90.3 million (12.3%) in April compared to last year, with last April's performance notably suppressed as the pandemic was unfolding and layoffs were occurring. Year-to-date withholding collections are \$167.5 million (2.2%) above fiscal year 2020. The year-to-date comparison should also take into account the reduction in employer withholding tax rates that went into effect during calendar year 2020. Fiscal year-to-date collections would have grown by 3.9 percent without the rate reduction.

Quarterly estimated payments exceeded estimate by \$4.2 million (3.3%) in April. The April overage could be a sign that estimated payments for the remainder of calendar year 2021 will track well with the revenue estimates. Such payments are \$125.2 million (15.8%) above estimate for the fiscal year. Because the due date for last year's first quarter estimated tax payment was extended to July 15 (a postponement that was not granted this year), this April's estimated payments are much higher than last year, showing a \$87.6 million (203.9%) increase.

Trust tax payments were also impacted by the postponement of the annual return filing date, accounting for the \$17.6 million (-53.2%) negative variance from estimate in April. Despite this, the trust tax collections are \$3.1 million (3.2%) above estimate for the fiscal year to-date. Miscellaneous payments were \$1.3 million above estimate in April, while local government distributions were \$1.3 million lower than anticipated.

Refunds were below estimate by \$78.2 million (-18.1%) in April. For the January-April filing season, refunds are now below estimate by \$102.6 million (-7.6%); over the first 10 months of the fiscal year, refunds are \$120.0 million (-6.1%) below estimate. In March, refunds almost caught up with anticipated levels for the filing season, but the April shortfall again widened the gap. However, at least some of the lower-than-anticipated April refund performance is likely due to taxpayers choosing to defer the filing of tax returns until the extended May 17 due date. Refunds in April were \$83.8 million (30.9%) larger than last year, but it may be worth noting that last April's refunds were likely even more impacted by the due date postponement since last year's postponement was three months.

APRIL PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	Actual April	Estimate April	\$ Var	Actual April-2021	Actual April-2020	\$ Var Y-over-Y
Withholding	\$824.6	\$848.3	(\$23.7)	\$824.6	\$734.3	\$90.3
Quarterly Est.	\$130.6	\$126.4	\$4.2	\$130.6	\$43.0	\$87.6
Annual Returns & 40 P	\$270.1	\$868.7	(\$598.6)	\$270.1	\$124.1	\$146.0
Trust Payments	\$15.6	\$33.2	(\$17.6)	\$15.6	\$6.7	\$8.9
Other	\$10.1	\$8.7	\$1.3	\$10.1	\$9.6	\$0.4
Less: Refunds	(\$354.6)	(\$432.8)	\$78.2	(\$354.6)	(\$270.8)	(\$83.8)
Local Distr.	(\$29.4)	(\$30.7)	\$1.3	(\$29.4)	(\$24.7)	(\$4.7)
Net to GRF	\$866.9	\$1,421.8	(\$554.9)	\$866.9	\$622.3	\$244.7

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

Financial Institutions Tax (FIT)

FIT revenue in April was \$11.5 million (-45.0%) below estimate. April reflected residual revenue from the second set of tax year 2021 estimated payments that were due on the 31st of March, as well as refunds issued during the month. The April outcome was more than offset by March's positive variance from estimate: accordingly, across the two months FIT revenue was \$6.6 million (11.4%) above estimate. For the fiscal year-to-date, FIT revenue is \$23.8 million (17.4%) above estimate and is \$7.7 million (5.0%) higher than last year.

GRF Non-Tax Receipts

GRF non-tax receipts totaled \$819.5 million and were \$187.4 million (29.7%) above estimate for the month of April. For the year-to-date, non-tax receipts are \$1.0 billion (-9.4%) below estimate. Positive variances of \$170.4 million (28.0%) in the Federal Grants category, \$15.7 million (149.7%) in the License and Fees category, and \$9.9 million (317.2%) in the Earnings on Investments category were partially offset by a negative variance of \$9.0 million (-99.5%) in the ISTV's category.

The positive variance in Federal Grants coincides with higher than projected Medicaid disbursements for the month, as discussed in the disbursement section of this report. For the year, Federal Grants revenue is now \$1.1 billion (-10.0%) below estimate. The positive variance in the License and Fees category was driven by higher than projected receipts from surplus lines insurance fees. For Earnings on Investments, revenues have not dropped off as sharply as anticipated, though receipts are still \$65.6 million (-59.0%) below where they were through this point last year.

The negative variance in the ISTV's category was the result of statewide indirect cost allocation invoices being sent out to state agencies in March, rather than April as originally planned.

5/5/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL APRIL	ESTIMATE APRIL	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	1,017,748	828,300	189,448	22.9%	8,415,974	7,920,000	495,974	6.3%
Auto Sales & Use	202,694	164,100	38,594	23.5%	1,510,591	1,301,100	209,491	16.1%
Subtotal Sales & Use	1,220,442	992,400	228,042	23.0%	9,926,565	9,221,100	705,465	7.7%
Personal Income	866,924	1,421,800	(554,876)	-39.0%	7,901,824	8,257,900	(356,076)	-4.3%
Corporate Franchise	32	0	32	N/A	5,909	0	5,909	N/A
Financial Institutions Tax	14,079	25,600	(11,521)	-45.0%	160,935	137,100	23,835	17.4%
Commercial Activity Tax	74,716	70,700	4,016	5.7%	1,307,489	1,295,700	11,789	0.9%
Petroleum Activity Tax	0	0	0	N/A	3,202	7,400	(4,198)	-56.7%
Public Utility	475	200	275	137.5%	82,581	101,200	(18,619)	-18.4%
Kilowatt Hour	30,911	30,600	311	1.0%	267,055	287,200	(20,145)	-7.0%
Natural Gas Distribution	29	4,500	(4,471)	-99.3%	35,827	44,900	(9,073)	-20.2%
Foreign Insurance	360	300	60	20.0%	351,271	322,500	28,771	8.9%
Domestic Insurance	1	200	(199)	-99.5%	976	1,100	(124)	-11.3%
Other Business & Property	5	0	5	N/A	64	0	64	N/A
Cigarette and Other Tobacco	74,979	74,700	279	0.4%	714,628	666,800	47,828	7.2%
Alcoholic Beverage	4,632	4,800	(168)	-3.5%	49,729	45,000	4,729	10.5%
Liquor Gallonage	4,907	4,400	507	11.5%	47,716	42,200	5,516	13.1%
Estate	5	0	5	N/A	31	0	31	N/A
Total Tax Receipts	2,292,497	2,630,200	(337,703)	-12.8%	20,855,802	20,430,100	425,702	2.1%
NON-TAX RECEIPTS								
Federal Grants	779,628	609,274	170,354	28.0%	9,796,430	10,889,393	(1,092,963)	-10.0%
Earnings on Investments	13,037	3,125	9,912	317.2%	45,596	21,875	23,721	108.4%
License & Fees	26,167	10,481	15,685	149.7%	81,639	58,090	23,550	40.5%
Other Income	621	171	449	262.7%	94,849	93,822	1,027	1.1%
ISTV'S	47	9,000	(8,953)	-99.5%	12,272	9,000	3,272	36.4%
Total Non-Tax Receipts	819,500	632,051	187,448	29.7%	10,030,787	11,072,179	(1,041,392)	-9.4%
TOTAL REVENUES	3,111,997	3,262,251	(150,254)	-4.6%	30,886,589	31,502,279	(615,690)	-2.0%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	166	0	166	N/A	97,149	77,932	19,217	24.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	166	0	166	N/A	97,149	77,932	19,217	24.7%
TOTAL SOURCES	3,112,163	3,262,251	(150,088)	-4.6%	30,983,739	31,580,211	(596,472)	-1.9%

5/5/2021

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	APRIL FY 2021	APRIL FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	1,017,748	680,476	337,273	49.6%	8,415,974	7,691,165	724,809	9.4%
Auto Sales & Use	202,694	67,421	135,272	200.6%	1,510,591	1,225,629	284,962	23.3%
Subtotal Sales & Use	1,220,442	747,897	472,545	63.2%	9,926,565	8,916,794	1,009,771	11.3%
Personal Income	866,924	622,255	244,669	39.3%	7,901,824	6,629,138	1,272,686	19.2%
Corporate Franchise	32	55	(23)	-42.1%	5,909	(310)	6,219	2007.1%
Financial Institutions Tax	14,079	25,173	(11,094)	-44.1%	160,935	153,270	7,664	5.0%
Commercial Activity Tax	74,716	62,315	12,401	19.9%	1,307,489	1,320,734	(13,245)	-1.0%
Petroleum Activity Tax	0	0	0	N/A	3,202	6,614	(3,411)	-51.6%
Public Utility	475	107	368	341.9%	82,581	100,955	(18,374)	-18.2%
Kilowatt Hour	30,911	30,947	(36)	-0.1%	267,055	289,147	(22,092)	-7.6%
Natural Gas Distribution	29	3,523	(3,494)	-99.2%	35,827	32,584	3,243	10.0%
Foreign Insurance	360	487	(127)	-26.0%	351,271	336,417	14,854	4.4%
Domestic Insurance	1	0	1	N/A	976	1,685	(709)	-42.1%
Other Business & Property	5	0	5	N/A	64	0	64	N/A
Cigarette and Other Tobacco	74,979	83,955	(8,976)	-10.7%	714,628	701,042	13,586	1.9%
Alcoholic Beverage	4,632	4,477	155	3.5%	49,729	44,064	5,665	12.9%
Liquor Gallonage	4,907	4,886	21	0.4%	47,716	43,936	3,780	8.6%
Estate	5	21	(15)	-74.8%	31	68	(37)	-54.0%
Total Tax Receipts	2,292,497	1,586,097	706,400	44.5%	20,855,802	18,576,139	2,279,663	12.3%
NON-TAX RECEIPTS								
Federal Grants	779,628	677,386	102,242	15.1%	9,796,430	8,291,853	1,504,577	18.1%
Earnings on Investments	13,037	34,437	(21,399)	-62.1%	45,596	111,168	(65,571)	-59.0%
License & Fee	26,167	12,357	13,810	111.8%	81,639	63,499	18,140	28.6%
Other Income	621	167	453	271.1%	94,849	91,706	3,142	3.4%
ISTV'S	47	11,496	(11,449)	-99.6%	12,272	11,680	592	5.1%
Total Non-Tax Receipts	819,500	735,843	83,657	11.4%	10,030,787	8,569,907	1,460,880	17.0%
TOTAL REVENUES	3,111,997	2,321,940	790,057	34.0%	30,886,589	27,146,046	3,740,544	13.8%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	166	614	(448)	-73.0%	97,149	77,045	20,104	26.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	166	614	(448)	-73.0%	97,149	77,045	20,104	26.1%
TOTAL SOURCES	3,112,163	2,322,554	789,609	34.0%	30,983,739	27,223,091	3,760,648	13.8%

DISBURSEMENTS

April GRF disbursements, across all uses, totaled \$3.1 billion and were \$212.0 million (7.3%) above estimate. This variance was primarily attributable to above estimate disbursements for Property Tax Reimbursements. On a year-over-year basis, April total uses were \$562.1 million (22.0%) higher than those of the same month in the previous fiscal year, with an increase in Primary and Secondary Education largely responsible for the difference. Year-over-year variances from the estimate by category are provided in the table below.

Category	Description	Year-Over-Year Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$561.4	22.0%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$0.7	1802.4%
TOTAL DISBURSEMENTS VARIANCE:		\$562.1	22.0%

GRF disbursements are reported according to functional categories. This section contains information describing GRF spending and variances within each of these categories.

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. April disbursements for this category totaled \$832.7 million and were \$4.0 million (0.5%) above estimate. This variance was primarily attributable to above estimated spending in the Foundation Funding and EdChoice Expansion line items. Disbursements for the Foundation Funding line item were above estimate as a result of the Governor's Executive Order on January 22nd to release \$160 million of the Department of Education's General Revenue Fund appropriation that was previously withheld due to the economic effects of the COVID-19 pandemic. Disbursements for the EdChoice Expansion line item were above estimate due to timing of payments, which offset prior months of underspending. This above estimate spending was partially offset by below estimate disbursements for the Early Childhood Education line item as early childhood education providers were unable to fill all slots in the current school year.

Expenditures for the school foundation program totaled \$772.1 million and were \$3.7 million (0.5%) above estimate. Year-to-date disbursements were \$7.1 billion, which was \$125.8 million (1.8%) above estimate. On a year-over-year basis, disbursements in this category were \$256.0 million (44.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$88.2 million (1.3%) higher than the same point in fiscal year 2020.

Higher Education

April disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$201.4 million and were \$18.4 million (10.0%) above the estimate for the month. This variance was primarily attributable to disbursements in the State Share of Instruction line item which was above estimate by a total of \$17.8 million, as a result of the Governor's Executive order on January 22nd to release \$100 million of the Department of Higher Education's appropriation that was previously held due to the economic effects of the COVID-19 pandemic. This variance was also attributable to disbursements in the Ohio College Opportunity Grant line item which was above estimate by \$1.8 million due to higher-than-expected requests for reimbursement from higher education institutions. This variance was partially offset by disbursements in the Choose Ohio First Scholarship and the National Guard Scholarship line items which were below the monthly estimates by a total of \$2.0 million due to lower-than-expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were \$2.0 billion and were \$36.3 million (1.9%) above estimate. On a year-over-year basis, disbursements in this category were \$32.8 million (-14.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$14.9 million (-0.8%) lower than at the same point in fiscal year 2020.

Other Education

This category includes non-debt service GRF expenditures made by the Broadcast Educational Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations.

April disbursements in this category totaled \$7.2 million and were \$31,000 (0.4%) above estimate. Year-to-date disbursements were \$64.9 million and were \$2.6 million (-3.9%) below estimate. On a year-over-year basis, disbursements in this category were \$3.7 million (106.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$9.9 million (-13.2%) lower than at the same point in fiscal year 2020.

Medicaid

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

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

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

Expenditures

April GRF disbursements for the Medicaid Program totaled \$1.1 billion and were \$75.2 million (7.5%) above estimate and \$79.8 million (8.0%) above disbursements for the same month in the previous fiscal year.

The April GRF variance was primarily attributable to the management of available resources for year-end. The timing and the use of non-GRF funding can have significant effects on GRF spending – the Department has worked to utilize both resources appropriately throughout the pandemic. Continued below-estimate enrollment coupled with the receipt of enhanced Federal Medical Assistance Percentage (FMAP) has created some funding flexibility. By balancing the use of both GRF and non-GRF funding resources, the Department can take a proactive approach to year-end while planning for the increased costs of higher enrollment coupled with the elimination of the enhanced FMAP, as well as other uncertainties surrounding projected Medicaid enrollment and spending in fiscal years 2022, 2023, and beyond.

Year-to-date GRF disbursements totaled \$14.0 billion and were \$1.9 billion (-12.0%) below estimate, and \$1.0 billion (7.8%) above disbursements for the same point in the previous fiscal year. The year-to-date and year-over-year variances were both primarily attributable to enrollment. The program has underspent GRF year-to-date as managed care enrollment in all major eligibility categories remains below the updated post-pandemic enrollment estimate; Covered Families and Children (CFC), Group VIII Expansion, and Aged, Blind and Disabled/Dual (ABD) were below the updated estimate by 7.7%, 11.1%, and 3.3%, respectively (on a monthly average basis). Additionally, the fee-for-service program's enrollment was 14.1% below estimate. Lower than estimated managed care rates that took effect in January are also driving down per-member-per-month costs, resulting in less spending. Despite the deviation from the current fiscal year's monthly estimates, enrollment is increasing month-to-month and therefore spending is above last fiscal year.

April all-funds disbursements for the Medicaid Program totaled \$2.6 billion and were \$166.2 million (-5.9%) below estimate, and \$345.4 million (15.1%) above disbursements for the same month in the previous fiscal year. The April all-funds variance was primarily attributable to below estimate enrollment and lower than projected managed care rates as mentioned above. This variance was partially offset by delayed cost report reconciliation payment made in the Department of Developmental Disabilities that were estimated to occur in March but occurred in April instead.

Year-to-date all-funds disbursements totaled \$25.8 billion and were \$2.2 billion (-7.8%) below estimate, and \$2.3 billion (9.7%) above disbursements for the same point in the previous fiscal year. Again, the year-to-date all funds variance was primarily attributable to below estimate enrollment in both the managed care and fee-for-service programs, as well as the lower managed care rates. Additionally, the variance was partially attributable to below estimate spending in administration related expenses, notably in information technology where some payments have been delayed. The year-over-year variance is primarily attributable to higher costs associated with significant increases in enrollment due to the pandemic; enrollment has increased by approximately 324,700 individuals since April 2020.

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

	Apr. Actual	Apr. Projection	Variance	Variance %
GRF	\$1,077.8	\$1,002.5	\$75.3	7.5%
Non-GRF	\$1,561.0	\$1,802.5	-\$241.5	-13.4%
All Funds	\$2,638.9	\$2,805.1	-\$166.2	-5.9%

Enrollment

Total April Medicaid enrollment was 3.19 million, which was 358,900 (-10.1%) below the post-pandemic estimate and 324,700 (11.3%) above enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.09 million and was 252,500 (-7.6%) below the post-pandemic estimate.

April enrollment by major eligibility category was: Covered Families and Children, 1.78 million; Group VIII Expansion, 781,500 and Aged, Blind and Disabled (ABD), 495,200.

**Please note that these data are subject to revision.*

Health and Human Services

This category includes non-debt service GRF expenditures by the following state agencies: Job and Family Services, Health, Aging, Developmental Disabilities, Mental Health and Addiction Services, and others. Examples of expenditures in this category include childcare, TANF, administration of the state's psychiatric hospitals, operating subsidies to county boards of developmental disabilities, various immunization programs, and Ohio's long-term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in the Medicaid category.

April disbursements in this category totaled \$118.9 million and were \$15.3 million (-11.4%) below estimate. Year-to-date disbursements were \$1.2 billion and were \$71.6 million (-5.6%) below estimate. On a year-over-year basis, disbursements in this category were \$40.8 million (52.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$31.7 million (2.7%) higher than at the same point in fiscal year 2020.

Department of Health

April disbursements for the Department of Health totaled \$9.1 million and were \$1.4 million (17.4%) above estimate. This variance was primarily attributable to the Medically Handicapped Children line item, which was \$1.2 million (100.0%) above estimate due to the timing of payments.

Department of Job and Family Services

April disbursements for the Department of Job and Family Services totaled \$58.5 million and were \$13.8 million (-19.1%) below estimate. This variance was primarily attributable to the Family and Children Services line item, which was \$23.8 million below estimate due to counties receiving funding for the State Child Protective Allocation (SCPA) in March rather than April. This variance was partially offset by the Early Care and Education line item, which was \$17.0 million above estimate due to spending to meet TANF Maintenance of Effort requirements and childcare provider payments being lower than expected. Therefore, higher than estimated payments will continue for the remainder of the year for this line item. This variance was also partially offset by the Program Operations line item, which was \$1.9 million below estimate due to the timing of payments.

Department of Mental Health and Addiction Services

April disbursements for the Department of Mental Health and Addiction Services totaled \$41.4 million and were \$3.2 million (-7.1%) below estimate. This variance was primarily attributable to the Continuum of Care Services line item, which was \$1.8 million (-11.1%) below estimate due to a delay in planned disbursements for April. The Hospital Services line item was \$1.2 million (-6.5%) below estimate due to delay in food services payments. The Addiction Services Partnership with Corrections line item was \$1.5 million (-38.4%) below estimate due to timing of subsidy payments. This variance was partially offset by the Criminal Justice Services line item, which was \$1.5 million (49.3%) above estimate due to prior month payments for the Addiction Treatment Program that were made in April.

Department of Veterans Services

April disbursements for the Department of Veterans Services totaled \$4.2 million and were \$0.9 million (28.3%) above estimate. This variance was primarily attributable to disbursements in the Veterans' Homes line item, which was \$1.0 million above estimate due to software maintenance and cleaning and maintenance equipment purchases.

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.

April disbursements in this category totaled \$223.0 million and were \$1.0 million (0.4%) above estimate. Year-to-date disbursements were \$2.1 billion and were \$88.0 million (-4.1%) below estimate. On a year-over-year basis, disbursements in this category were \$13.2 million (6.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$0.9 million (0.0%) lower than at the same point in fiscal year 2020.

Office of the Attorney General

April disbursements for the Office of the Attorney General totaled \$7.5 million and were \$1.5 million (25.1%) above estimate. This variance was primarily attributable to disbursements in the School Safety Training Grants line item, which was \$1.6 million above estimate due to the timing of payments.

Department of Public Safety

April disbursements for the Department of Public Safety totaled \$2.3 million and were \$1.7 million (-43.5%) below estimate. This variance was primarily attributable to disbursements in the Security Grants and Security Grants - Personnel line items, which were \$0.7 million and \$0.3 million below estimate, respectively, due to the timing of subsidy payments. The Recovery Ohio Law Enforcement, Justice Program Services, and Local Disaster Assistance line items were also below estimate by a total of \$0.5 million due primarily to the timing of payments.

Department of Rehabilitation and Correction

April disbursements for the Department of Rehabilitation and Correction totaled \$174.4 million and were \$2.9 million (-1.7%) below estimate. This variance was primarily attributable to disbursements in the Institutional Operations line item, which was \$4.3 million below estimate due to reduced costs for hazard pay which resulted from the receipt of federal stimulus funds. This variance was partially offset by disbursements in the Institutional Medical Services line item, which was \$2.0 million above estimate due to the timing of payments. The Halfway House line item was \$1.5 million below estimate, also due to the timing of payments.

Public Defender Commission

April disbursements for the Public Defender Commission totaled \$9.6 million and were \$5.6 million (139.2%) above estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item which was \$5.6 million above estimate due to the timing of county reimbursement payments for the month. This variance partially offsets prior months' below estimate variances.

General Government

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

April disbursements in this category totaled \$42.4 million and were \$7.3 million (-14.7%) below estimate. Year-to-date disbursements were \$364.3 million and were \$39.2 million (-9.7%) below estimate. On a year-over-year basis, disbursements in this category were \$10.3 million (-19.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$21.7 million (-5.6%) lower than at the same point in fiscal year 2020.

Department of Agriculture

April disbursements for the Department of Agriculture totaled \$6.0 million and were \$2.0 million above estimate (49.7%). This variance was primarily attributable to the Soil and Water District Support line item, which was \$1.9 million above estimate due to the timing of payments in support of the H2Ohio program.

Department of Natural Resources

April disbursements for the Department of Natural Resources totaled \$3.5 million and were \$1.0 million below estimate (-22.5%). This variance was primarily attributable to the Parks and Recreation line item, which was \$1.5 million below estimate due to slower-than-expected seasonal hiring and using other funds in lieu of GRF.

Department of Transportation

April disbursements for the Department of Transportation totaled \$1.9 million and were \$6.5 million (-76.9%) below estimate. This variance was primarily attributable to disbursements in the Public Transportation – State line item, which was \$6.3 million below estimate due to the timing of subsidy payments for rural and urban transit operators.

Development Services Agency

April disbursements for the Development Services Agency totaled \$3.6 million and were \$1.5 million (-41.6%) below estimate. This variance was primarily attributable to the timing of payments in the BSD Federal Programs Match line item. Grant payments for Development’s Business Services Division were originally planned for April but will be disbursed in future months instead.

Property Tax Reimbursements

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. April reimbursements totaled \$508.1 million and were \$145.0 million (39.9%) above estimate. Year-to-date reimbursements totaled \$1.6 billion were \$148.3 million (10.4%) above estimate. The monthly variance was caused by the timing of reimbursement requests. Total disbursements in this category are expected to end the fiscal year below initial estimates.

Debt Service

April payments for debt service totaled \$103.5 million and were \$9.7 million (-8.6%) below estimate. Year-to-date expenses in this category total \$999.8 million and were \$18.1 million (-1.8%) below estimate. The variance is primarily attributable to the estimated timing of some disbursements shifting into April from June. Disbursements during the remainder of the fiscal year should offset this variance, reducing it on a year-to-date basis.

Transfers Out

Transfers out totaled \$780,000 in April, though none were estimated. Year-to-date transfers out totaled \$459.2 million and were \$12.8 million (2.9%) above estimate. The monthly variance was primarily caused by a \$500,000 transfer to the Persian Gulf, Afghanistan, Iraq Compensation Fund. This transfer was originally expected to occur earlier in the fiscal year.

5/5/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL APRIL	ESTIMATED APRIL	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	832,667	828,666	4,001	0.5%	7,056,009	6,930,254	125,755	1.8%
Higher Education	201,437	183,058	18,379	10.0%	1,962,605	1,926,332	36,273	1.9%
Other Education	7,226	7,196	31	0.4%	64,884	67,532	(2,648)	-3.9%
Medicaid	1,077,837	1,002,677	75,160	7.5%	14,010,201	15,918,314	(1,908,113)	-12.0%
Health and Human Services	118,935	134,243	(15,307)	-11.4%	1,216,376	1,287,961	(71,585)	-5.6%
Justice and Public Protection	222,955	222,003	951	0.4%	2,051,562	2,139,563	(88,000)	-4.1%
General Government	42,407	49,691	(7,283)	-14.7%	364,284	403,454	(39,170)	-9.7%
Property Tax Reimbursements	508,096	363,099	144,997	39.9%	1,571,566	1,423,312	148,254	10.4%
Debt Service	103,540	113,245	(9,704)	-8.6%	999,774	1,017,891	(18,117)	-1.8%
Total Expenditures & ISTV's	3,115,100	2,903,878	211,222	7.3%	29,297,260	31,114,612	(1,817,352)	-5.8%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	780	0	780	N/A	459,195	446,400	12,795	2.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	780	0	780	N/A	459,195	446,400	12,795	2.9%
Total Fund Uses	3,115,880	2,903,878	212,002	7.3%	29,756,455	31,561,012	(1,804,557)	-5.7%

5/5/2021

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	APRIL FY 2021	APRIL FY 2020	\$ VAR	% VAR	ACTUAL FY 2021	ACTUAL FY 2020	\$ VAR	% VAR
Primary and Secondary Education	832,667	576,621	256,046	44.4%	7,056,009	6,967,795	88,214	1.3%
Higher Education	201,437	234,190	(32,754)	-14.0%	1,962,605	1,977,477	(14,872)	-0.8%
Other Education	7,226	3,505	3,721	106.2%	64,884	74,746	(9,863)	-13.2%
Medicaid	1,077,837	997,998	79,839	8.0%	14,010,201	12,991,582	1,018,618	7.8%
Health and Human Services	118,935	78,129	40,807	52.2%	1,216,376	1,184,683	31,693	2.7%
Justice and Public Protection	222,955	209,772	13,183	6.3%	2,051,562	2,052,511	(949)	0.0%
General Government	42,407	52,693	(10,285)	-19.5%	364,284	385,960	(21,676)	-5.6%
Property Tax Reimbursements	508,096	304,570	203,525	66.8%	1,571,566	1,307,922	263,644	20.2%
Debt Service	103,540	96,242	7,299	7.6%	999,774	1,358,044	(358,270)	-26.4%
Total Expenditures & ISTV's	3,115,100	2,553,719	561,380	22.0%	29,297,260	28,300,721	996,539	3.5%
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	780	41	739	1,802.4%	459,195	668,161	(208,966)	-31.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	780	41	739	1,802.4%	459,195	668,161	(208,966)	-31.3%
Total Fund Uses	3,115,880	2,553,760	562,119	22.0%	29,756,455	28,968,882	787,573	2.7%

FUND BALANCE

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

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

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

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

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

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

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

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

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