LBO Budget Footnotes

A monthly newsletter of the Legislative Budget Office of LSC

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Highlights

– Ross Miller, Chief Economist

GRF tax revenue ended the third quarter of FY 2021 $763 million above the estimate published by the Office of Budget and Management (OBM) in September 2020. March tax revenue was $41 million above estimate, due primarily to the sales and use tax ($31 million). A delay in paying out personal income tax (PIT) refunds, which boosted results for that tax in January and February, had the opposite effect in March, as PIT revenue was $38 million below estimate. April revenue from the PIT will almost certainly look weak, since the Tax Commissioner announced a delay in the filing deadline until May 17, matching the revised deadline for federal income tax filings.

Ohio's unemployment rate fell to 5.0% in February, down 0.3 percentage point from January, and below the February national rate of 6.2%.

Through March 2021, GRF sources totaled $27.87 billion:

- Revenue from the sales and use tax was $477.4 million above estimate;
- PIT receipts were $198.8 million above estimate.

Through March 2021, GRF uses totaled $26.64 billion:

- Program expenditures were $2.03 billion below estimate, due almost entirely to GRF Medicaid spending, which was $1.98 billion below estimate;
- Expenditures were above estimate for Primary and Secondary Education (by $121.8 million), Higher Education ($17.9 million), and Property Tax Reimbursements ($3.3 million), all due in part to timing;
- Spending in all other program categories was below estimate.

In this issue...

Table 1: General Revenue Fund Sources
Actual vs. Estimate
Month of March 2021
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on April 1, 2021)

State Sources	Actual	Estimate*	Variance	Percent
Tax Revenue				
Auto Sales	$169,823	$137,500	$32,323	23.5%
Nonauto Sales and Use	$693,436	$694,700	-$1,264	-0.2%
Total Sales and Use	*$863,259*	*$832,200*	*$31,059*	*3.7%*
Personal Income	$522,682	$561,100	-$38,418	-6.8%
Commercial Activity Tax	$20,492	$9,400	$11,092	118.0%
Cigarette	$76,003	$68,100	$7,903	11.6%
Kilowatt-Hour Excise	$28,931	$30,900	-$1,969	-6.4%
Foreign Insurance	$57,260	$44,600	$12,660	28.4%
Domestic Insurance	$135	-$1,200	$1,335	111.3%
Financial Institution	$50,418	$32,300	$18,118	56.1%
Public Utility	$2,975	$2,600	$375	14.4%
Natural Gas Consumption	$0	$0	$0	---
Alcoholic Beverage	$3,712	$3,200	$512	16.0%
Liquor Gallonage	$4,202	$3,700	$502	13.6%
Petroleum Activity Tax	$1,140	$3,000	-$1,860	-62.0%
Corporate Franchise	$60	$0	$60	---
Business and Property	$0	$0	$0	---
Estate	$14	$0	$14	---
Total Tax Revenue	**$1,631,283**	**$1,589,900**	**$41,383**	**2.6%**
Nontax Revenue				
Earnings on Investments	$0	$0	$0	---
Licenses and Fees	$31,065	$27,284	$3,781	13.9%
Other Revenue	$11,970	$11,373	$597	5.3%
Total Nontax Revenue	**$43,035**	**$38,656**	**$4,379**	**11.3%**
Transfers In	**$11,957**	**$0**	**$11,957**	**---**
Total State Sources	**$1,686,275**	**$1,628,556**	**$57,719**	**3.5%**
Federal Grants	**$976,896**	**$1,273,364**	**-$296,468**	**-23.3%**
Total GRF Sources	**$2,663,171**	**$2,901,920**	**-$238,749**	**-8.2%**

*Estimates of the Office of Budget and Management as of September 2020 (H.B. 166 estimate, adjusted for the shift of income tax filings from April (FY 2020) to July (FY 2021)).

Detail may not sum to total due to rounding.

Table 2: General Revenue Fund Sources
Actual vs. Estimate ($ in thousands)
FY 2021 as of March 31, 2021
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on April 1, 2021)

State Sources	Actual	Estimate*	Variance	Percent	FY 2020**	Percent
Tax Revenue						
Auto Sales	$1,307,897	$1,137,000	$170,897	15.0%	$1,158,208	12.9%
Nonauto Sales and Use	$7,398,225	$7,091,700	$306,525	4.3%	$7,010,689	5.5%
Total Sales and Use	*$8,706,123*	*$8,228,700*	*$477,423*	*5.8%*	*$8,168,897*	*6.6%*
Personal Income	$7,034,900	$6,836,100	$198,800	2.9%	$6,006,883	17.1%
Commercial Activity Tax	$1,232,773	$1,225,000	$7,773	0.6%	$1,258,419	-2.0%
Cigarette	$639,650	$592,100	$47,550	8.0%	$617,088	3.7%
Kilowatt-Hour Excise	$236,145	$256,600	-$20,455	-8.0%	$258,200	-8.5%
Foreign Insurance	$350,911	$322,200	$28,711	8.9%	$335,930	4.5%
Domestic Insurance	$975	$900	$75	8.3%	$1,685	-42.1%
Financial Institution	$146,855	$111,500	$35,355	31.7%	$128,097	14.6%
Public Utility	$82,106	$101,000	-$18,894	-18.7%	$100,848	-18.6%
Natural Gas Consumption	$35,798	$40,400	-$4,602	-11.4%	$29,061	23.2%
Alcoholic Beverage	$45,097	$40,200	$4,897	12.2%	$39,587	13.9%
Liquor Gallonage	$42,808	$37,800	$5,008	13.2%	$39,049	9.6%
Petroleum Activity Tax	$3,202	$7,400	-$4,198	-56.7%	$6,614	-51.6%
Corporate Franchise	$5,877	$0	$5,877	---	-$364	1712.8%
Business and Property	$59	$0	$59	---	$0	---
Estate	$26	$0	$26	---	$48	-45.0%
Total Tax Revenue	**$18,563,305**	**$17,799,900**	**$763,405**	**4.3%**	**$16,990,042**	**9.3%**
Nontax Revenue						
Earnings on Investments	$32,562	$18,750	$13,812	73.7%	$77,002	-57.7%
Licenses and Fees	$55,473	$47,609	$7,864	16.5%	$51,142	8.5%
Other Revenue	$106,451	$93,616	$12,834	13.7%	$91,453	16.4%
Total Nontax Revenue	**$194,485**	**$159,975**	**$34,511**	**21.6%**	**$219,597**	**-11.4%**
Transfers In	**$96,983**	**$77,932**	**$19,051**	**24.4%**	**$76,431**	**26.9%**
Total State Sources	**$18,854,774**	**$18,037,807**	**$816,967**	**4.5%**	**$17,286,070**	**9.1%**
Federal Grants	**$9,016,802**	**$10,280,119**	**-$1,263,317**	**-12.3%**	**$7,614,467**	**18.4%**
Total GRF SOURCES	**$27,871,576**	**$28,317,926**	**-$446,350**	**-1.6%**	**$24,900,537**	**11.9%**

*Estimates of the Office of Budget and Management as of September 2020 (H.B. 166 estimate, adjusted for the shift of income tax filings from April (FY 2020) to July (FY 2021)).

**Cumulative totals through the same month in FY 2020.

Detail may not sum to total due to rounding.

Revenues[1]

– Jean J. Botomogno, Principal Economist

Overview

With one quarter left in FY 2021, GRF sources through March of $27.87 billion were $446.4 million (1.6%) short of the estimate released by OBM in September 2020, due to a year-to-date (YTD) substantial negative variance of $1.26 billion (12.3%) for federal grants. This pattern of negative variances for federal grants has occurred most of the fiscal year. GRF sources consist of state-source receipts, which include tax revenue, nontax revenue, and transfers in, and federal grants. Partially offsetting the negative variance for federal grants, YTD state-source receipts were $817.0 million (4.5%) above estimate, largely due to a positive variance of $763.4 million (4.3%) for GRF tax sources. Nontax revenue and transfers in were above expected revenue by $34.5 million (21.6%) and $19.1 million (24.4%), respectively. GRF revenue from federal grants is related to spending for Medicaid and other human services programs, and YTD GRF Medicaid expenditures also posted a substantial negative variance totaling $1.98 billion (13.3%) through March.[2] Thus, despite the YTD shortfall of GRF sources, the budget situation continues to remain sound. Tables 1 and 2 show GRF sources for the month of March and for FY 2021 through March, respectively.

OBM released updated FY 2021 GRF estimates in February with the introduction of the executive budget (Blue Book). The revised estimates were for GRF revenue of $36.21 billion for the full fiscal year, down from OBM's September estimate of $38.42 billion, with most of the variance in federal grants. The reduction in estimated GRF tax revenues was $634.5 million. Because LBO has not received updated monthly estimates for the remainder of this fiscal year, this publication will continue to compare actual GRF sources to the estimates released in September 2020.

Last year, among measures responding to the COVID-19 pandemic, H.B. 197 of the 133rd General Assembly authorized the Tax Commissioner to delay various state tax payments to match the extended deadline for federal income tax returns. The Tax Commissioner recently used this authority to follow the Internal Revenue Service (IRS) in extending to May 17, 2021, the deadline to file and pay state and school district income taxes for tax returns that were originally due in April. Consequently, April PIT revenue will probably look weak, and PIT revenue in May is likely to be significantly larger than the estimate.

GRF tax sources as a whole continue to be strong. The fiscal year's overage has generally been due to favorable performances by three of the biggest taxes. Through March, the sales and use tax, the PIT, and the cigarette tax were $477.4 million, $198.8 million, and $47.5 million above their respective estimates. And on the strength of its March revenue, the YTD variance

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[1] This report compares actual monthly and YTD GRF revenue sources to OBM's estimates. If actual receipts were higher than estimate, that GRF source is deemed to have a positive variance. Alternatively, a GRF source is deemed to have a negative variance if actual receipts were lower than estimate.

[2] FY 2021 Medicaid variances are measured against estimates that are approximately $3 billion higher for all funds Medicaid expenditures than the estimates established when H.B. 166 was enacted. Thus, the negative variance for federal grants is likely to persist throughout the fiscal year.

for the commercial activity tax (CAT) shifted from negative to a positive $7.8 million; through February, the CAT shortfall had been $3.3 million.[3] Excluding the largest tax sources above, the remaining taxes had a combined YTD positive variance of $31.9 million. Positive YTD variances were realized by the foreign insurance tax ($28.7 million), the financial institutions tax (FIT, $35.4 million),[4] the liquor gallonage tax ($5.0 million), and the alcoholic beverage tax ($4.9 million). In addition, the corporate franchise tax (CFT) had a YTD positive variance of $5.9 million due to revenue from the conclusion of certain audits in December 2020.[5] The positive variances were partly offset by YTD deficits from the kilowatt-hour tax, the public utility tax, the natural gas consumption tax, and the petroleum activity tax (PAT). These taxes experienced negative variances of $20.5 million, $18.9 million, $4.6 million, and $4.2 million, respectively. Utility-related taxes – kilowatt-hour, public utility, and natural gas consumption – have generally been below their respective estimates throughout FY 2021, in part due to decreased energy consumption related to closures induced by the COVID-19 pandemic, milder weather, and lower than expected energy prices; colder temperatures in February may result in revenue closer to or above estimate in the final quarter of the fiscal year.

In March, another large monthly negative variance totaling $296.5 million (23.3%) for federal grants resulted in a GRF shortfall of $238.7 million (8.2%). On the other hand, GRF tax sources exceeded anticipated revenues by $41.4 million (2.6%). Nontax revenue was above estimate by $4.4 million (11.3%), and OBM transferred $12.0 million into the GRF in March, though no transfers in was anticipated. Regarding specific tax sources, the sales and use tax, the FIT, the foreign insurance tax, the CAT, and the cigarette tax were above their expected revenue levels by $31.1 million, $18.1 million, $12.7 million, $11.1 million, and $7.9 million, respectively. The positive variances were reduced by shortfalls of $38.4 million for the PIT, $2.0 million for the kilowatt-hour tax, and $1.9 million for the PAT. Chart 1, below, shows cumulative YTD variances of GRF sources through March in FY 2021.

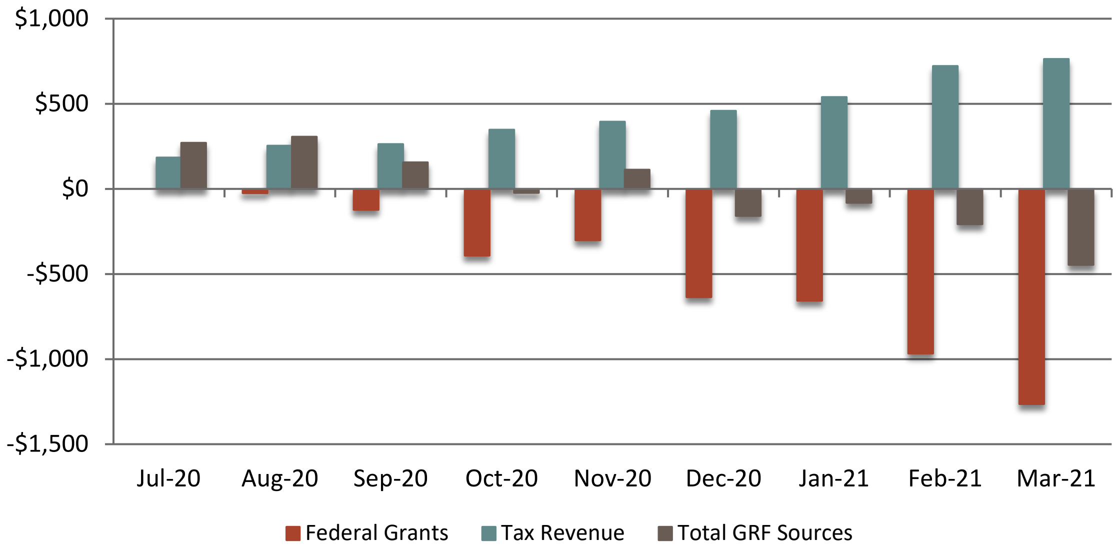
Growth of GRF sources relative to year-ago sources has followed a consistent pattern in the last few months, with large increases in federal grants and tax revenues. YTD GRF sources rose $2.97 billion (11.9%) compared to sources in the corresponding period in FY 2020. Tax sources grew $1.57 billion (9.3%). Federal grants rose $1.40 billion (18.4%), with $864.7 million of the total increase due to a COVID-19-related temporary rise in the share of federal reimbursements for Medicaid authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Transfers in also rose, by $20.6 million (26.9%), but nontax revenue fell by $25.1 million (11.4%) from lower earnings on investments in FY 2021.

[3] To slow the pandemic outbreak, the Governor issued an emergency declaration on March 9, 2020, and various public health orders followed, including a stay-at-home requirement and some business closures. Those measures reduced economic activity and taxable gross receipts in the spring quarter, which was the basis for the tax paid by quarterly CAT taxpayers in August 2020.

[4] Annual FIT tax returns are due in October, but estimated payments are made at the end of January, March, and May. The reconciliation between estimated payments and final tax liability may result in net refunds between July and December. For the quarter, the FIT was $32.4 million (22.8%) above estimate.

[5] Though GRF receipts are no longer anticipated because H.B. 510 of the 129th General Assembly eliminated the CFT at the end of 2013, adjustments to tax filings in previous years continue to affect this tax source.

Chart 1: Cumulative Variances of GRF Sources in FY 2021
(Variances from Estimates, $ in millions)



The growth in GRF tax sources was almost entirely due to revenue increases for the two largest tax sources. The increase in PIT revenue was primarily due to a delay in the tax filing deadline from April until July, as explained in more detail in the PIT section below, while sales and use tax revenue has been supported by several federal income support programs since the spring of 2020. Combined receipts from the remaining taxes were just $8.0 million above their FY 2020 level. Revenue increased for the cigarette tax, the FIT, the foreign insurance tax, the natural gas consumption tax, the alcoholic beverage tax, the CFT, and the liquor gallonage tax. Those increases were partially offset by revenue declines for the CAT, the public utility tax, the kilowatt-hour tax, and the PAT.

Sales and Use Tax

The sales and use tax continues to perform superbly. March GRF sales and use tax revenue of $863.3 million was $31.1 million (3.7%) above estimate, with another strong performance from the auto sales tax and a small negative variance for the nonauto sales tax. Compared to receipts last year in the same month, revenue from this tax was higher by $111.8 million (14.9%). The monthly year-ago comparison will also be favorable in the next couple of months because of significantly reduced sales tax revenue in April and May of 2020 due to business closures and stay-at-home requirements from the emergency order of March 2020.

Through March, FY 2021 revenue totaled $8.71 billion. This amount was $477.4 million (5.8%) above OBM projections and $537.2 million (6.6%) above receipts in the corresponding period in FY 2020. FY 2021 sales tax revenue has been supported by increased consumer spending buoyed by several federal income support programs over several months. The latest income support program, the American Rescue Plan Act (ARPA), enacted in March 2021, included economic impact payments of up to $1,400 per person, depending on income level. Through the end of the month, the IRS had issued about $335 billion for this third round of stimulus payments. The Congressional Budget Office estimated total payments under this program to be about $411 billion, higher than amounts of about $292 billion from the CARES Act (spring of 2020, up to $1,200 per person, plus $500 per qualifying child) and approximately

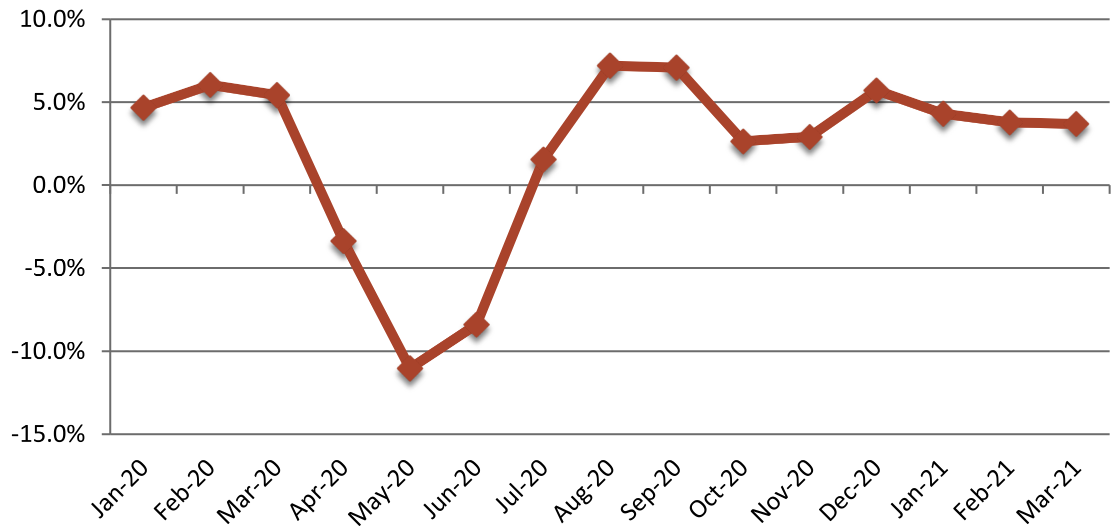
$164 billion for the Consolidated Appropriations Act (January and February 2021, up to $600 per person, plus $600 per qualifying child). In addition to the latest economic impact payments, increased employment levels, strong consumer savings, and expanded vaccine distributions are likely to boost the sales and use tax in the final fiscal quarter.

For analysis and forecasting, revenue from the sales and use tax is separated into two parts: auto and nonauto. Auto sales and use tax collections generally arise from the sale of motor vehicles, but auto taxes arising from leases are paid at the lease signing and are mostly recorded under the nonauto tax instead of the auto tax.

Nonauto Sales and Use Tax

YTD GRF nonauto sales and use tax receipts totaled $7.40 billion, an amount $306.5 million (4.3%) above estimate and $387.5 million (5.5%) above revenue in FY 2020 through March. March receipts of $693.4 million were $1.3 million (0.2%) below estimate, but $70.9 million (11.4%) above revenue in March 2020. Generally, a large part of a month's nonauto sales and use tax revenue is from tax collection or tax remittance on taxable sales in the previous month. Chart 2, below, provides year-over-year growth in nonauto sales and use tax collections since January 2020.

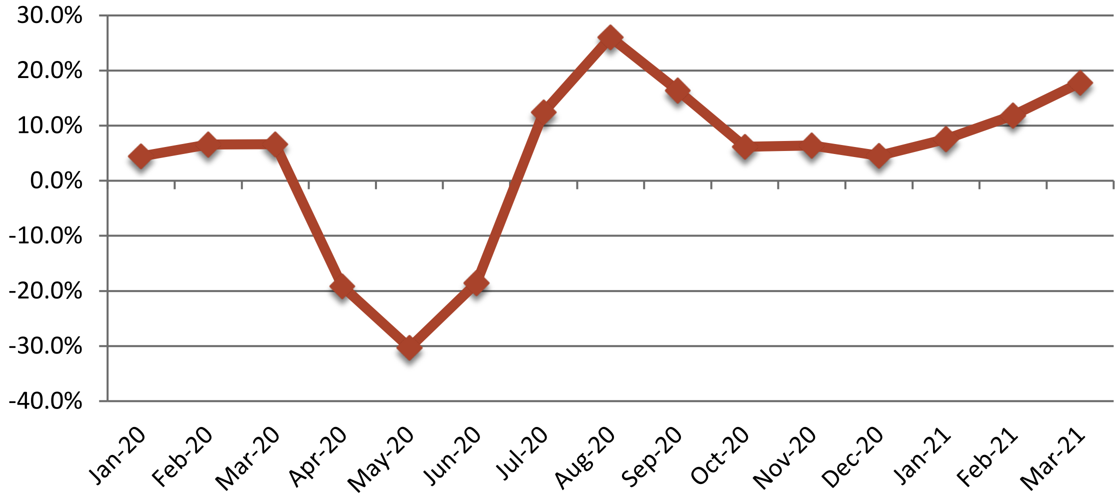
Chart 2: Nonauto Sales and Use Tax Receipts Trend
Actual vs. Prior Year
(Three-month Moving Average)



Auto Sales and Use Tax

March auto sales and use tax revenue was $169.8 million, $32.3 million (23.5%) above estimate and $40.9 million (31.7%) above such receipts in March 2020. For the third fiscal quarter, the performance of this tax source has been exceptional, coming in over 18% above estimate. Through March, FY 2021 receipts totaled $1.31 billion, an amount $170.9 million (15.0%) above estimate and $149.7 million (12.9%) above revenue in the corresponding period last fiscal year. Growth of more than 10% from the prior year in the absence of any significant tax policy change is unusual. Chart 3, below, shows year-over-year growth in auto sales and use tax collections, the pandemic-related revenue declines earlier in calendar year (CY) 2020 from both low demand and low supply of vehicles, and the subsequent rebound starting in late spring and continuing through the current fiscal year.

Chart 3: Auto Sales and Use Tax Receipts Trend
Actual vs. Prior Year
(Three-month Moving Average)



In March, U.S. new light vehicle (auto and light truck) unit sales were 17.7 million (on a seasonally adjusted annual rate basis), making up for poor monthly sales in February caused by the severe weather that struck Texas and other southeastern states. Both passenger cars and light trucks saw significant gains compared to the pandemic-affected sales pace of March 2020.

As mentioned in previous editions of this publication, although a useful barometer of the direction of the industry, U.S. new light vehicle monthly unit sales do not track closely with Ohio's auto sales and use tax performance and have been, for several months, below auto sales and use tax revenue growth. For example, from July 2020 through March 2021, nationwide light vehicle unit sales fell by over 1%. On the other hand, data provided by the Ohio Bureau of Motor Vehicles show that the Ohio auto tax base expanded due to both increases in unit sales and higher prices of vehicles. Compared to the corresponding period last fiscal year, YTD FY 2021 unit sales of newly titled vehicles jumped 10.0%, while unit sales of used vehicles increased 5.9%;[6] their average prices per vehicle increased 5.5% and 5.7%, respectively. Overall, Ohio consumers have spent about $3.05 billion more on new and pre-owned passenger cars and trucks in FY 2021, relative to FY 2020 through March. Of that total, about 70% was spent on purchases of trucks and sport utility vehicles.

Personal Income Tax

A negative revenue variance of $38.4 million (6.8%) in March reduced the YTD positive variance of the PIT to $198.8 million (2.9%), down from $237.2 million through February. In January and February, GRF revenue from this tax source was above estimate, due to lower than anticipated refunds resulting from a delayed start to the tax filing season.[7] This month, with a positive variance of $90.9 million (25.0%), refunds had the opposite effect on PIT receipts.

[6] No corresponding timely and reliable nationwide data are available for sales of used vehicles.

[7] The IRS and the Ohio Department of Taxation started accepting and processing tax returns on February 12, 2021. Through March 26, 2021, IRS filing statistics indicate that nearly 13% fewer returns were processed, relative to the tax filing season in 2020.

Gross collections were $54.8 million (5.7%) above expectations, with all components exceeding their respective estimates, including $35.9 million for employer withholding, $11.7 million for taxes due with annual returns, and $5.4 million for quarterly estimated payments.

PIT revenue to the GRF is comprised of gross collections, minus refunds and distributions to the Local Government Fund (LGF). Gross collections consist of employer withholdings, quarterly estimated payments,[8] trust payments, payments associated with annual returns, and other miscellaneous payments. The performance of the tax is typically driven by employer withholdings, which is the largest component of gross collections (about 87% of gross collections in FY 2020). Larger or smaller than expected refunds (which decrease gross collections) could also greatly affect the monthly performance of the tax.

YTD FY 2021 GRF receipts from the PIT of $7.03 billion were $1.03 billion (17.1%) above such revenue in FY 2020 through March. The large year-over-year PIT revenue growth (which is expected to decrease over time) is directly attributable to the delay of income tax filings from April to July 2020. As explained above, H.B. 197 of the 133rd General Assembly authorized the Tax Commissioner to delay various state tax payments, which he did for this tax, to match the extended deadline for federal income tax returns for tax year (TY) 2019. About $719.0 million in income tax annual returns and first-quarter estimated payments were postponed and realized in FY 2021, according to the Ohio Department of Taxation.

For FY 2021 through March, revenues from each component of the PIT relative to estimates and revenue received in FY 2020 are detailed in the table below. FY 2021 gross collections were $172.5 million above anticipated revenue. Quarterly estimated payments, trust payments, payments due with annual returns, and employer withholding were above their projections by $121.0 million, $20.8 million, $19.2 million, and $18.3 million, respectively. Those positive variances were partially offset by a shortfall of $6.8 million for miscellaneous payments. Refunds were $41.8 million below estimate, but LGF distributions were above expectation by $15.6 million, thus resulting in the YTD positive variance of $198.8 million for the GRF.

Compared to the corresponding period in FY 2020, gross collections have been higher in FY 2021 due to the income tax filing delay. They grew $950.6 million, driven by increases of $640.2 million from payments due with annual returns and $192.9 million for quarterly estimated payments. In addition, employer withholding and trust payments rose $77.2 million and $47.0 million, respectively. On the other hand, miscellaneous payments were below their FY 2020 level by $6.7 million. FY 2021 refunds were lower than those in FY 2020 by $99.8 million, but LGF distributions were higher by $22.4 million. Therefore, growth in PIT GRF revenue totaled $1.03 billion relative to YTD receipts in FY 2020.

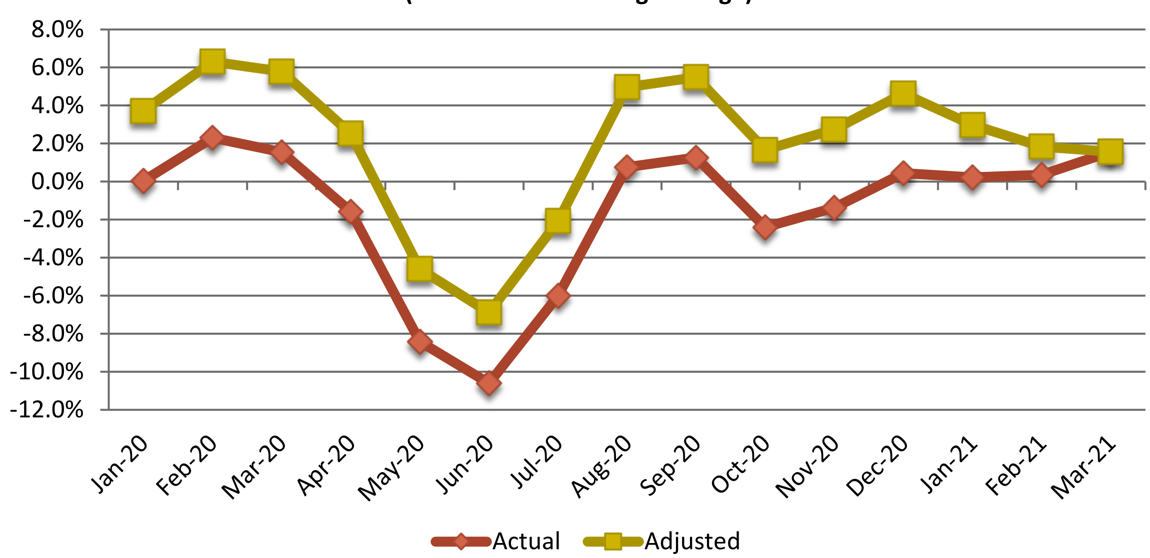
Year-over-year growth in withholding receipts in CY 2020 had been limited through December 2020 because of a 4.0% reduction in withholding rates effective January 2020 due to the reduction of income tax rates for nonbusiness income enacted in H.B. 166. This limitation on growth in withholding receipts explains much of the weak growth in withholding receipts from FY 2020 shown in the table, but it no longer applied starting in January 2021.

[8] Quarterly estimated payments are made by taxpayers who expect to be underwithheld by more than $500. When tax filings are not delayed, quarterly estimated payments are generally due in April, June, and September of an individual's tax year and January of the following year. Most estimated payments are made by high-income taxpayers.

FY 2021 PIT Revenue Variance and Annual Change by Component				
Category	YTD Variance from Estimate		Changes from FY 2020	
	Amount ($ in millions)	Percent (%)	Amount ($ in millions)	Percent (%)
Withholding	$18.3	0.3%	$77.2	1.1%
Quarterly Estimated Payments	$121.0	18.2%	$192.9	32.6%
Trust Payments	$20.8	32.6%	$47.0	125.6%
Annual Return Payments	$19.2	2.3%	$640.2	315.5%
Miscellaneous Payments	-$6.8	-10.4%	-$6.7	-10.2%
Gross Collections	$172.5	2.0%	$950.6	12.0%
Less Refunds	-$41.8	-2.7%	-$99.8	-6.3%
Less LGF Distribution	$15.6	4.8%	$22.4	7.0%
GRF PIT Revenue	$198.8	2.9%	$1,028.0	17.1%

The chart below illustrates the growth of monthly employer withholdings on a three-month moving average relative to one year ago. It shows both the actual change in withholding receipts in FY 2021 and estimated withholding receipts adjusted for the January 2020 decrease in the withholding tax rate through the first half of FY 2021 (meaning adjustments are not affecting actual receipts after December). Payrolls are estimated to have increased about 1.6%, on average, in the third fiscal quarter.

Chart 4: Monthly Witholding Receipts Trend
Actual vs. Prior Year
(Three-month Moving Average)

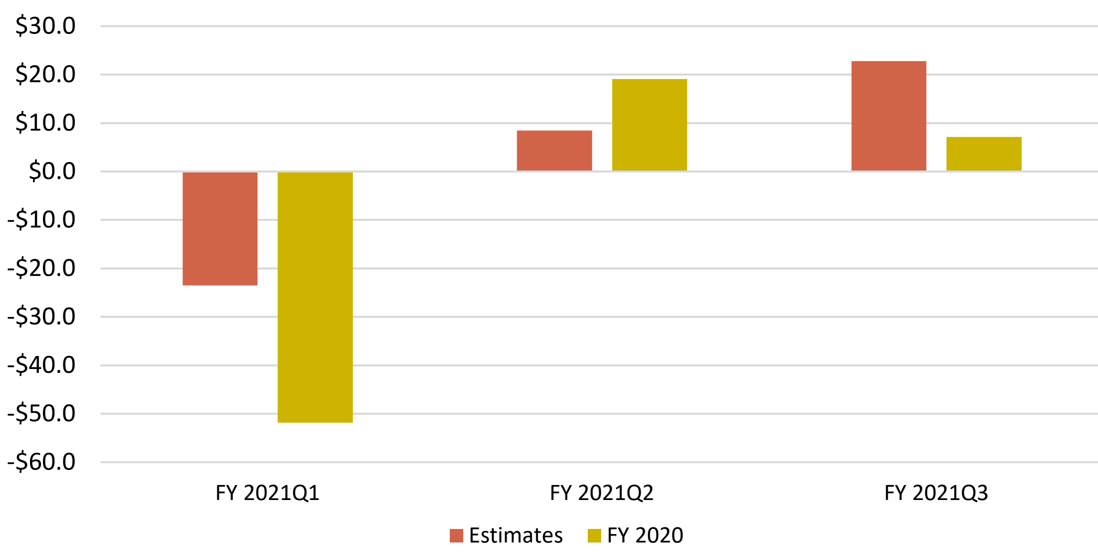


April is generally the biggest revenue month for the PIT. As stated earlier, Ohio will be following the IRS in extending the deadline to file and pay Ohio individual income and school district income taxes. The new deadline is May 17, 2021, an extension of approximately one month from the original deadline of April 15. The IRS extended the due date of tax returns as a result of the recent enactment of the ARPA which contained significant changes in federal tax law affecting TY 2020 and prior tax years. The tax filing delay will probably make PIT revenue look weak in April and likely significantly larger than the estimate in May. However, year-over-year growth in withholding receipts in the last fiscal quarter will be high due to increased unemployment levels experienced in the spring of 2020.

Commercial Activity Tax

March is not a big revenue month for the CAT. GRF receipts of $20.5 million were $11.1 million (118.0%) above estimate and $8.3 million (67.5%) above March 2020 revenue. The monthly performance of the CAT erased its YTD negative variance of $3.3 million at the end of February and turned it into a cumulative positive variance of $7.8 million (0.6%) after nine months. For the fiscal year, GRF receipts of $1.23 billion were $25.6 million (2.0%) below revenue through March in FY 2020. As shown in the chart below, the second fiscal quarter showed improvement following a dismal first quarter in which the CAT was below both estimates and prior-year receipts. The turnaround continued in the third quarter when GRF receipts were $22.8 million (5.2%) above estimate and $7.1 million (1.6%) above receipts in the corresponding quarter in FY 2020. Excluding the first-quarter performance, revenue from the CAT to the GRF was $31.3 million (3.7%) above estimate in the last six months.

Chart 5: FY 2021 Quarterly CAT GRF Revenue
Actual vs. Estimate and Prior Year ($ in millions)



Relative to the corresponding period last year, though YTD GRF revenue was $25.6 million below last year's receipts, FY 2021 gross collections totaling $1.58 billion were just $2.0 million (0.1%) below last year's collections, due to an increase in refunds and credits. Refunds and credits totaled $121.7 million this fiscal year, $28.4 million (30.4%) above those items in FY 2020.

Under continuing law, CAT receipts are deposited into the GRF (85.0%), the School District Tangible Property Tax Replacement Fund (Fund 7047, 13.0%), and the Local Government Tangible Property Tax Replacement Fund (Fund 7081, 2.0%). Through three quarters in FY 2021, Fund 7047 and Fund 7081 received $188.5 million and $29.0 million, respectively. The distributions are used to make reimbursement payments to school districts and other local taxing units, respectively, for the phase out of property taxes on general business tangible personal property. Any receipts in excess of amounts needed for such payments are transferred back to the GRF.

Cigarette and Other Tobacco Products Tax

March receipts of $76.0 million from the cigarette and other tobacco products (OTP) tax were $7.9 million (11.6%) above estimate and $2.5 million (3.3%) above revenue in the same month in 2020. For the fiscal year, YTD revenue from this tax source totaling $639.6 million was above estimate by $47.5 million (8.0%). This total included $565.0 million from the sale of cigarettes and $74.6 million from the sale of OTP. Revenue from this tax source continues to outpace projected receipts in FY 2021 as the pandemic wears on, as third-quarter revenue was $9.0 million (4.5%) above estimate.

Through March, FY 2021 receipts grew $22.6 million (3.7%) relative to revenues in the corresponding period in FY 2020. Receipts from cigarette sales and OTP sales increased by $8.1 million (1.5%) and $14.5 million (24.0%), respectively. The increase in OTP revenue is due, in part, to additional revenue from the vapor tax. H.B. 166 levied a tax of 10¢ per milliliter (or gram) of vapor product (depending on the form of the product) which is defined as any liquid solution or other substance that contains nicotine and is depleted as it is used in an electronic smoking product.[9] The OTP tax is an ad valorem tax, generally 17% of the wholesale price paid by wholesalers for the product; thus, revenue from that portion of the tax base (about 9% of the total tax base in FY 2020) grows with OTP price increases.

On a yearly basis, revenue from the cigarette tax usually trends downward, generally at a slow pace. It appears the long-term annual decline in cigarette consumption may have resumed after a period of growth in the first six months of FY 2021 when revenue from the cigarette tax was $17.0 million (4.7%) above receipts in FY 2020 through December. In the January to March 2021 period, quarterly receipts from the sale of cigarettes fell $8.9 million (4.6%) below such revenue in the corresponding quarter last year. On the other hand, sales of OTP were robust, with receipts $3.8 million (18.8%) above revenue in the January to March period in FY 2020. So, total quarterly revenue for cigarette and OTP sales was $5.1 million (2.4%) below total receipts in the third fiscal quarter in FY 2020.

[9] Through December 2020, the yield of the tax on vapor products was $3.8 million in FY 2021, about the same as total revenue in FY 2020, according to the Ohio Department of Taxation.

Table 3: General Revenue Fund Uses
Actual vs. Estimate
Month of March 2021
($ in thousands)
(Actual based on OAKS reports run April 1, 2021)

Program Category	Actual	Estimate*	Variance	Percent
Primary and Secondary Education	$625,588	$617,864	$7,724	1.3%
Higher Education	$205,309	$192,875	$12,434	6.4%
Other Education	$3,930	$3,823	$107	2.8%
Total Education	**$834,828**	**$814,562**	**$20,266**	**2.5%**
Medicaid	$1,461,519	$1,908,828	-$447,309	-23.4%
Health and Human Services	$152,465	$111,905	$40,560	36.2%
Total Health and Human Services	**$1,613,983**	**$2,020,733**	**-$406,749**	**-20.1%**
Justice and Public Protection	$159,711	$169,934	-$10,224	-6.0%
General Government	$29,030	$32,626	-$3,595	-11.0%
Total Government Operations	**$188,741**	**$202,560**	**-$13,819**	**-6.8%**
Property Tax Reimbursements	$159,126	$126,635	$32,491	25.7%
Debt Service	$79,365	$169,043	-$89,678	-53.1%
Total Other Expenditures	**$238,491**	**$295,678**	**-$57,187**	**-19.3%**
Total Program Expenditures	**$2,876,043**	**$3,333,533**	**-$457,489**	**-13.7%**
Transfers Out	**$13,545**	**$500**	**$13,045**	**2609.0%**
Total GRF Uses	**$2,889,588**	**$3,334,033**	**-$444,444**	**-13.3%**

*September 2020 estimates of the Office of Budget and Management.
Detail may not sum to total due to rounding.

Table 4: General Revenue Fund Uses
Actual vs. Estimate
FY 2021 as of March 31, 2021
($ in thousands)
(Actual based on OAKS reports run April 1, 2021)

Program Category	Actual	Estimate*	Variance	Percent	FY 2020**	Percent
Primary and Secondary Education	$6,223,342	$6,101,588	$121,754	2.0%	$6,391,174	-2.6%
Higher Education	$1,761,168	$1,743,274	$17,894	1.0%	$1,743,287	1.0%
Other Education	$57,657	$60,336	-$2,678	-4.4%	$71,241	-19.1%
Total Education	**$8,042,168**	**$7,905,198**	**$136,970**	**1.7%**	**$8,205,702**	**-2.0%**
Medicaid	$12,932,364	$14,915,637	-$1,983,273	-13.3%	$11,993,585	7.8%
Health and Human Services	$1,097,441	$1,153,719	-$56,278	-4.9%	$1,106,555	-0.8%
Total Health and Human Services	**$14,029,805**	**$16,069,355**	**-$2,039,551**	**-12.7%**	**$13,100,139**	**7.1%**
Justice and Public Protection	$1,828,607	$1,917,559	-$88,952	-4.6%	$1,842,739	-0.8%
General Government	$321,876	$353,763	-$31,887	-9.0%	$333,267	-3.4%
Total Government Operations	**$2,150,484**	**$2,271,322**	**-$120,838**	**-5.3%**	**$2,176,006**	**-1.2%**
Property Tax Reimbursements	$1,063,471	$1,060,213	$3,258	0.3%	$1,003,351	6.0%
Debt Service	$896,234	$904,645	-$8,412	-0.9%	$1,261,803	-29.0%
Total Other Expenditures	**$1,959,704**	**$1,964,858**	**-$5,154**	**-0.3%**	**$2,265,154**	**-13.5%**
Total Program Expenditures	**$26,182,160**	**$28,210,734**	**-$2,028,573**	**-7.2%**	**$25,747,002**	**1.7%**
Transfers Out	**$458,415**	**$446,400**	**$12,015**	**2.7%**	**$668,120**	**-31.4%**
Total GRF Uses	**$26,640,575**	**$28,657,134**	**-$2,016,559**	**-7.0%**	**$26,415,121**	**0.9%**

*September 2020 estimates of the Office of Budget and Management.
**Cumulative totals through the same month in FY 2020.
Detail may not sum to total due to rounding.

Table 5: Medicaid Expenditures by Department
Actual vs. Estimate
($ in thousands)
(Actuals based on OAKS report run on April 7, 2021)

	Month of March 2021				Year to Date through March 2021			
Department	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Medicaid								
GRF	$1,408,913	$1,849,356	-$440,443	-23.8%	$12,425,992	$14,375,281	-$1,949,290	-13.6%
Non-GRF	$762,848	$728,934	$33,915	4.7%	$8,154,589	$8,079,868	$74,721	0.9%
All Funds	$2,171,761	$2,578,289	-$406,528	-15.8%	$20,580,580	$22,455,149	-$1,874,569	-8.3%
Developmental Disabilities								
GRF	$44,526	$53,180	-$8,654	-16.3%	$435,128	$464,729	-$29,601	-6.4%
Non-GRF	$269,996	$428,430	-$158,434	-37.0%	$1,963,775	$2,062,882	-$99,107	-4.8%
All Funds	$314,522	$481,610	-$167,088	-34.7%	$2,398,903	$2,527,611	-$128,708	-5.1%
Job and Family Services								
GRF	$7,345	$5,608	$1,738	31.0%	$62,945	$67,074	-$4,130	-6.2%
Non-GRF	$14,666	$11,757	$2,909	24.7%	$124,828	$126,348	-$1,520	-1.2%
All Funds	$22,011	$17,365	$4,647	26.8%	$187,772	$193,422	-$5,650	-2.9%
Health, Mental Health and Addiction, Aging, Pharmacy Board, and Education								
GRF	$735	$684	$51	7.4%	$8,299	$8,552	-$252	-3.0%
Non-GRF	$1,719	$2,789	-$1,069	-38.3%	$25,235	$31,837	-$6,602	-20.7%
All Funds	$2,454	$3,473	-$1,019	-29.3%	$33,534	$40,389	-$6,855	-17.0%
All Departments:								
GRF	**$1,461,519**	**$1,908,828**	**-$447,309**	**-23.4%**	**$12,932,364**	**$14,915,637**	**-$1,983,273**	**-13.3%**
Non-GRF	**$1,049,229**	**$1,171,908**	**-$122,680**	**-10.5%**	**$10,268,426**	**$10,300,935**	**-$32,509**	**-0.3%**
All Funds	**$2,510,748**	**$3,080,737**	**-$569,988**	**-18.5%**	**$23,200,790**	**$25,216,571**	**-$2,015,781**	**-8.0%**

*September 2020 estimates from the Office of Budget and Management and Department of Medicaid.
Detail may not sum to total due to rounding.

Table 6: All Funds Medicaid Expenditures by Payment Category
Actual vs. Estimate
($ in thousands)
(Actuals based on OAKS report run on April 7, 2021)

	Month of March 2021				Year to Date through March 2021			
Payment Category	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Managed Care	**$1,674,520**	**$1,998,346**	**-$323,826**	**-16.2%**	**$15,652,421**	**$16,890,913**	**-$1,238,492**	**-7.3%**
CFC†	$612,867	$727,329	-$114,463	-15.7%	$5,481,972	$5,932,195	-$450,223	-7.6%
Group VIII	$523,476	$662,770	-$139,294	-21.0%	$4,613,539	$5,266,488	-$652,949	-12.4%
ABD†	$243,424	$266,789	-$23,365	-8.8%	$2,232,966	$2,336,183	-$103,217	-4.4%
ABD Kids	$81,316	$86,594	-$5,278	-6.1%	$724,207	$754,423	-$30,217	-4.0%
My Care	$213,438	$254,864	-$41,426	-16.3%	$2,080,152	$2,223,651	-$143,499	-6.5%
P4P & Ins Fee†	$0	$0	$0	-	$519,585	$377,973	$141,612	37.5%
Fee-For-Service	**$667,247**	**$894,197**	**-$226,950**	**-25.4%**	**$6,047,772**	**$6,747,096**	**-$699,324**	**-10.4%**
ODM Services	$356,619	$426,251	-$69,632	-16.3%	$3,072,817	$3,476,203	-$403,386	-11.6%
DDD Services	$310,628	$467,947	-$157,318	-33.6%	$2,330,860	$2,455,077	-$124,217	-5.1%
Hospital – HCAP&Other†	$0	$0	$0	-	$644,095	$815,816	-$171,721	-21.0%
Premium Assistance	**$98,704**	**$106,878**	**-$8,174**	**-7.6%**	**$837,384**	**$838,867**	**-$1,483**	**-0.2%**
Medicare Buy-In	$63,426	$61,881	$1,545	2.5%	$558,242	$539,713	$18,529	3.4%
Medicare Part D	$35,278	$44,997	-$9,719	-21.6%	$279,142	$299,154	-$20,012	-6.7%
Administration	**$70,277**	**$81,315**	**-$11,038**	**-13.6%**	**$663,214**	**$739,696**	**-$76,482**	**-10.3%**
Total	**$2,510,748**	**$3,080,737**	**-$569,988**	**-18.5%**	**$23,200,790**	**$25,216,571**	**-$2,015,781**	**-8.0%**

*September 2020 estimates from the Office of Budget and Management and Department of Medicaid.

†CFC - Covered Families and Children; ABD - Aged, Blind, and Disabled; HCAP - Hospital Care Assurance Program; P4P & Ins Fee - Pay For Performance, and Health insurance provider fee.

Detail may not sum to total due to rounding.

Expenditures[10]

– Melaney Carter, Director

– Ivy Chen, Principal Economist

Overview

The Medicaid program category continued to spend well below its monthly estimates, coming in $447.3 million under estimate for the month of March. At the end of March, this GRF category had a negative YTD variance of $1.98 billion. It must be noted, however, that these variances are in relation to estimates that were updated in response to the economic disruption caused by the COVID-19 pandemic and were increased by about $3 billion for all-funds Medicaid spending from the original estimates made for H.B. 166. Total GRF program expenditures were $26.18 billion for the year to date through March 2021. These expenditures were $2.03 billion (7.2%) below estimate. Negative YTD variances in Justice and Public Protection ($89.0 million, 4.6%) and General Government ($31.9 million, 9.0%) increased in March, by $10.2 million and $3.6 million, respectively. The negative YTD variance for Health and Human Services fell by $40.6 million in March from $96.8 million to $56.3 million (4.9%). As expected, Debt Service had a negative variance in March ($89.7 million) offsetting its positive variance at the end of February and resulting in a negative YTD variance of $8.4 million (0.9%).

Primary and Secondary Education had a positive YTD variance at the end of March of $121.8 million (2.0%), which grew by $7.7 million during the month. Higher Education ended the month with a positive YTD variance of $17.9 million (1.0%) that grew by $12.4 million over the month. Property Tax Reimbursements also had a significant positive variance for the month of March ($32.5 million), offsetting a prior negative YTD variance and resulting in a positive YTD variance of $3.3 million (0.3%). The preceding Table 4 shows YTD variances for each program category and Table 3 shows March variances.

In addition to program expenditures, total uses include transfers out. Transfers out totaled $458.4 million YTD and had a positive YTD variance of $12.0 million (2.7%) at the end of March. Combining program expenditures and transfers out, total GRF uses for the first three quarters of FY 2021 were $26.64 billion. These uses were $2.02 billion (7.0%) below estimate. The rest of this section discusses both GRF and non-GRF variances in Medicaid and the GRF variances in Justice and Public Protection, Health and Human Services, Primary and Secondary Education, and transfers out.

Medicaid

GRF Medicaid expenditures were below their monthly estimate in March by $447.3 million (23.4%) and below their YTD estimate, by $1.98 billion (13.3%), at the end of March. Non-GRF Medicaid expenditures were also below their monthly estimate, by $122.7 million (10.5%), and slightly below their YTD estimate, by $32.5 million (0.3%). Including

[10] This report compares actual monthly and YTD expenditures from the GRF to OBM's estimates. If a program category's actual expenditures were higher than estimate, that program category is deemed to have a positive variance. The program category is deemed to have a negative variance when its actual expenditures were lower than estimate.

both the GRF and non-GRF, all funds Medicaid expenditures were $570.0 million (18.5%) below estimate in March and $2.02 billion (8.0%) below their YTD estimate at the end of March.

The Medicaid expenditure and caseload estimates used in this report were updated by the Ohio Department of Medicaid (ODM) for FY 2021. These updates were precipitated by the COVID-19 pandemic and are thus different from the expenditure and caseload estimates outlined in H.B. 166. The updated expenditure estimates include approximately $3 billion in increases for the fiscal year, related to many impacts of the COVID-19 pandemic. ODM's updated expenditure estimates for FY 2021 assumed the receipt of enhanced federal reimbursement due to the COVID-19 pandemic for the first six months of FY 2021; however, enhanced federal reimbursement has since been authorized for the second six months of FY 2021, increasing the share of Medicaid expenditures reimbursed by the federal government for this period.

From March 2020 through March 2021, caseloads have increased by approximately 30,000 cases per month, on average. According to ODM, nearly all of the caseload variance has been due to the suspension of routine redeterminations of eligibility and an increase in the number of new applications and approvals due to the economic impacts of the COVID-19 pandemic. Despite increases in caseload during the pandemic, cases have remained below ODM's updated FY 2021 estimates since the beginning of the fiscal year, which has contributed to negative expenditure variances against updated FY 2021 expenditure estimates across many categories of Medicaid spending. Based on updated FY 2021 ODM estimates, March's caseload of 3.2 million enrollees is approximately 438,300 cases (12.1%) below estimate.

Table 5 shows GRF and non-GRF Medicaid expenditures for ODM, the Ohio Department of Developmental Disabilities (ODODD), and six other "sister" agencies that also take part in administering Ohio Medicaid. ODM and ODODD account for about 99% of the total Medicaid budget. Therefore, they generally also account for the majority of the variances in Medicaid expenditures. ODM had an all funds negative variance in March of $406.5 million (15.8%), and YTD expenditures also were below estimate, with a negative variance of $1.87 billion (8.3%). ODODD had a March all funds negative variance of $167.1 million (34.7%) and ended the month with a YTD negative variance of $128.7 million (5.1%), reversing February's $38.4 million (1.9%) positive YTD variance. The other six "sister" agencies – Job and Family Services; Health, Aging, Mental Health and Addiction Services; State Board of Pharmacy; and Education – account for the remaining 1% of the total Medicaid budget. Unlike ODM and ODODD, the six "sister" agencies incur only administrative spending.

Table 6 shows all funds Medicaid expenditures by payment category. Expenditures were below their YTD estimates for all of the four payment categories as of the end of March. Managed Care had the largest negative variance of $1.24 billion (7.3%), followed by Fee-For-Service (FFS)'s negative variance of $699.3 million (10.4%). The negative variances for both Managed Care and FFS are primarily attributable to below updated estimate enrollment in both Managed Care and FFS. Managed Care's negative variance is additionally influenced by below-estimate Managed Care rates which went into effect in January of 2021 and are currently driving down per-member-per-month costs for the program. Rounding out the four Medicaid expenditure payment categories, Administration had a negative YTD variance of $76.5 million (10.3%), and Premium Assistance had a negative YTD variance of $1.5 million (0.2%).

Justice and Public Protection

The Justice and Public Protection program category includes GRF expenditures by 12 state agencies. This category had a negative variance of $10.2 million (6.0%) in March, increasing its YTD negative variance to $89.0 million (4.6%). All but two agencies had negative YTD variances at the end of March. The largest negative YTD variance was $47.5 million for the Department of Rehabilitation and Correction (DRC), which grew by $8.6 million in March.

DRC's variance comes from its two largest appropriation items:

- 501321, Institutional Operations, had a negative YTD variance of $32.3 million, which grew by $10.5 million in March; and
- 505321, Institution Medical Services, had a negative YTD variance of $11.2 million, which fell by $1.8 million in March.

Item 501321 is used for the operation of the state's prisons, including facility maintenance, support services, security, and management. Item 505321 is used to provide medical services to prison inmates.

Health and Human Services

The Health and Human Services program category includes non-Medicaid GRF expenditures by 11 state agencies. This category had a positive variance of $40.6 million (36.2%) in March, decreasing its YTD negative variance to $56.3 million (4.9%). The positive March variance was primarily from the Ohio Department of Job and Family Services (ODJFS), which had a positive variance of $38.7 million in March. Despite this positive monthly variance, ODJFS had a negative YTD variance at the end of March of $25.9 million, the largest YTD variance of the agencies in this category. Except for Opportunity for Ohioans with Disabilities Agency, which had a positive YTD variance of $3.7 million, all other agencies in this category had negative YTD variances at the end of March. Appropriation items with the largest variances in ODJFS's budget are:

- 600523, Family and Children Services, had a positive March variance of $27.9 million, resulting in a positive YTD variance of $17.4 million;
- 600535, Early Care and Education, had a negative YTD variance of $21.1 million, which fell by $4.4 million in March; and
- 600450, Program Operations, had a negative YTD variance of $15.5 million, which grew by $1.1 million in March.

The uses of item 600523 include providing funding to public children services agencies for child protection, supplementing federal Title XX funds provided to counties, and supporting foster parents. Item 600535 provides payments for publicly funded child care services. Item 600450 supports the administrative functions of several offices within ODJFS.

Primary and Secondary Education

The Primary and Secondary Education program category includes all GRF expenditures by the Department of Education (ODE), except for Medicaid and property tax reimbursement expenditures. This category had a positive variance of $7.7 million (1.3%) in March, increasing its positive YTD variance to $121.8 million (2.0%). Appropriation item 200550, Foundation Funding, dominates this category's positive variances with a positive March variance of $7.7 million and a positive YTD variance of $159.3 million. Item 200550 is the main source of state funding for local schools. When developing expenditure estimates for FY 2021, agencies were instructed to withhold a certain amount of the FY 2021 appropriation as part of spending controls instituted by the Governor. A January 2021 executive order restored $152.0 million of the amount that had been withheld for foundation funding. Therefore, it is likely that spending from item 200550 will end the year above estimate.

Transfers out

Transfers out were over estimate by $13.0 million in March, resulting in a positive YTD variance of $12.0 million. The March variance was caused by transfers of $9.0 million to the Targeting Addiction Assistance Fund (Fund 5TZ0) and $5.0 million to the Statewide Treatment and Prevention Fund (Fund 4750) that were planned for earlier in the fiscal year.

Issue Updates

Ohio Department of Transportation Provides $7 million for Transit Service to COVID-19 Vaccination Sites

— Terry Steele, Senior Budget Analyst

On March 12, 2021, the Ohio Department of Transportation (ODOT) announced the Rides to Community Immunity Program to provide local transit agencies and health departments with $7.0 million in funding to help transport citizens to COVID-19 vaccination sites. The funding will be distributed to transit agencies in the 70 counties that are served by public transportation. In the 18 Ohio counties without transit service, the money will go to the local health departments serving those areas. Transit systems and health departments are required to plan for the use of this funding with their local emergency management agency. The funding can be used to offer transit vouchers, provide fare-free rides on existing transit lines, operate shuttles, or obtain transportation service for the community. The funding will be distributed proportionally according to county population counts under the 2010 U.S. Census. The table below shows the entities receiving these funds and the amounts that they have been allocated categorized by county population.[11]

Awards Under ODOT's Rides for Community Immunity Program, by County Population		
Category (County Population)	**Number of Counties**	**Award Total by Category**
Category 1 (750,000+)	3	$1,959,474
Category 2 (250,000 to 750,000)	6	$1,547,714
Category 3 (150,000 to 250,000)	10	$1,162,232
Category 4 (100,000 to 150,000)	9	$644,210
Category 5 (65,000 to 100,000)	10	$475,743
Category 6 (50,000 to 65,000)	11	$387,147
Category 7 (40,000 to 50,000)	15	$391,594
Category 8 (25,000 to 40,000)	16	$311,886
Category 9 (0 to 25,000)	8	$120,000
Total	88	$7,000,000

[11] An overview of the Rides to Community Immunity Program, a spreadsheet listing county allocations and entities receiving funding, as well as a webinar on program details, can be found at: https://www.transportation.ohio.gov/wps/portal/gov/odot/programs/transit/transit-announcements/rides-to-community-for-immunity.

The Rides to Community Immunity Program awards will be issued on a reimbursement basis through the GRF under appropriation item 775470, Public Transportation – State. No local matching funds are required.

Ohio Behavioral Health Providers Receive $32 million in Federal Funds

– Jacquelyn Schroeder, Senior Budget Analyst

In February 2021, the federal U.S. Substance Abuse and Mental Health Services Administration (SAMHSA) announced that nine Ohio providers received a total of $32.4 million in federal grant funds. The funds come from the Certified Community Behavioral Health Clinic (CCBHC) Expansion Grants Program. Eligibility was limited to CCBHCs and community-based behavioral health clinics who were likely to be certified within four months of receiving the grant. Funds are to be used to support direct services including the following: crisis mental health services and stabilization, screening and risk assessments, patient-centered treatment planning, comprehensive outpatient mental health and substance use services, and screening for HIV and viral hepatitis. The table below lists the organization receiving funds, the city in which the organization is located, and the award amount.

CCMHC Expansion Grant Awards, 2021		
Provider	**Location**	**Award Amount**
Centers for Families and Children	Cleveland	$4,000,000
Crossroads: Lake County Adolescent Counseling	Mentor	$4,000,000
Exclusive Services	Cincinnati	$4,000,000
Hopewell Health Centers	Chillicothe	$4,000,000
Coleman Professional Services	Kent	$3,998,484
Community Mental Health of Warren County	Lebanon	$3,783,273
The Nord Center	Lorain	$3,652,320
New Horizons Mental Health	Lancaster	$2,720,653
Behavioral Healthcare Partners of Central Ohio	Newark	$2,233,121
	Total	**$32,387,851**

The goal of these grants is to increase access to, and improve the quality of, community mental health and substance use disorder services by expanding CCBHCs. CCBHCs provide comprehensive services that stabilize people in crisis and provide the necessary treatment and recovery support services for those with the most serious and complex mental and substance use disorders. CCBHCs provide services to any individual, regardless of their ability to pay or their place of residence. A total of $149.0 million was available nationwide. The maximum award was $2.0 million per year for two years.

Case Western Reserve University Selected to Coordinate a Child and Adolescent Behavioral Health Center of Excellence

– Wendy Risner, Division Chief

On March 10, the Ohio Department of Mental Health and Addiction Services (OhioMHAS) announced that it selected Case Western Reserve University (CWRU) to coordinate a Child and Adolescent Behavioral Health Center of Excellence. In this role, CWRU will help to transform the state's approach to serving children with complex needs who are involved in multiple systems and their families. CWRU will primarily do this by providing training, coaching, and mentoring to the childcare provider network. Specific duties will include: developing a multipurpose tool that supports level of care assessments and service planning and allows outcomes to be monitored, expanding service and care coordination capacity for children and families, developing and implementing quality improvement structures, accessing the statewide need for multisystemic therapy and functional family therapy, and recruiting providers in areas of the state lacking these services. OhioMHAS worked in conjunction with the departments of Job and Family Services, Medicaid, Youth Services, Developmental Disabilities, and Health, as well as Ohio Family and Children First, to develop the duties relating to the Center of Excellence and to select CWRU.

CWRU will receive a total of $3.6 million for the two-year contract. Of this amount, about $396,000 will be paid in FY 2021 and the remaining $3.2 million will be paid in FY 2022. OhioMHAS received Controlling Board approval on March 8, 2021, to contract with CWRU for these services in FY 2021. In addition to these contract dollars, CWRU will have access to $10.0 million in federal Family First Transition Act funds made available by the Ohio Department of Job and Family Services. CWRU will work with providers to ensure they are accessing available federal, state, and local funding. In instances in which these funds are unavailable, CWRU will be responsible for making payments to providers for multisystemic therapy and functional family therapy. Providing these services will decrease the need to place children in foster care and will instead help support children and families in community-based settings. Funds for these provider payments will be released to CWRU at the time of service.

State Fire Marshal Awards $3.0 million in MARCS Grants

– Shannon Pleiman, Senior Budget Analyst

On February 25, 2021, the Division of State Fire Marshal within the Department of Commerce announced $3.0 million in awards under the Multi-Agency Radio Communications System (MARCS) Grant Program. Overall, 373 fire departments in 65 counties received awards, ranging from $240 to $50,000, the maximum award amount under the program.[12] H.B. 166 earmarked up to $3.0 million for the program in FY 2021.

The MARCS grants offset the costs that local fire departments incur for MARCS-related radio user fees and equipment that promotes interoperability between fire services. The State Fire Marshal uses a variety of criteria to decide award amounts, including: (1) the fire department's annual budget, (2) the annual number of fire incidents, (3) the resident population served by the department, and (4) requests from multiple jurisdictions within the

[12] A list of all the fire departments awarded MARCS grants can be found at: https://apps2.com.ohio.gov/admn/pressroom/view.aspx?FileName=24100.pdf.

same county or region collaborating to acquire or complete MARCS service for their fire departments. Eligible grant recipients include volunteer fire departments, municipal or small township fire departments that serve one or more small municipalities or townships, joint fire districts, and certain private fire companies that serve a population of 25,000 or less. Funding for the MARCS grants comes from taxes on insurance companies selling fire insurance in Ohio and from inspection fees, hotel permits, and fireworks licenses. The receipts from these various sources are deposited into the State Fire Marshal Fund (Fund 5460).

Department of Public Safety Releases Annual School Safety Report

– Dan Redmond, Budget Analyst

On February 23, 2021, the Department of Public Safety (DPS) released its annual Ohio School Safety Center (OSSC) Report for 2020. The report provides an overview of the Center, details the Center's school safety actions in response to the COVID-19 pandemic and typical Center activities such as emergency management training and tabletop exercise toolkits, and provides a look ahead to 2021. Among the highlights, OSSC:

- Annually reviews approximately 5,600 school emergency management plans and offers schools free security and vulnerability assessments.
- Provided virtual training and professional development opportunities to 1,416 stakeholders in 77 Ohio counties.
- Established the "Speak Up, Save Lives" campaign to promote the 24-hour anonymous tip line for students and adults to share school safety concerns. With the support of federal Bureau of Justice Assistance Student, Teachers, and Officers Preventing Violence grants, the tip line service is provided at no charge to all Ohio schools.
- Launched an open-source media scanning program to scan social media sites to identify threats to schools. The program has scanned over 8.7 million posts, resulting in 1,145 alerts and 7,471 discussion points for schools and first responders to prevent and or mitigate harm since the program began operating in April 2020.
- Released three new tabletop exercise toolkits to assist schools in completing the required annual emergency management test.

The entire report can be found at the DPS website. H.B. 166 specifically appropriates $300,000 in FY 2021 from GRF line item 769501, School Safety, in the DPS budget to support the Center's operations, including costs of the tip line, promotional materials to enhance awareness of the tip line, and analytic tools to proactively alert local officials to school security threats.

ODE Releases Report Examining Identification of and Funding for Economically Disadvantaged Students

– Sarah Anstaett, LSC Fellow

In January 2021, the Ohio Department of Education (ODE) released a legislatively required report on the definitions and methods used to identify economically disadvantaged students in Ohio and across the country. As the report indicates, the identification of students as economically disadvantaged has implications for school funding, among other purposes. Currently, Ohio's state foundation aid formula provides additional funding to school districts based on the number and concentration of economically disadvantaged students in a district. Students are reported as economically disadvantaged by their district or school if the student is eligible for free or reduced-price lunch, if the student is a resident of a household in which another household member (e.g., a sibling) is eligible for free or reduced-price lunch, if the student or their guardian is a recipient of public assistance, or if the student's guardian has completed a Title I student income form and meets the income guidelines specified.

While many schools still use the traditional household income application to determine eligibility for free or reduced-price meals, schools with more than 40% of students identified as low-income in other ways may use the Community Eligibility Provision (CEP) created under the federal Healthy, Hunger-Free Kids Act of 2010. The CEP allows districts and schools in high-poverty areas to provide school meals at no charge to all enrolled students without having to rely on the traditional method of determining eligibility based on annual household applications. Districts and schools may implement the CEP if 40% or more of enrolled students are identified as participating in the Supplemental Nutrition Assistance Program (SNAP) or in Temporary Assistance for Needy Families (TANF) through direct certification (i.e., without the use of a household application) or because they fall into certain other categories, such as being homeless or migrant, in foster care, or in Head Start. As the report notes, increasing use of the CEP has progressively obscured the actual amount of students from low-income families in a school district, since CEP-eligible schools may report all students as economically disadvantaged.

The report presents several options for how Ohio can more effectively identify economically disadvantaged students. These are briefly listed below.

- ODE could encourage more frequent direct certification by schools or districts, which the Department indicates is a relatively low-burden way to accurately identify economically disadvantaged students.
- Revisions to Education Management Information System (EMIS) reporting guidelines could incorporate at-risk categories to identify individual students (i.e., being in foster care, homelessness, or children of migrant workers). At least 26 states use an individual risk status to qualify students as economically disadvantaged.
- Ohio could extend past identifications. The CEP allows entire schools or districts to qualify for free student meals for up to four years. Carrying forward individual economically disadvantaged status from CEP base years may help identify economically disadvantaged students at CEP participant schools. Four states carry forward students' economically disadvantaged status.
- Other public assistance programs could be leveraged. For example, if permitted by the federal government, a student's enrollment in Medicaid could be incorporated into the direct certification process to identify students that currently do not qualify as economically disadvantaged under other public assistance programs such as SNAP and TANF. Currently, this option is limited to 21 states participating in a pilot project, of which Ohio is not a participant. The number of programs from which to draw from could also be expanded to include the Children's Health Insurance Program, Supplemental Security Income, and others to catch a larger number of students.

- Ohio could implement methods other states have used to identify economically disadvantaged students in CEP districts and schools, including using other means-tested program data outside of direct certification and alternate income forms.

The report also addressed funding approaches for economically disadvantaged students in other states. Ohio's approach to funding economically disadvantaged students is similar to other states in that economically disadvantaged funding is not subject to state-local cost sharing and the funding is restricted to specific activities. In general, Ohio's formula uses an index to scale a base per-pupil amount according to the concentration of economically disadvantaged students in a school district. A district's index is calculated by dividing the percentage of economically disadvantaged students in the district by the state average percentage of economically disadvantaged students. The result is squared to target funding to districts with higher concentrations of poverty. The index is multiplied by the base per-pupil amount ($272 since FY 2016) and the number of economically disadvantaged students in the district's student count. In FY 2019, the economically disadvantaged index resulted in per-pupil amounts that ranged from less than $1 for a district with less than 1% of students identified as economically disadvantaged to $1,120 for a district with nearly all students identified as economically disadvantaged. The total amount of economically disadvantaged aid calculated statewide was $456.9 million in FY 2019, though funding limitations subsequently reduced this amount to $423.5 million.

Controlling Board Approves Appropriation Increase for Closed Community School Asset Distribution

– Nick Ciolli, Budget Analyst

On February 8, 2021, the Controlling Board approved an FY 2021 appropriation increase of $3.4 million to Fund 4520 line item 200638, Charges and Reimbursements, to distribute the assets of closed community schools to school districts. The approval increased the appropriation to $4.4 million for the fiscal year. The last time item 200638's appropriation exceeded $1 million was FY 2015, when it reached $1.2 million after a similar Controlling Board action. When a community school permanently closes, its assets are distributed first to the retirement funds of the school's employees, to the employees themselves, and then any private creditors. Any remaining funds are returned to ODE, which uses item 200638 to distribute them to each school district in which students enrolled at the closed community school resided in proportion to the district's share of the community school's total enrollment.[13]

The request was necessary due to more community schools completing the closure process in FY 2021 than ODE expected and the size of the assets needing distribution. Assets are not necessarily distributed to districts immediately following the fiscal year that the school closes, as the process to satisfy the first priorities can be delayed by financial audits, lawsuits, or other procedural activities. The table below shows the four community schools for which the process was completed during FY 2021, the amount expected to be distributed, and the school's final year of operation and reason for closure. ODE expects to distribute about $4.0 million to school

[13] The line item is also used for fee-supported materials and conferences and for the purposes specified by any donations received.

districts, the majority coming from Mound Street Academies in Montgomery County. Overall, distributions to school districts range from $181 (Bloom-Carroll Local School District in Fairfield County) to $1.9 million (Dayton City School District in Montgomery County).

Closed Community Schools with Assets Distributed by ODE During FY 2021				
County	**Community School**	**Assets Distributed**	**Final Year of Operation**	**Reason for Closure**
Montgomery	Mound Street Academies	$2,397,865	FY 2020	Merged with Dayton City School District
Marion	Pleasant Community Digital Academy	$1,400,000	FY 2019	Closed voluntarily after Pleasant Local School District opted to no longer sponsor
Lawrence	Lawrence County Academy	$125,265	FY 2017	Closed voluntarily due to poor sponsor rating
Franklin	Brookwood Academy	$59,259	FY 2019	Closed voluntarily after sponsor did not renew sponsorship
	Total	**$3,982,388**		

Ohio Ranks Sixth Nationally in Total Toxic Releases in CY 2019

– Jamie Doskocil, Fiscal Supervisor

The U.S. Environmental Protection Agency (EPA) released the most recent Toxic Release Inventory (TRI) update in January, covering CY 2019. Nationwide, 30.6 billion pounds in production-related waste was released from 21,458 TRI reporting facilities. Ohio accounted for 896.7 million pounds, or 2.9%, with 1,329 TRI reporting facilities. Ohio ranks sixth out of 56 states and territories nationwide based on total releases per square mile.

Ohio belongs to the U.S. EPA's Region 5, which also includes Illinois, Indiana, Michigan, Minnesota, Wisconsin, and 35 tribes. Region 5 covers 16% of the nation's population and includes 25% of all TRI reporting facilities. Region 5 industry sectors with the largest TRI releases are primary metals (including iron and steel manufacturing, and foundries) and electric utilities. The TRI chemicals released in the largest quantities in 2019 are zinc compounds and nitrate compounds. Releases in Region 5 have decreased by almost 400 million pounds since 2007. According to the report, releases from the electric utilities, primary metals and hazardous waste sectors decreased the most, together decreasing by 374 million pounds.

The TRI report was established under the federal Emergency Planning and Community Right-to-Know Act of 1986 to promote planning for chemical emergencies and to provide information to the public about the presence and release of toxic and hazardous chemicals into their communities. The TRI program in Ohio is administered by the Ohio EPA's Division of Air Pollution Control.

<table>
<tr><th colspan="8">2019 Toxic Release Inventory – Releases by Region 5 States*
(in pounds)</th></tr>
<tr><th rowspan="2">Region 5 States</th><th rowspan="2">Number of TRI Facilities</th><th rowspan="2">Total Production – Related Waste Managed</th><th rowspan="2">Total On-site and Off-site Disposal or Other Releases</th><th colspan="3">Total On-site</th><th rowspan="2">Total Off-site</th></tr>
<tr><th>Air</th><th>Water</th><th>Land</th></tr>
<tr><td rowspan="2">U.S.</td><td rowspan="2">21,458</td><td rowspan="2">30.6 billion</td><td rowspan="2">3.4 billion</td><td colspan="3">2.9 billion</td><td rowspan="2">456.5 million</td></tr>
<tr><td>600.2 million</td><td>201.2 million</td><td>2.1 billion</td></tr>
<tr><td rowspan="2">Ohio</td><td rowspan="2">1,329</td><td rowspan="2">896.7 million</td><td rowspan="2">103.8 million</td><td colspan="3">76.5 million</td><td rowspan="2">27.3 million</td></tr>
<tr><td>34.9 million</td><td>8.3 million</td><td>33.2 million</td></tr>
<tr><td rowspan="2">Illinois</td><td rowspan="2">1,000</td><td rowspan="2">1.3 billion</td><td rowspan="2">98.8 million</td><td colspan="3">54.0 million</td><td rowspan="2">44.7 million</td></tr>
<tr><td>21.8 million</td><td>6.7 million</td><td>25.4 million</td></tr>
<tr><td rowspan="2">Indiana</td><td rowspan="2">882</td><td rowspan="2">2.3 billion</td><td rowspan="2">123.3 million</td><td colspan="3">84.1 million</td><td rowspan="2">39.1 million</td></tr>
<tr><td>26.3 million</td><td>19.7 million</td><td>38.0 million</td></tr>
<tr><td rowspan="2">Michigan</td><td rowspan="2">783</td><td rowspan="2">563.6 million</td><td rowspan="2">76.0 million</td><td colspan="3">38.5 million</td><td rowspan="2">37.4 million</td></tr>
<tr><td>11.1 million</td><td>3.8 million</td><td>23.5 million</td></tr>
<tr><td rowspan="2">Wisconsin</td><td rowspan="2">850</td><td rowspan="2">362.7 million</td><td rowspan="2">32.5 million</td><td colspan="3">15.4 million</td><td rowspan="2">17.0 million</td></tr>
<tr><td>8.1 million</td><td>2.8 million</td><td>4.4 million</td></tr>
<tr><td rowspan="2">Minnesota</td><td rowspan="2">502</td><td rowspan="2">275.6 million</td><td rowspan="2">22.4 million</td><td colspan="3">18.0 million</td><td rowspan="2">4.3 million</td></tr>
<tr><td>8.4 million</td><td>1.7 million</td><td>7.9 million</td></tr>
</table>

NOTE: Numbers may not add to total due to rounding.

*Table does not include tribal communities.

Attorney General Releases 2020 Concealed Handgun Report

– Jessica Murphy, Budget Analyst

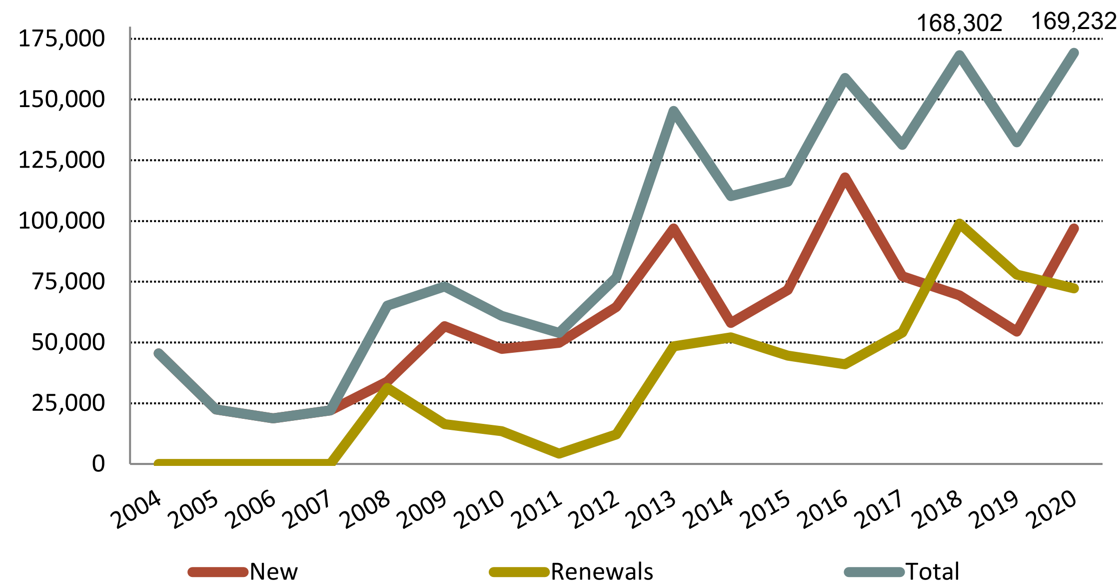
On March 1, 2021, the Ohio Attorney General's Office issued its 2020 Statistics on Concealed Handgun Licenses report.[14] The chart below demonstrates the changes in licensing activity since 2004, the year Ohio's Concealed Handgun Law went into effect. As shown, there

[14] https://www.ohioattorneygeneral.gov/Files/Reports/Concealed-Carry-Annual-Reports-(PDF)/2020-CCW-Annual-Report.

were 169,232 concealed handgun licenses issued statewide in 2020, including 96,892 new licenses and 72,340 renewal licenses. This total is an all-time high, exceeding by 1% (930), the prior all-time high of 168,302 (69,375 new licenses and 98,927 renewal licenses) issued in 2018. The counties issuing the most licenses in 2020 were Franklin (7,525), Lake (4,839), and Greene (4,742); the counties issuing the fewest licenses were Noble (143), Crawford (147), and Van Wert (151).

Approximately 700,000 Ohioans held an active concealed handgun license in 2020. Licenses expire five years after the date of issuance. Sheriffs must permanently revoke the license of any person who no longer meets the eligibility requirements to carry a concealed handgun. A license may be revoked when the holder moves out of state, dies, cancels the license, is convicted of a disqualifying crime, or becomes subject to the law's restrictions on mental illness or drug or alcohol dependency. In 2020, 429 licenses were revoked, a 54.3% reduction from 2019 (939 revocations).

Chart 6: Concealed Handgun Licensing



Tracking the Economy

– Philip A. Cummins, Senior Economist

– Ruhaiza Ridzwan, Senior Economist

Overview

The national economy is expanding strongly. Inflation-adjusted gross domestic product (real GDP) rose at a 4.3% annual rate in the 2020 fourth quarter and may have risen more rapidly in this year's first quarter even with adverse effects from severe winter weather in February. Employment continues to recover but remains short of the peak prior to the COVID-19 pandemic. Activity is being boosted by up to $1,400 per person stimulus checks and other spending enacted in the $1.9 trillion ARPA. Interest rates remain low.

Ohio's payroll employment contracted from January to February, after recovering in most months since last April. The state's unemployment has trended downward since reaching the highest level in April 2020, though it has not declined to the level prior to the pandemic. Ohio's real GDP rose in last year's fourth quarter and in the same period, Ohio's real personal income declined as support from federal pandemic relief programs was reduced. Housing unit sales in February were slightly lower than a year earlier, the first decline since May 2020.

The National Economy

U.S. total nonfarm payroll employment rose 916,000 in March, and the unemployment rate, persons counted as unemployed as a percent of the labor force, fell to 6.0%. Changes in recent years in total employment and unemployment are shown in charts 7 and 8.

The increase in U.S. employment in March was the largest one-month rise since last August, during the initial recovery following the extraordinary plunge in jobs in April 2020 after a huge decline in March. Total payroll employment in the latest month remained 8.4 million (5.5%) below its all-time peak in February 2020, with employment in most industries below their peak levels. Gains in employment from February 2021 to March 2021 were widespread among industries, with particularly large increases for restaurants and bars, education, and construction. The employment increases were related to easing of restrictions on activity related to the pandemic, likely accompanied by increased willingness of individuals to frequent public places. Construction rebounded in March from a weather-related downturn in February.

At 6.0%, the nationwide unemployment rate in March was down from a peak of 14.8% in April 2020 but above the low of 3.5% prior to the pandemic. The 9.7 million persons unemployed included 4.2 million who had been out of work and looking for jobs for more than six months. Persons in the labor force, either employed or actively looking for work, remained 4.0 million fewer than at the peak in 2019. Employed persons included 31.6 million (21.0%) who teleworked for pay at some time during the four weeks prior to the survey specifically because of the pandemic, the lowest since this special survey question began being asked in May 2020. But 11.4 million people were unable to work at some point in the last four weeks because the COVID-19 pandemic caused their employers to close or lose business.

Real GDP rose at a 4.3% annual rate in the 2020 fourth quarter, as consumer spending, residential and nonresidential fixed investment, and exports rose, while government outlays contracted at both the federal and the state and local levels. Recovery from the plunge in real GDP during the first half of 2020 remained incomplete; real GDP in the 2020 fourth quarter was

8.6% higher than the second quarter low point but 2.4% below the all-time peak in the 2019 fourth quarter. Among industries, construction and durable goods manufacturing expanded, as did most service industries. The accommodation and food services sector and private education services contracted. Activity in several industry groups remained 10% or more below a year earlier, including arts, entertainment, and recreation; accommodation and food services; mining; transportation and warehousing; and educational services.

Forecasters expect continued strong growth in the national economy. The Federal Reserve Bank of Atlanta's GDPNOW estimate, based on monthly statistics for the quarter, shows first-quarter real GDP expanding at a 6.2% annual rate. A similar projection from another Federal Reserve Bank, the New York Fed Staff Nowcast, also shows a 6.2% annual rate of economic growth in the quarter. The first official estimate of real GDP growth from the U.S. Bureau of Economic Analysis is scheduled for release on April 29.

Personal income fell 7.1% in February, after jumping 10.1% in January, mainly because most federal economic impact payments of up to $600 per person were made in January under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA). CRRSAA became law on December 27, 2020. Real consumer spending fell 1.2% in February, likely restrained by severe winter weather in parts of the country, after rising 3.0% in January. Even with the February declines, spending on consumer goods was up strongly in the first two months of the 2021 first quarter compared with the previous quarter. Outlays for durables were particularly strong.

Industrial production fell steeply in February, declining 2.2%, as manufacturing production dropped 3.1% and mining activity was down 5.4%. Lower industrial output was attributed mostly to severe winter weather, which knocked out petroleum refineries and petrochemical plants with some not operating through the end of the month. Output of electric and gas utilities was up 7.4% in February to the highest level on record, as unusually cold weather boosted demand for heating. In addition to weather effects, a worldwide shortage of semiconductors forced automakers to cut production schedules. Prior to the downturn in February, manufacturing and mining output had been recovering from the pandemic's impact last spring. Total factory production in February was 20% higher than at its low point last April but down 4.1% from February 2020 and 8.6% lower than its all-time high in December 2007.

The consumer price index (CPI) for all items rose 0.4% in February after increasing 0.3% in January. Compared with a year earlier, the CPI was 1.7% higher. Gasoline and other energy commodity prices have escalated in the past three months. Excluding energy and also food, consumer prices rose 0.1% in February after being unchanged in the previous two months. The CPI for all items less food and energy was 1.3% higher in February than a year earlier.

In the next few months, consumer prices for all items can be expected to be up sharply from a year earlier because comparisons will be with the lower levels of the CPI in March, April, and May of last year after the start of pandemic shutdowns. The drop in prices last year was particularly steep for energy commodity prices, notably gasoline. Other consumer prices also fell during the shutdowns including transportation services, hotel and motel stays, and apparel. The drop in spring 2020 in the index for all consumer prices is clearly visible in Chart 9.

Chart 7: U.S. and Ohio Nonfarm Payroll Employment (in millions)

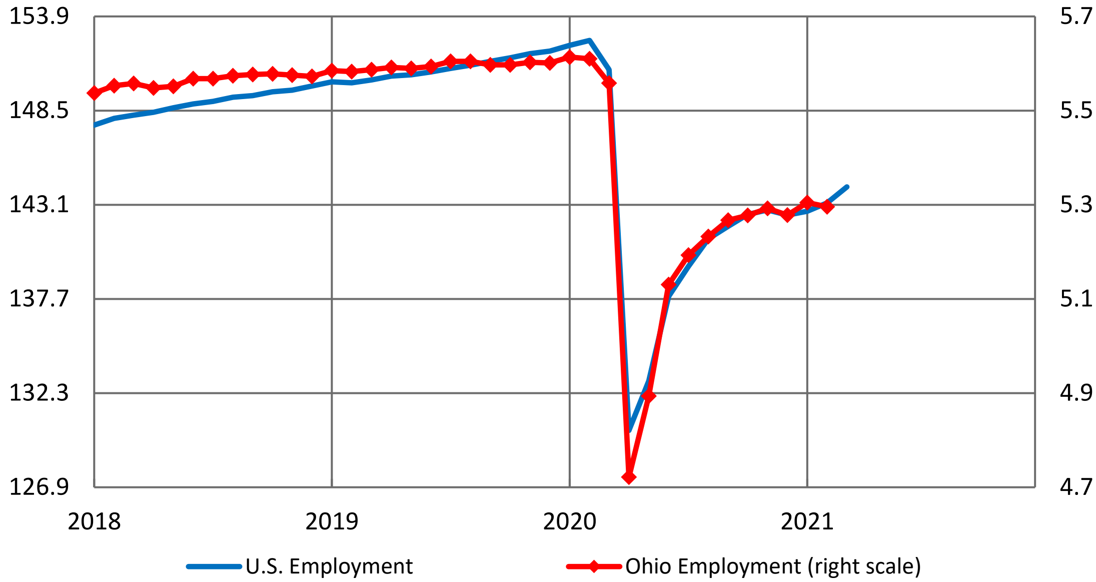
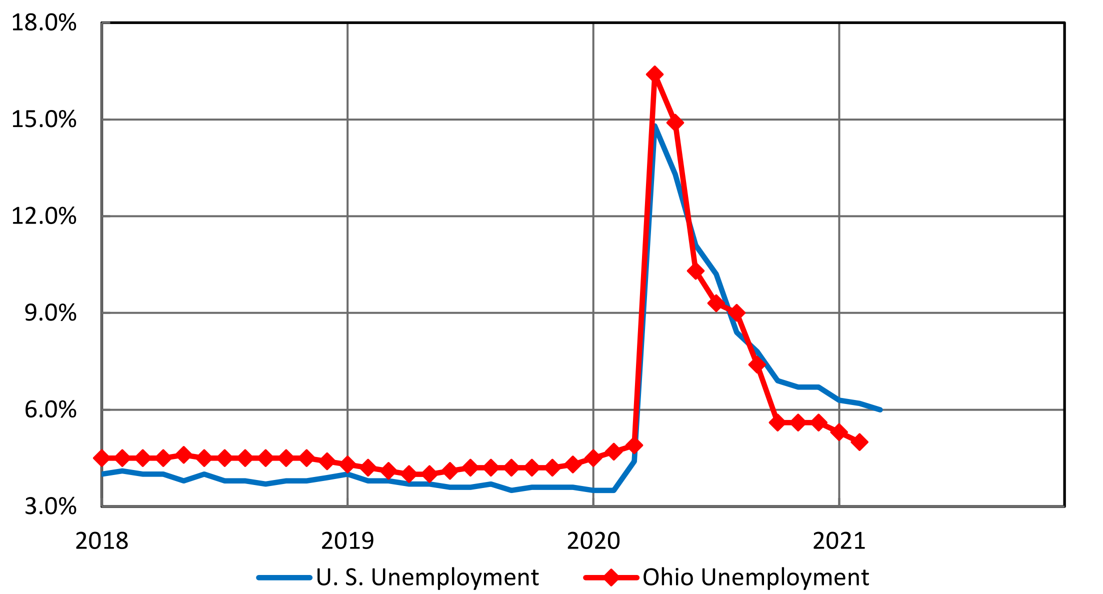
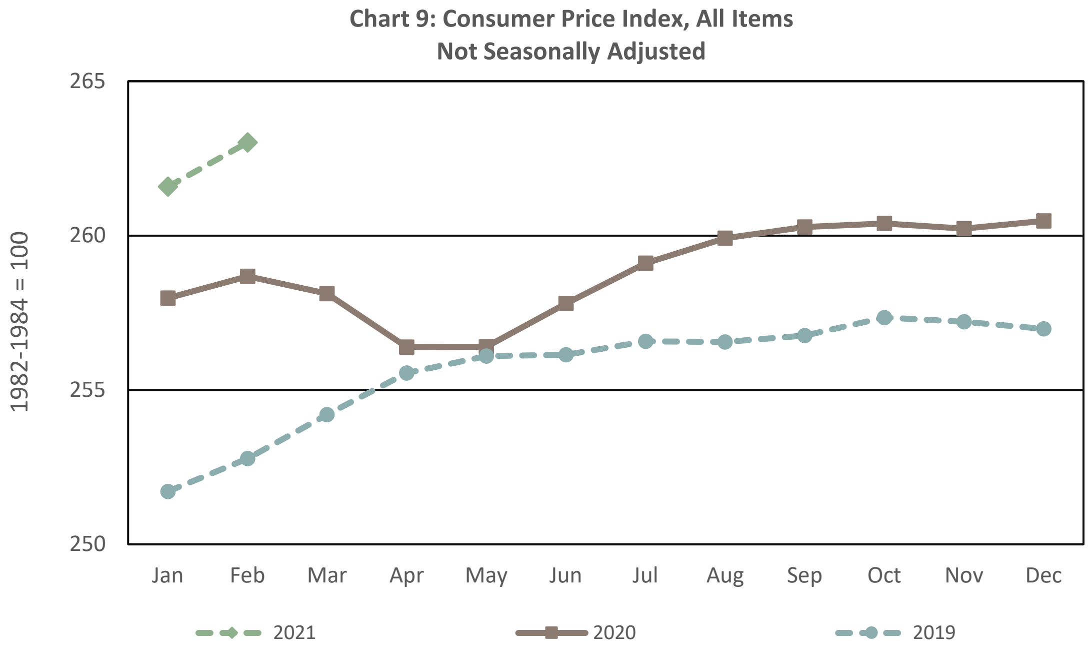


Chart 8: U.S. and Ohio Unemployment Rates % of Labor Force





The Ohio Economy

In February, Ohio's unemployment rate continued to edge down but was still above the level prior to the COVID-19 pandemic that started in March 2020. The state's unemployment rate decreased to 5.0% in February, a drop from 5.3% in January and up from 4.7% in February of last year. The state's unemployment rate in February was lower than the U.S. unemployment rate. The U.S. unemployment rate was 6.2% in February, a decrease from 6.3% in January but higher than 3.5% in February of last year. The number of unemployed workers in Ohio was 289,000 in February, 17,000 fewer than in January but 10,000 more than in February of last year. Ohio employment and unemployment rates are shown in the charts 7 and 8.

Ohio's total nonfarm payroll employment, seasonally adjusted, decreased by 8,400 in February from the revised total in January. In February, employment in goods-producing industries and private service-providing industries decreased by 600 and 8,000, respectively. The government sector added 200 jobs. The decrease in the number of jobs in February was largely in educational and health services and in professional and business services. Compared to February of last year, the state's nonfarm payroll employment was 314,000 (5.6%) lower. Employment losses were widespread among industries, with the notable exception of transportation, warehousing, and utilities.

Ohio's real GDP increased 5.0% at a seasonally adjusted annual rate in the fourth quarter of 2020, compared with real GDP growth of 4.3% for the 50 states and the District of Columbia.[15] Sectors contributing the most to Ohio's growth were finance and insurance, followed by health care and social assistance, and after that administrative and support and waste management and remediation services. Ohio's GDP was about 3.2% of U.S. GDP. In the

[15] GDP for the 50 states and the District of Columbia differs from GDP by state; GDP by state for the nation excludes federal military and civilian activity located overseas and not in a specific state.

entire year 2020, Ohio's real GDP decreased 4.0% from 2019, a larger decline than the 3.5% decrease in the 50 states and the District of Columbia. The largest reduction in Ohio's GDP in 2020 was in accommodation and food service, followed by durable goods manufacturing. Some sectors expanded, including finance and insurance; management of companies and enterprises; agriculture, forestry, fishing, and hunting; and utilities.

Ohio's real personal income decreased at a 5.0% annual rate in the fourth quarter of 2020, following a 15.9% rate of decrease in the third quarter of 2020. The decrease was led by transfer receipts. Beginning in the second quarter of 2020, transfer receipts include new government relief payments under the CARES Act, but most of these new payments were tapered off in the fourth quarter of 2020. Nationwide, the average state personal income decreased at a 6.8% annual rate in the fourth quarter of 2020, after decreasing at an 11.3% annual rate in the third quarter. For the entire year of 2020, Ohio's personal income grew 6.2%, slightly above nationwide growth for the same period of 6.1%. Ohio's growth ranked 24th in the nation (from highest growth to lowest). Transfer receipts accounted for all of the year's personal income growth, for both the U.S. and Ohio.

The number of existing homes sold in Ohio decreased by 0.6% in February compared to February 2020, according to the Ohio realtors group. From January through February of this year, the number of existing homes sold was 3.8% higher than the corresponding months in 2020. The statewide sales price of homes sold in the first two months of this year averaged $210,150, 13.4% higher than in the corresponding months in 2020.