LBO Budget Footnotes

A monthly newsletter of the Legislative Budget Office of LSC

Volume: Fiscal Year 2023 Issue: January 2023

Highlights

– Ross Miller, Principal Economist

December GRF tax revenue exceeded the Office of Budget and Management (OBM) estimate by $32 million. Personal income tax (PIT) revenue exceeded estimate by $39 million, but sales and use tax receipts were $11 million below estimate. Adding in these results, GRF tax revenue for the first half of FY 2023 exceeded estimate by $510 million, with a positive variance of $50 million for the commercial activity tax (CAT), in addition to the larger variances detailed below.

Ohio's unemployment rate remained 4.2% in November, same as October and a half percentage point above the national rate. Nonfarm payroll employment increased by 5,500 in November, despite job losses in goods producing industries, due to job gains in the private service-providing and government sectors.

Through December 2022, GRF sources totaled $21.61 billion:

- Revenue from the sales and use tax was $122.2 million above estimate;
- PIT receipts were $301.7 million above estimate.

Through December 2022, GRF uses totaled $22.18 billion:

- Program expenditures were $223.0 million below estimate;
- Expenditures from all program categories were below estimates except for Medicaid, which was above estimate by $57.3 million.

In this issue...

In Memoriam

Jean J. Botomogno
1961 – 2022

LSC Chief Economist Jean Botomogno passed away on December 20, 2022. Born in Cameroon, he moved to the United States in 1986 to attend The Ohio State University, where he earned a Master's Degree in Agricultural Economics. Prior to his tenure at LSC, he taught at a university in Cameroon, worked for a nongovernmental organization in Washington, travelled widely, and pursued his passion for soccer.

He began working at LSC in January 2000, and was promoted to Senior Economist, Principal Economist, and finally Chief Economist. He was extremely knowledgeable about federal income taxes, as well as Ohio's taxes, and wrote the *Revenues* article in *Budget Footnotes* nearly every month for well over a decade. He was unflappable, intelligent, and professional, yet friendly and laughed easily. LSC staff will mourn him and miss his expertise, but we may miss his laugh even more.

He was a tireless ambassador for the sport of soccer, having faithfully followed the Columbus Crew, and the U.S. and Cameroon national teams, and educating LSC staff about the sport. Though he continued to prize soccer above American football, he developed a keen interest in the latter, and real enthusiasm for Ohio State football.

He left behind a wife, Marsha, and two adult children, Daniel and Michelle, to whom he was highly devoted. He was also dedicated to other loved ones, in Cameroon and in several other countries around the world.

Wendy Zhan

Table 1: General Revenue Fund Sources
Actual vs. Estimate
Month of December 2022
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on January 3, 2023)

State Sources	Actual	Estimate*	Variance	Percent
Tax Revenue				
Auto Sales	$147,951	$143,500	$4,451	3.1%
Nonauto Sales and Use	$1,043,725	$1,058,900	-$15,175	-1.4%
Total Sales and Use	*$1,191,677*	*$1,202,400*	*-$10,723*	*-0.9%*
Personal Income	$1,036,760	$997,600	$39,160	3.9%
Commercial Activity Tax	$15,827	$12,300	$3,527	28.7%
Cigarette	$70,743	$71,700	-$957	-1.3%
Kilowatt-Hour Excise	$15,306	$18,600	-$3,294	-17.7%
Foreign Insurance	$1,150	-$800	$1,950	243.7%
Domestic Insurance	$0	$1,300	-$1,300	-100.0%
Financial Institution	$582	-$6,900	$7,482	108.4%
Public Utility	$523	$3,300	-$2,777	-84.2%
Natural Gas Consumption	$0	$0	$0	---
Alcoholic Beverage	$2,398	$5,000	-$2,602	-52.0%
Liquor Gallonage	$4,743	$4,700	$43	0.9%
Petroleum Activity Tax	$3,494	$2,300	$1,194	51.9%
Corporate Franchise	$16	-$100	$116	116.4%
Business and Property	$0	$0	$0	---
Estate	$28	$0	$28	---
Total Tax Revenue	**$2,343,247**	**$2,311,400**	**$31,847**	**1.4%**
Nontax Revenue				
Earnings on Investments	$5	$0	$5	---
Licenses and Fees	$906	$736	$170	23.1%
Other Revenue	$1,182	$1,250	-$68	-5.4%
Total Nontax Revenue	**$2,093**	**$1,985**	**$108**	**5.4%**
Transfers In	**$0**	**$0**	**$0**	**---**
Total State Sources	**$2,345,340**	**$2,313,385**	**$31,955**	**1.4%**
Federal Grants	**$1,375,162**	**$1,378,951**	**-$3,789**	**-0.3%**
Total GRF Sources	**$3,720,502**	**$3,692,337**	**$28,165**	**0.8%**

*Estimates of the Office of Budget and Management.

Detail may not sum to total due to rounding.

Table 2: General Revenue Fund Sources
Actual vs. Estimate ($ in thousands)
FY 2023 as of December 31, 2022
($ in thousands)
(Actual based on report run in OAKS Actuals Ledger on January 3, 2023)

State Sources	Actual	Estimate*	Variance	Percent	FY 2022**	Percent
Tax Revenue						
Auto Sales	$999,208	$955,900	$43,309	4.5%	$958,069	4.3%
Nonauto Sales and Use	$5,751,066	$5,672,200	$78,866	1.4%	$5,530,903	4.0%
Total Sales and Use	*$6,750,275*	*$6,628,100*	*$122,175*	*1.8%*	*$6,488,973*	*4.0%*
Personal Income	$5,251,173	$4,949,501	$301,673	6.1%	$4,915,968	6.8%
Commercial Activity Tax	$1,051,124	$1,000,700	$50,424	5.0%	$949,470	10.7%
Cigarette	$386,778	$408,500	-$21,722	-5.3%	$415,026	-6.8%
Kilowatt-Hour Excise	$144,478	$146,600	-$2,121	-1.4%	$154,163	-6.3%
Foreign Insurance	$198,367	$182,000	$16,366	9.0%	$182,939	8.4%
Domestic Insurance	$17,620	$19,000	-$1,380	-7.3%	$2,254	681.9%
Financial Institution	-$10,382	-$30,700	$20,318	66.2%	-$51,796	---
Public Utility	$86,936	$66,300	$20,636	31.1%	$69,934	24.3%
Natural Gas Consumption	$19,553	$18,200	$1,353	7.4%	$18,551	5.4%
Alcoholic Beverage	$33,211	$32,700	$511	1.6%	$34,735	-4.4%
Liquor Gallonage	$29,013	$28,900	$113	0.4%	$29,444	-1.5%
Petroleum Activity Tax	$6,032	$4,000	$2,032	50.8%	$3,628	66.3%
Corporate Franchise	$30	$100	-$70	-69.9%	$520	-94.2%
Business and Property	$0	$0	$0	---	$0	---
Estate	$33	$0	$33	8596.5%	$5	616.1%
Total Tax Revenue	**$13,964,243**	**$13,453,902**	**$510,341**	**3.8%**	**$13,213,812**	**5.7%**
Nontax Revenue						
Earnings on Investments	$44,500	$21,600	$22,900	106.0%	$11,884	274.4%
Licenses and Fees	$14,118	$13,358	$760	5.7%	$13,568	4.1%
Other Revenue	$139,952	$155,293	-$15,341	-9.9%	$156,105	-10.3%
Total Nontax Revenue	**$198,570**	**$190,251**	**$8,320**	**4.4%**	**$181,557**	**9.4%**
Transfers In	**$5,635**	**$5,000**	**$635**	**12.7%**	**$51,600**	**-89.1%**
Total State Sources	**$14,168,448**	**$13,649,153**	**$519,295**	**3.8%**	**$13,446,970**	**5.4%**
Federal Grants	**$7,443,805**	**$7,361,003**	**$82,802**	**1.1%**	**$5,455,825**	**36.4%**
Total GRF SOURCES	**$21,612,253**	**$21,010,156**	**$602,097**	**2.9%**	**$18,902,794**	**14.3%**

*Estimates of the Office of Budget and Management.
**Cumulative totals through the same month in FY 2022.
Detail may not sum to total due to rounding.

Revenues[1]

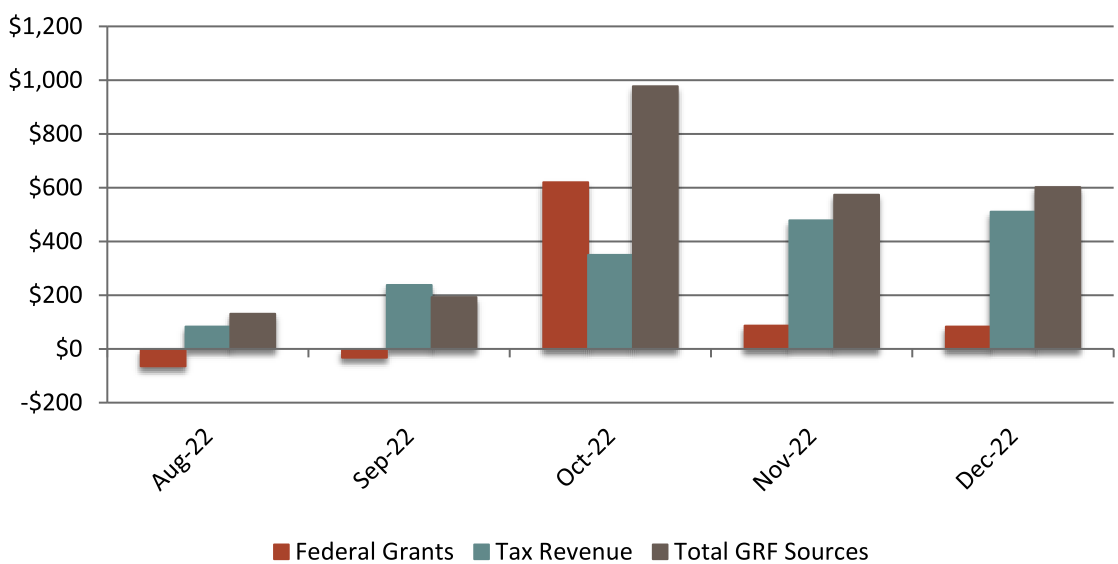
– Russ Keller, Senior Economist

Overview

GRF sources in December totaled $3.72 billion, an amount $28.2 million (0.8%) above estimates published by OBM. This positive variance was due to a surplus of $31.8 million (1.4%) from GRF tax revenue, which was partially offset by a $3.8 million (0.3%) shortfall in federal grants. Federal grants are mostly reimbursements for the federal share of Medicaid spending. Nontax revenue was $2.1 million, $0.1 million (5.4%) above expected receipts. OBM did not make any transfers into the GRF as none were anticipated this month. Tables 1 and 2, which precede this *Revenue* section, show GRF sources for December 2022 and the year-to-date (YTD) through the first six months of FY 2023.

Total GRF revenue consists of GRF state source revenue and federal grants. State source revenue includes tax revenue, which is the largest single revenue category, nontax revenue, and transfers in from other state funds. For the YTD, GRF sources were $602.1 million (2.9%) above estimate, with all categories surpassing their respective projections. Chart 1, below, shows cumulative YTD variances of GRF sources.

Chart 1: Cumulative Variances of GRF Sources in FY 2023
(Variances from Estimates, $ in millions)



[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.

December was the fifth month this fiscal year for which GRF tax revenue exceeded the OBM estimate (OBM's estimate for July was based on the actual revenue received that month, making the variance for that month equal to zero). YTD GRF tax revenue amounted to \$13.96 billion, \$510.3 million (3.8%) above estimate. Positive variances have been driven by the major taxes, i.e., the PIT, the sales and use tax, and the CAT. YTD through December, receipts from those taxes were \$301.7 million, \$122.2 million, and \$50.4 million above their respective estimates. The fourth largest tax revenue source is the cigarette and other tobacco products (OTP) tax; revenue from that tax source was \$21.7 million less than estimate through December, and was the only notable negative YTD variance among tax sources through December. Other notable positive YTD variances include the public utility excise tax (\$20.6 million), the foreign insurance tax (\$16.4 million), and the financial institutions tax (FIT, \$20.3 million). The positive variance for the FIT is due to smaller than expected refunds issued so far this year.[2]

As shown in Table 2, most revenue sources have exhibited growth from the first six months of FY 2022 to the corresponding months of FY 2023. Revenue from the PIT grew \$335.2 million (6.8%) despite a withholding rate reduction implemented in early FY 2022. Revenue growth was also strong for the CAT (\$101.7 million, 10.7%), and solid for the sales and use tax, at \$261.3 million (4.0%). Revenue from these taxes tend to receive a boost from inflation, which has been high for the last year, as often described in the *Tracking the Economy* section of this publication. Other taxes that grew by notable amounts include the FIT (\$41.4 million), the public utility excise tax (\$17.0 million), the domestic insurance tax (\$15.4 million), and the foreign insurance tax (\$15.4 million). The large gain from the FIT is primarily due to smaller refunds having been issued so far this year (\$20.8 million), as compared to last year (\$64.3 million). The only notable revenue decline among tax sources was the cigarette and OTP tax, which has declined by \$28.2 million; this tax has declined steadily for years except for a brief revenue spike early in the pandemic.

Sales and Use Tax

December GRF receipts from the sales and use tax were \$1.19 billion, \$10.7 million (0.9%) below estimate. Through the first six months of FY 2023, YTD revenue from the tax amounted to \$6.75 billion, \$122.2 million (1.8%) above estimate. Revenue during this period grew by \$261.3 million (4.0%) compared to the corresponding months in FY 2022. Although this tax source yielded a modest negative variance in December, it has come in above published estimates every other month in FY 2023 (except in July for which OBM did not publish an estimate, as explained earlier).

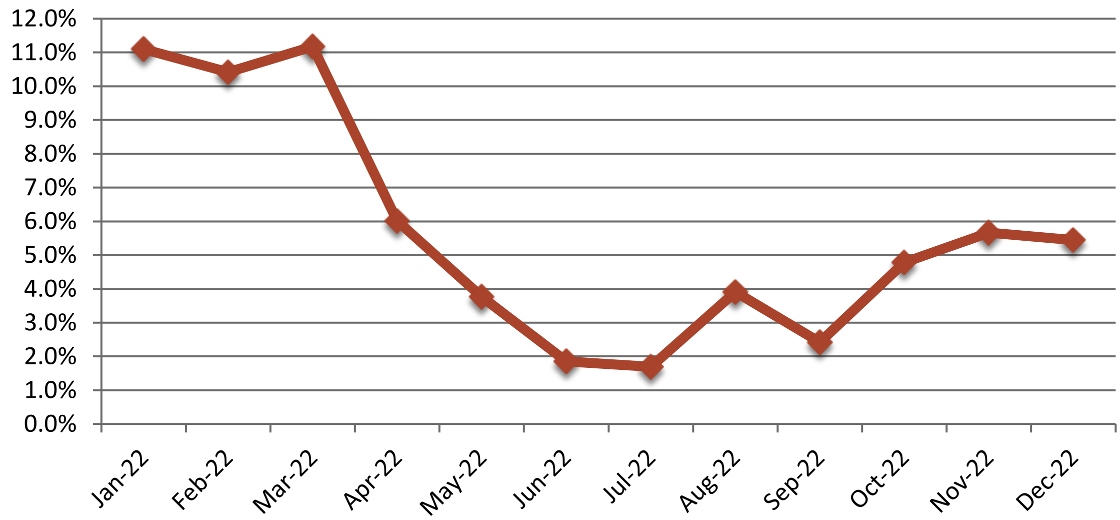
For analysis and forecasting, revenue from the sales and use tax is separated into two parts: auto and nonauto. Auto sales and use tax collections generally arise from the sale of motor vehicles, but auto taxes arising from leases are paid at the lease signing and are mostly recorded under the nonauto tax instead of the auto tax. Though the nonauto sales tax underperformed in December, both portions of the sales and use tax were above estimates for the fiscal year-to-date.

[2] The GRF typically pays out refunds under the FIT during the first half of a fiscal year as taxpayers adjust previous tax filings. FIT receipts are generally expected at the end of January, March, and May, with the annual tax report due in October of each year.

Nonauto Sales and Use Tax

December GRF receipts of $1.04 billion were $15.2 million (1.4%) below the OBM estimate and $15.2 million (1.5%) above revenue in December 2021. This monthly performance decreased the YTD positive variance of this tax to $78.9 million (1.4%). For the first six months of FY 2023, revenue from this tax grew $220.2 million (4.0%) compared to the equivalent period in FY 2022. Chart 2, below, shows year-over-year growth in nonauto sales and use tax collections in 2022. The data are shown using a three-month moving average[3] to smooth out some of the variability that would appear if year-over-year growth were shown for each individual month. Growth exceeded 10%, on average, in the first calendar quarter and then slowed to about 2.0%, on average, in the second. The growth slowdown was likely due in part to reductions in federal income support and other factors,[4] but growth in recent months appears to be settling near a midpoint between the two extremes.

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



Auto Sales and Use Tax

December receipts from the auto sales and use tax were $148.0 million, $4.5 million (3.1%) above estimate; and receipts were $7.8 million (5.6%) more than revenue collected in December 2021. YTD through December, revenue amounting to $999.2 million exceeded the

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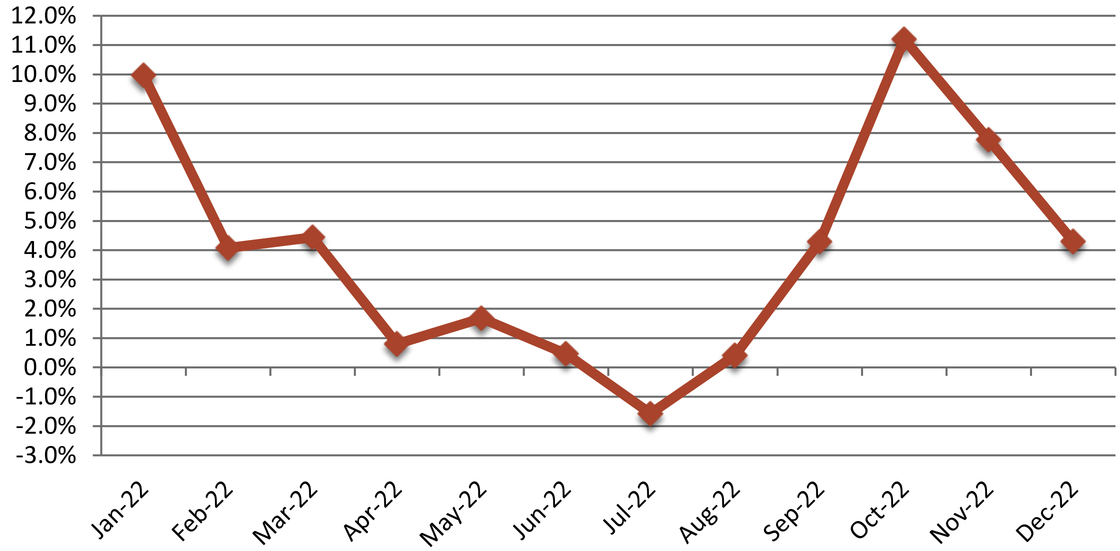
[3] A three-month moving average means, for example, that the most recent data point shown shows the percentage growth from revenue received during October through December 2021 to revenue received during October through December 2022.

[4] In FY 2022, an unusual set of circumstances supported consumer spending on taxable goods: household incomes increased from prepandemic levels with assistance from federal income support programs and a low interest rate environment combined with rapidly appreciating home values enabled many homeowners to refinance their mortgage at lower rates in 2020 and 2021.

estimate by $43.3 million (4.5%). YTD revenue grew by $41.1 million (4.3%) compared to the first six months of FY 2022.

Chart 3, below, shows year-over-year growth in auto sales and use tax collections in 2022. The earliest portion of the pattern is similar to that for the nonauto sales tax, in that it reflects strong growth at the outset of the calendar year (CY) but a deceleration towards the end of the second calendar quarter, as interest rates started rising. However, revenue growth has been more volatile in the current fiscal year, albeit largely positive.

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



Personal Income Tax

GRF revenue from the PIT exceeded estimate each month from August to December. December GRF revenue of $1.04 billion exceeded the estimate by $39.2 million (3.9%) and grew by $42.3 million (4.3%) from December 2021. YTD revenue totaled $5.25 billion, an amount $301.7 million (6.1%) above estimate and $335.2 million (6.8%) above revenue from July through December last year.

Much of the variance so far this year has been due to strong receipts from employer withholding. Withholding receipts exceeded the estimate for the month of December by $42.1 million (4.1%) and for the YTD, have grown 8.4% relative to the first six months of FY 2022. That strong growth would have been even stronger except that the Department of Taxation (TAX) reduced withholding rates effective September 2021 to bring them into line with tax rate reductions enacted in H.B. 110 (the operating budget act). The growth in withholding revenue implies strong payroll growth in Ohio, due to some combination of increasing employment and wage growth as employers have tried to attract and retain workers.

In addition to employer withholding, gross collections under the PIT include quarterly estimated payments,[5] payments accompanying the filing of annual returns, trust payments, and miscellaneous payments. To arrive at GRF revenue from the tax, refunds are subtracted from gross collections, and some of the revenue is transferred to the Local Government Fund (LGF). The primary driver of GRF revenue from the PIT is employer withholding; that component of revenue accounted for about 76% of FY 2022 gross collections from the tax.

The table below provides details on revenue from each component of the PIT relative to estimates for FY 2023 through December and compared to revenue received in FY 2022 through December. FY 2023 YTD gross collections were $409.9 million above anticipated revenue. All components of gross collections exceeded their estimates, most notably employer withholding, by $233.1 million, payments due with annual returns, by $111.1 million, and estimated payments, by $50.1 million. YTD refunds were $101.0 million above projections, and distributions to the LGF were also above projections, by $7.3 million, both of which reduced revenue available to the GRF. Subtracting $101.0 million and $7.3 million from the gross collections' positive variance of $409.9 million yields the YTD positive variance of $301.7 million.

FY 2023 Personal Income Tax Revenue Variance and Annual Change by Component

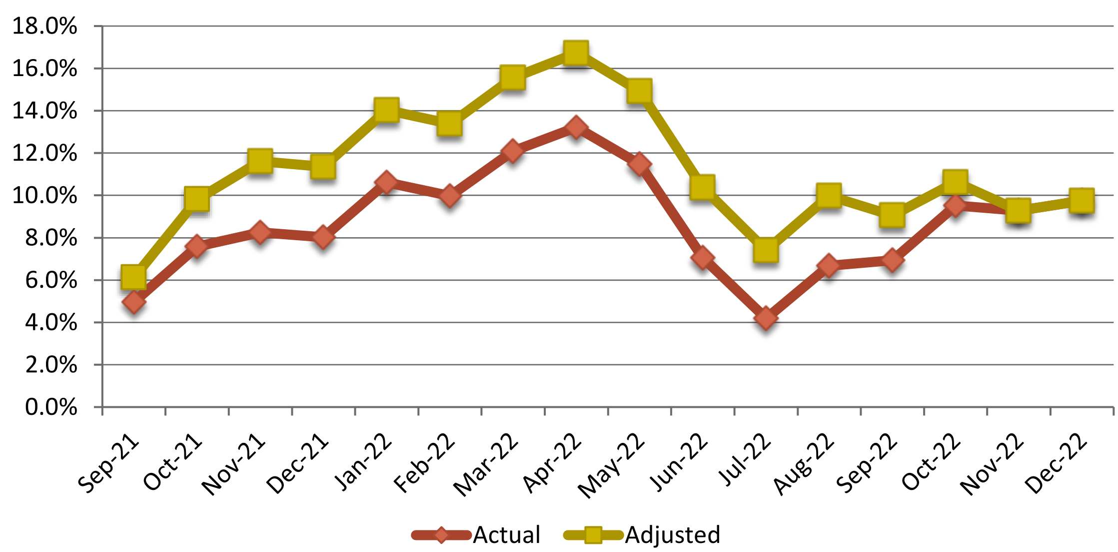
Category	Variance from Estimate		Changes from FY 2022	
	Amount ($ in millions)	Percent (%)	Amount ($ in millions)	Percent (%)
Withholding	$233.1	4.6%	$412.2	8.4%
Quarterly Estimated Payments	$50.1	14.3%	$22.0	5.8%
Trust Payments	$8.2	41.4%	$8.8	46.4%
Annual Return Payments	$111.1	105.7%	$30.8	16.6%
Miscellaneous Payments	$7.6	22.8%	-$5.0	-10.9%
Gross Collections	**$409.9**	**7.3%**	**$468.8**	**8.5%**
Less Refunds	$101.0	25.1%	$121.3	31.8%
Less LGF Distribution	$7.3	3.0%	$12.3	5.1%
GRF PIT Revenue	**$301.7**	**6.1%**	**$335.2**	**6.8%**

[5] Taxpayers who expect to be underwithheld by more than $500 make quarterly estimated payments. Quarterly estimated payments are generally due in April, June, and September of an individual's tax year and January of the following year.

As noted above, YTD GRF revenue grew 6.8% from the corresponding period in FY 2022. Gross collections grew $468.8 million (8.5%), driven primarily by withholding receipts, which grew $412.2 million. Payments with annual returns came in $30.8 million above FY 2022, providing another notable boost. Growth in GRF revenue from the tax was restrained, though, by growth of $121.3 million (31.8%) in refunds.

Year-over-year growth in withholding receipts had been limited for several months because of a 3.0% reduction in withholding rates that was effective September 1, 2021. The reduction was in response to income tax rate cuts for nonbusiness income enacted in H.B. 110. Starting in September 2022, however, the growth in FY 2023 monthly withholding receipts fully reflects the strength in the underlying tax base. The chart, below, illustrates the growth of total withholding receipts on a three-month moving average relative to one year ago. It shows both the actual change in withholding receipts and estimated withholding receipts adjusted for the September 2021 withholding tax rate cut. Payrolls are estimated to have increased about 9.7%, on average, in the last three months.

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



Commercial Activity Tax

CAT GRF revenue of $15.8 million in December was $3.5 million (28.7%) above estimate, and $2.9 million (22.5%) above revenue in the same month last year. The latest monthly performance brought the YTD positive variance for this tax source to $50.4 million (5.0%), up from $46.9 million through November. For the fiscal year, YTD GRF receipts from CAT taxpayers were $1.05 billion, $101.7 million (10.7%) above revenues in FY 2022 through December.

Through December, gross collections totaled $1.31 billion, an increase of $132.3 million (11.3%) relative to gross collections in FY 2022 through December. Refunds were $60.8 million, an increase of $11.9 million (24.2%) from FY 2022. (The increase in refunds moderated GRF revenue growth.[6]) Revenue credited to the Revenue Enhancement Fund (Fund 2280) was $8.3 million. Moneys in the fund help defray TAX costs of administering the CAT and other taxes.

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%). YTD distributions to Fund 7047 and Fund 7081 were $160.8 million and $24.7 million, respectively. The distributions to Fund 7047 and Fund 7081 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 and the phase down of property taxes on public utility tangible personal property. Any receipts in excess of amounts needed for such payments may be transferred back to the GRF, though OBM did not transfer the excess cash in FY 2022, as it was not needed.

Cigarette and Other Tobacco Products Tax

December revenue from the cigarette and OTP tax totaling $70.7 million was below estimate by $1.0 million (1.3%). YTD revenue from the tax was $386.8 million, $21.7 million (5.3%) below estimate. The YTD total included $326.7 million derived from the sale of cigarettes and $60.0 million from the sale of OTP.

FY 2023 revenue through December fell by $28.2 million (6.8%) compared to FY 2022 revenue through December 2021. OTP sales increased by $4.2 million (7.4%) while receipts from cigarette sales decreased $32.4 million (9.0%). The increase in OTP revenue is primarily due to growth in OTP prices. The 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 grows with price increases.

On a yearly basis, revenue from sales of cigarettes usually trends downward, generally at a slow pace. The COVID-19 pandemic temporarily upended historical trends in the first half of FY 2021, as revenue from cigarette sales increased during that time. However, cigarette tax receipts appear to have reverted to the prepandemic trend during FY 2022 and early FY 2023. The tax on cigarettes is based on unit sales rather than value.

Other Taxes

Two of the three utility-related taxes – public utility and natural gas consumption – were above their respective estimates in the first half of FY 2023, in part due to higher commodity prices and increased natural gas consumption. On the other hand, the kilowatt-hour tax was modestly below estimates based on consumers' reduced demand for electricity.

YTD through December, receipts from the public utility tax were $86.9 million, $20.6 million (31.1%) above estimate and $17.0 million (24.3%) higher than prior-year collections. The public utility tax is paid in lieu of the CAT by utilities, and deliveries by natural gas utilities account for a large part of the total. The revenue gains from the public utility tax appear mostly driven by double-digit increases in commodity pricing, but they were also buoyed by higher volumes of natural gas delivered to consumers.

[6] A number of Ohio's business tax credits can be claimed against more than one type of tax, but many are claimed against the CAT, which is imposed on the privilege of doing business in Ohio.

Receipts from the natural gas consumption tax were $19.6 million in the first half of this fiscal year, $1.4 million (7.4%) above estimate. The YTD tax receipts reflect natural gas quantities delivered to consumers from April 2022 through September 2022. During that six month period, the associated tax receipts increased 5.4% relative to the comparable prior-year period. This annual gain aligns with national data about natural gas deliveries; namely, that U.S. consumption increased 5.9% over that same duration.

The kilowatt-hour tax generated $144.5 million for the GRF during the first six months of the fiscal year. This amount was $2.1 million (1.4%) below estimate and $9.7 million (6.3%) below revenue during the comparable months of FY 2022. The performance of the tax was due, in part, to slightly lower than anticipated electricity consumption. The tax base generally is kilowatt-hours of electricity used, i.e., it does not directly depend on the price of electricity. Fluctuations in the tax are partially influenced by the incidence of hot weather, as air conditioning usage drives kilowatt-hour consumption. The National Weather Service compiles a measure of hot weather, "cooling degree days." Their Ohio-specific data for CY 2022 showed an 18.2% annual decline[7] in cooling degree days, suggesting milder weather and less reliance on air conditioning to keep cool. The kilowatt-hour tax is unique in that half of the allocation of GRF tax revenue to the Public Library Fund is debited against this tax for accounting purposes. Thus, good GRF tax revenue performance can make the GRF performance of this tax look relatively worse. YTD through December, total revenue from this tax was $270.9 million, down $3.6 million (1.3%) below total receipts in the first six months of FY 2022.

The foreign insurance tax generated $198.4 million during the first half of FY 2023, an amount $16.4 million (9.0%) above estimate and $15.4 million (8.4%) above receipts in the corresponding period in FY 2022. This tax is paid by insurance companies headquartered in other states based on premiums they receive to provide insurance covering risks located in Ohio. But, the revenue experience in the first six months generally reveals little about the full fiscal year experience from the tax, as payments received so far represent advance payments based on previous-year tax liabilities before applying available credits.

The domestic insurance tax (paid by insurance companies headquartered in Ohio) provided $17.6 million so far in FY 2023. That amount was $1.4 million (7.3%) below estimate and $15.4 million (681.9%) above revenue in the first six months of FY 2023. However, similarly to the foreign insurance tax, the first-half performance says little about the full-year experience: virtually all revenue from the tax is received in May and June each fiscal year.

Nontax Revenue

YTD GRF nontax revenue totaling $198.6 million was $8.3 million (4.4%) above estimate and $17.0 million (9.4%) above such revenue in the first six months of FY 2022. The year-over-year increase in revenue was primarily due to earnings on investments, which were $22.9 million (106.0%) above estimate through December and $32.6 million (274.4%) above earnings recorded in the corresponding period last year. The positive variance was largely due to repeated federal funds rate hikes implemented by the Federal Reserve since March 2022.

[7] Refer to YTD statistics through December 2022 compiled by the National Weather Service, which is within the National Oceanic and Atmospheric Administration.

Furthermore, OBM reported in November 2022 that the GRF carried a larger cash balance, so the larger investment base enabled the opportunity for bigger earnings.

FY 2023 "Other revenue" was $15.3 million (9.9%) below estimate. The negative variance in "Other revenue" was likely due to a shortfall in the JobsOhio deferred payment from liquor profits, as the current YTD variance emerged in the same month that payment was received.[8]

[8] JobsOhio is a nonprofit corporation that operates and manages various economic development programs in Ohio. It is funded from the profits on sales of spirituous liquor, which JobsOhio receives through its long-term lease of the state's liquor franchise. JobsOhio makes an annual payment to the state GRF, an amount that varies based on annual growth in liquor profits.

Table 3: General Revenue Fund Uses
Actual vs. Estimate
Month of December 2022
($ in thousands)
(Actual based on OAKS reports run January 4, 2023)

Program Category	Actual	Estimate*	Variance	Percent
Primary and Secondary Education	$958,527	$958,554	-$27	0.0%
Higher Education	$197,748	$200,750	-$3,003	-1.5%
Other Education	$3,139	$3,794	-$655	-17.3%
Total Education	**$1,159,414**	**$1,163,098**	**-$3,685**	**-0.3%**
Medicaid	$1,825,847	$1,954,584	-$128,737	-6.6%
Health and Human Services	$164,717	$165,489	-$772	-0.5%
Total Health and Human Services	**$1,990,565**	**$2,120,073**	**-$129,509**	**-6.1%**
Justice and Public Protection	$191,645	$230,016	-$38,372	-16.7%
General Government	$45,160	$66,184	-$21,024	-31.8%
Total Government Operations	**$236,805**	**$296,200**	**-$59,396**	**-20.1%**
Property Tax Reimbursements	$13,582	$6,989	$6,593	94.3%
Debt Service	$62,063	$62,215	-$153	-0.2%
Total Other Expenditures	**$75,645**	**$69,204**	**$6,441**	**9.3%**
Total Program Expenditures	**$3,462,428**	**$3,648,577**	**-$186,148**	**-5.1%**
Transfers Out	**$3,718**	**$0**	**$3,718**	**---**
Total GRF Uses	**$3,466,147**	**$3,648,577**	**-$182,430**	**-5.0%**

*August 2022 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 2023 as of December 31, 2022
($ in thousands)
(Actual based on OAKS reports run January 4, 2023)

Program Category	Actual	Estimate*	Variance	Percent	FY 2022**	Percent
Primary and Secondary Education	$4,676,464	$4,714,820	-$38,356	-0.8%	$4,807,122	-2.7%
Higher Education	$1,229,256	$1,246,760	-$17,504	-1.4%	$1,204,322	2.1%
Other Education	$52,831	$53,445	-$614	-1.1%	$52,956	-0.2%
Total Education	**$5,958,551**	**$6,015,026**	**-$56,474**	**-0.9%**	**$6,064,400**	**-1.7%**
Medicaid	$10,534,002	$10,476,752	$57,250	0.5%	$7,954,035	32.4%
Health and Human Services	$881,307	$913,947	-$32,640	-3.6%	$772,033	14.2%
Total Health and Human Services	**$11,415,310**	**$11,390,699**	**$24,611**	**0.2%**	**$8,726,069**	**30.8%**
Justice and Public Protection	$1,380,450	$1,515,457	-$135,007	-8.9%	$1,366,627	1.0%
General Government	$288,024	$321,719	-$33,695	-10.5%	$269,355	6.9%
Total Government Operations	**$1,668,475**	**$1,837,176**	**-$168,702**	**-9.2%**	**$1,635,982**	**2.0%**
Property Tax Reimbursements	$912,161	$931,000	-$18,839	-2.0%	$913,053	-0.1%
Debt Service	$992,041	$995,675	-$3,634	-0.4%	$895,195	10.8%
Total Other Expenditures	**$1,904,202**	**$1,926,675**	**-$22,473**	**-1.2%**	**$1,808,248**	**5.3%**
Total Program Expenditures	**$20,946,537**	**$21,169,576**	**-$223,038**	**-1.1%**	**$18,234,698**	**14.9%**
Transfers Out	**$1,231,682**	**$678,900**	**$552,782**	**81.4%**	**$2,973,621**	**-58.6%**
Total GRF Uses	**$22,178,220**	**$21,848,476**	**$329,744**	**1.5%**	**$21,208,320**	**4.6%**

*August 2022 estimates of the Office of Budget and Management.
**Cumulative totals through the same month in FY 2022.
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 January 5, 2023)

	Month of December 2022				Year to Date through December 2022			
Department	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Medicaid								
GRF	$1,769,696	$1,900,788	-$131,092	-6.9%	$10,180,084	$10,095,634	$84,450	0.8%
Non-GRF	$928,980	$971,713	-$42,733	-4.4%	$5,023,633	$5,817,833	-$794,200	-13.7%
All Funds	$2,698,675	$2,872,501	-$173,826	-6.1%	$15,203,717	$15,913,467	-$709,750	-4.5%
Developmental Disabilities								
GRF	$46,934	$46,357	$578	1.2%	$294,626	$294,861	-$235	-0.1%
Non-GRF	$211,145	$212,372	-$1,227	-0.6%	$1,361,427	$1,478,552	-$117,125	-7.9%
All Funds	$258,080	$258,728	-$649	-0.3%	$1,656,053	$1,773,413	-$117,360	-6.6%
Job and Family Services								
GRF	$8,309	$6,549	$1,760	26.9%	$53,455	$79,742	-$26,288	-33.0%
Non-GRF	$14,133	$38,885	-$24,752	-63.7%	$87,659	$212,080	-$124,421	-58.7%
All Funds	$22,443	$45,434	-$22,992	-50.6%	$141,114	$291,822	-$150,709	-51.6%
Health, Mental Health and Addiction, Aging, Pharmacy Board, and Education								
GRF	$908	$890	$18	2.0%	$5,838	$6,514	-$676	-10.4%
Non-GRF	$1,800	$4,911	-$3,110	-63.3%	$18,513	$26,830	-$8,317	-31.0%
All Funds	$2,708	$5,801	-$3,093	-53.3%	$24,351	$33,344	-$8,993	-27.0%
All Departments:								
GRF	**$1,825,847**	**$1,954,584**	**-$128,737**	**-6.6%**	**$10,534,002**	**$10,476,752**	**$57,250**	**0.5%**
Non-GRF	**$1,156,058**	**$1,227,880**	**-$71,822**	**-5.8%**	**$6,491,233**	**$7,535,295**	**-$1,044,063**	**-13.9%**
All Funds	**$2,981,906**	**$3,182,464**	**-$200,559**	**-6.3%**	**$17,025,235**	**$18,012,047**	**-$986,812**	**-5.5%**

*September 2022 estimates from the 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 January 5, 2023)

	Month of December 2022				Year to Date through December 2022			
Payment Category	**Actual**	**Estimate***	**Variance**	**Percent**	**Actual**	**Estimate***	**Variance**	**Percent**
Managed Care	**$1,806,219**	**$1,931,307**	**-$125,088**	**-6.5%**	**$11,352,163**	**$11,664,032**	**-$311,869**	**-2.7%**
CFC†	$530,309	$557,107	-$26,798	-4.8%	$3,464,164	$3,618,649	-$154,485	-4.3%
Group VIII	$468,172	$510,943	-$42,771	-8.4%	$3,246,789	$3,482,647	-$235,858	-6.8%
ABD†	$165,650	$179,931	-$14,281	-7.9%	$1,260,313	$1,345,271	-$84,958	-6.3%
ABD Kids	$53,534	$58,798	-$5,264	-9.0%	$380,216	$407,978	-$27,762	-6.8%
My Care	$248,421	$252,024	-$3,603	-1.4%	$1,475,135	$1,491,436	-$16,301	-1.1%
OhioRise	$20,588	$31,611	-$11,023	-34.9%	$92,838	$126,668	-$33,830	-26.7%
SPBM	$319,546	$340,893	-$21,347	-6.3%	$1,123,596	$873,883	$249,714	28.6%
Pay for Performance	$0	$0	$0	---	$309,111	$317,500	-$8,389	-2.6%
Fee-For-Service	**$999,598**	**$1,005,117**	**-$5,519**	**-0.5%**	**$4,475,419**	**$4,894,373**	**-$418,954**	**-8.6%**
ODM Services	$404,588	$392,277	$12,311	3.1%	$2,526,794	$2,464,147	$62,648	2.5%
DDD Services	$253,188	$252,839	$348	0.1%	$1,606,029	$1,712,357	-$106,328	-6.2%
Hospital - HCAP	$341,822	$360,000	-$18,178	-5.0%	$342,596	$717,869	-$375,273	-52.3%
Premium Assistance	**$117,482**	**$126,294**	**-$8,812**	**-7.0%**	**$709,739**	**$722,540**	**-$12,801**	**-1.8%**
Medicare Buy-In	$75,411	$84,484	-$9,073	-10.7%	$463,274	$474,517	-$11,243	-2.4%
Medicare Part D	$42,071	$41,810	$261	0.6%	$246,465	$248,023	-$1,558	-0.6%
Administration	**$58,607**	**$119,747**	**-$61,140**	**-51.1%**	**$487,913**	**$731,102**	**-$243,189**	**-33.3%**
Total	**$2,981,906**	**$3,182,464**	**-$200,559**	**-6.3%**	**$17,025,235**	**$18,012,047**	**-$986,812**	**-5.5%**

*September 2022 estimates from the Department of Medicaid.
†CFC - Covered Families and Children; ABD - Aged, Blind, and Disabled; HCAP - Hospital Care Assurance Program.
Detail may not sum to total due to rounding.

Expenditures[9]

– Melaney Carter, Director
– Ivy Chen, Division Chief

Overview

GRF program expenditures totaled $20.95 billion in the first half of FY 2023. These expenditures were $223.0 million (1.1%) below OBM's estimates. GRF uses also include transfers out, which totaled $1.23 billion and were $552.8 million (81.4%) over estimate for the YTD, due primarily to the timing of $553.8 million in transfers that were not estimated to occur until June. Total GRF uses for these six months were $22.18 billion, which is $329.7 million (1.5%) above estimate. The preceding tables 3 and 4 show GRF uses compared to estimates for the month of December and YTD, respectively.

For December program expenditures, negative monthly variances in GRF Medicaid ($128.7 million, 6.6%), Justice and Public Protection ($38.4 million, 16.7%), General Government ($21.0 million, 31.8%), and Higher Education ($3.0 million, 1.5%) were slightly offset by a positive monthly variance in Property Tax Reimbursements ($6.6 million, 94.3%). The remaining categories had monthly variances of less than $1.0 million. Total program expenditures were $186.1 million (5.1%) under estimate for the month of December.

For YTD program expenditures, GRF Medicaid spending was above estimate by $57.3 million (0.5%) but all other categories were under estimate, most significantly Justice and Public Protection ($135.0 million, 8.9%), Primary and Secondary Education ($38.4 million, 0.8%), General Government ($33.7 million, 10.5%), and Health and Human Services ($32.6 million, 3.6%). The larger GRF variances, in addition to Medicaid's non-GRF variance, are discussed below.

Medicaid

Medicaid is a joint federal-state program. It is mainly funded by the GRF but is also supported by several non-GRF funds. Both GRF and non-GRF Medicaid expenditures contain federal and state dollars. GRF Medicaid expenditures were below their monthly estimate in December by $128.7 million (6.6%) but above their YTD estimate by $57.3 million (0.5%) at the end of December. Non-GRF Medicaid expenditures were below their monthly estimate by $71.8 million (5.8%) and below their YTD estimate by $1.04 billion (13.9%). Including both the GRF and non-GRF, all funds Medicaid expenditures were $200.6 million (6.3%) below estimate in December and $986.8 million (5.5%) below their YTD estimate at the end of December. The YTD variances are due partly to the timing of $350.0 million of hospital franchise fee payments and also the Hospital Care Assurance Program (HCAP) payment.

Table 5 shows GRF and non-GRF Medicaid expenditures for the Ohio Department of Medicaid (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

[9] 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.

majority of the variances in Medicaid expenditures. ODM had an all funds negative variance in December of $173.8 million (6.1%) and a YTD all funds negative variance of $709.8 million (4.5%) at the end of December. ODODD had a December all funds negative variance of $0.6 million (0.3%) and ended the month with YTD expenditures $117.4 million (6.6%) below estimate. 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 four major payment categories at the end of December. In percentage terms, the Administration variance of $243.2 million (33.3%) was the largest. In absolute dollars, the largest was the Fee-For-Service (FFS) variance at $419.0 million (8.6%). The other categories' negative variances were Managed Care at $311.9 million (2.7%) and Premium Assistance at $12.8 million (1.8%). The YTD Administration variance reflects that administration expenses continue to report below estimate spending due to the delay of several large projects, as well as general underspending in the Ohio Department of Job and Family Services (ODJFS). The FFS variance is attributable to the delays in the HCAP payment. The underspending within the various managed care program lines is due to the timing of $350.0 million of hospital franchise fee payments authorized by Section 333.45 of H.B. 110. The hospital-related payments planned for November will instead be made in February.

From the beginning of the COVID-19 pandemic in March 2020 through the end of December 2022, caseloads have increased by approximately 21,700 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 required as a condition of receiving increased financial assistance from the federal government and an increase in the number of new applications and approvals due to the economic impacts of the COVID-19 pandemic. Caseload estimates for FY 2023 have allowed for the continuation of the federally declared public health emergency. December saw a continuation of the recent trend of positive caseload variances, with 19,216 cases (0.6%) above estimate.

Justice and Public Protection

This program category includes all GRF spending for justice and public protection programs, except for debt service. The Ohio Department of Rehabilitation and Correction (DRC) accounts for 71.0% of the estimated expenditures for this category for FY 2023. Eleven other agencies make up the remaining 29.0% of estimated spending.

The negative YTD variance in this category grew by $38.4 million in December to reach $135.0 million (8.9%). The monthly variance was primarily due to the Department of Public Safety (DPS), which was under the December estimate by $49.4 million, due to appropriation line item (ALI) 761408, Highway Patrol Operating Expenses, which was under estimate by $50.0 million. This amount is the entire appropriation amount for this ALI for FY 2023. The estimates were for the entire amount to be expended in December, but this did not happen. This is a timing issue, this amount is expected to be expended later in the fiscal year. This ALI provides GRF support for the highway patrol's operating expenditures that are in addition to the funds collected for this purpose from various taxes, fees, and fines related to the registration and operation of vehicles on public highways. For the YTD, DPS was under estimate by $62.1 million.

Two other timing-related December variances partially offset the negative variance from DPS. DRC's negative YTD variance fell by $9.8 million to $48.8 million in December, due mainly to a positive monthly variance of $10.1 million in ALI 501321, Institutional Operations, decreasing this ALI's negative YTD variance to $20.6 million. ALI 501321 is used primarily for the operating costs of Ohio's prisons, including facility maintenance, support services, security, and management. ALI 505321, Institution Medical Services, also had a significant negative YTD variance of $19.1 million. ALI 505321 is used to provide medical services to inmates of the state's prisons.

The Public Defender Commission was over the December estimate by $6.3 million, reducing its negative YTD variance to $13.2 million. These variances are primarily due to ALI 019501, County Reimbursement. This ALI is used to reimburse counties for their costs in providing legal counsel to indigent persons. The estimate allocates the appropriation over the fiscal year, but actual expenditures depend on the actual costs incurred by the counties and the timing of the requests for reimbursement.

Primary and Secondary Education

This program category contains all GRF spending by the Ohio Department of Education (ODE), except for property tax reimbursement and Medicaid spending. This category was almost exactly on the monthly estimate in December, maintaining its negative YTD variance at $38.4 million (0.8%). The negative YTD variance was dominated by ALI 200550, Foundation Funding – All Students, which was under estimate by $17.0 million YTD. Also contributing to the YTD negative variances were ALI 200502, Pupil Transportation, and ALI 200408, Early Childhood Education, with negative YTD variances of $8.0 million and $6.1 million, respectively.

ALI 200550 is the main source of state support for public schools in the state, including those operated by traditional school districts, joint vocational school districts (JVSDs), and community and STEM (science, technology, engineering, and mathematics) schools, as well as for the state's scholarship programs for students attending chartered nonpublic schools. For FY 2023, estimated spending in this ALI comprises 83.7% of total estimated spending in the category. Expenditures from this ALI are governed by a variety of formulas and data and can be difficult to predict on a monthly basis. There are, therefore, often timing-related variances in this ALI. Similarly, ALI 200502 supports formula-derived funding for pupil transportation by schools and also experiences timing-related variances.

ALI 200408 provides grants to early childhood education providers for services to preschoolers from low-income families. This variance is also related to timing.

General Government

This program category includes all GRF spending for general government programs, except for debt service. The Department of Development (DEV) makes up 36.5% of the estimated expenditures from this category in FY 2023. Four other agencies make up another 32.6% of estimated expenditures: the Ohio Department of Transportation (ODOT, 9.0%), the Department of Natural Resources (8.7%), TAX (7.8%), and the Department of Agriculture (7.1%). Twenty other agencies make up the remaining 30.9% of estimated spending.

This category was under estimate by $21.0 million (31.8%) in December, increasing its negative YTD variance to $33.7 million (10.5%). Most agencies in the category were under their YTD estimates. The largest ALI variances were for appropriations made in H.B. 687 of the 134th General Assembly to support Intel's megaproject development in central Ohio. ALI 195459, Ohio Onshoring Incentive, in DEV's budget is under its YTD estimate by $25.0 million. The estimates have expenditures of $12.5 million each month from November through the end of the fiscal year, but no payments have yet been made. On the other hand, ALI 195456, Local Roads, also in DEV's budget, is over its YTD estimate by $20.1 million. The estimates have the entire $95 million appropriation for this ALI occurring in January; $20.1 million, however, was expended in November. Finally, ALI 775471, State Road Improvements, in ODOT's budget is under its YTD estimate by $4.5 million. These variances are timing-related and should diminish as the projects move forward.

Health and Human Services

This program category includes all GRF spending for non-Medicaid health and human services programs, except for debt service. ODJFS accounts for 53.4% of the estimated expenditures for this category for FY 2023, followed by the Ohio Department of Mental Health and Addiction Services (OhioMHAS) at 29.7% and the Ohio Department of Health (ODH) at 8.5%. Eight other agencies make up the remaining 8.4% of estimated spending.

This category's negative YTD variance increased by $0.7 million in December to reach $32.6 million (3.6%). All agencies were under estimate for the YTD with the exception of ODJFS, which was over its YTD estimate by $3.5 million. The two agencies with the largest negative YTD variances were ODH and OhioMHAS, which were both under estimate by $12.8 million.

Significant variances for ALIs in the ODJFS budget include:

- A positive monthly variance of $1.6 million in ALI 600535, Early Care and Education, which increased the positive YTD variance for this ALI to $11.3 million. This ALI is used to pay for publicly funded child care services.
- A positive YTD variance of $5.1 million in ALI 600523, Family and Children Services. This ALI is used primarily to support county public children services agencies.
- A positive monthly variance of $7.2 million in ALI 600450, Program Operations, which resulted in a positive YTD variance for this ALI of $1.5 million. This ALI primarily supports the operating expenses of several of the offices within ODJFS.
- A negative monthly variance of $8.1 million in ALI 600410, TANF State Maintenance of Effort, which resulted in a negative YTD variance for this ALI of $3.6 million. This ALI is used in conjunction with other sources of funding to support Ohio's Temporary Assistance for Needy Families (TANF) program.

The majority of ALIs in ODH's budget were under estimate for the YTD, including ALI 440459, Help Me Grow, and ALI 440474, Infant Vitality, which were under estimate by $3.3 million and $3.1 million, respectively. ALI 440459 supports a family support program offered to pregnant women and new parents. ALI 440474 is used for programs designed to decrease infant mortality in Ohio.

Most ALIs in OhioMHAS's budget were under the YTD estimate, including ALI 336504, Community Innovations; ALI 336412, Hospital Services; and ALI 336422, Criminal Justice Services, which were under estimate by $3.9 million, $3.2 million, and $2.9 million, respectively. ALI 336504 is used for a variety of community programs that support OhioMHAS's mission. ALI 336412 is used to support the operating costs of state mental health hospitals. ALI 336422 is primarily used for forensic psychiatric evaluations and substance use disorder treatment for people involved in the court system.

Property Tax Reimbursements

This category of GRF expenditures reimburses school districts and other local governments for their property tax losses due to property tax rollbacks and the homestead exemption. Reimbursements are made twice a year as counties request them. Since payments are made at the request of the counties, this category often has variances at the beginning of a cycle that are offset as the cycle draws to a close. In December, this category had a positive variance of $6.6 million (94.3%) that decreased its negative YTD variance to $18.8 million (2.0%).

Transfers Out

Transfers out of the GRF were over the YTD estimate at the end of December by $552.8 million (81.4%). This variance is primarily due to transfers to support capital appropriations. H.B. 687 of the 134th General Assembly authorizes a total of $1.5 billion in transfers out of the GRF to support capital projects during the FY 2023-FY 2024 capital biennium.[10] The estimates have $1.1 billion of these transfers occurring in June, so this timing-related variance will not resolve until the end of the fiscal year. The following transfers out of the GRF to support capital projects, totaling $553.8 million, have been made so far this fiscal year:

October

- $200.0 million to the Higher Education Improvement Fund (Fund 7034);
- $100.0 million to the Adult Correctional Building Fund (Fund 7027).

November

- $150.0 million to the School Building Program Assistance Fund (Fund 7032);
- $60.0 million to the Third Frontier Research and Development Taxable Bond Fund (Fund 7014);
- $37.5 million to the Clean Ohio Conservation Fund (Fund 7056);
- $6.3 million to the Clean Ohio Agricultural Easement Fund (Fund 7057).

The YTD variance in transfers out can be further explained by the following:

- Transfers totaling $3.2 million to the National Guard Scholarship Reserve Fund (Fund 5BM0) that were authorized in R.C. 5919.341 but not included in the estimates;
- Transfers totaling $2.8 million to the Ohio College Opportunity Grant Program Reserve Fund (Fund 5PU0) that were authorized in R.C. 3333.124 but not included in the estimates;
- A transfer of $250,000 to the At Home Technology Pilot Fund (Fund 5XT0) that was estimated to occur in June;
- A transfer of $1.0 million to the Major IT Purchases Fund (Fund 4N60) in November, when the estimates reflect a transfer of $5.2 million in October.

[10] Additional transfers may be made unless disapproved by either the Speaker of the House of Representatives or the President of the Senate.

Issue Updates

Tiered Foster Care Pilot Program Approved

– Wendy Risner, Division Chief

On December 12, 2022, the Controlling Board approved a $1.3 million request from ODJFS to contract with the Ohio Children's Alliance to assist in the creation of a tiered foster care system. Specifically, the request will establish a pilot program, which will be operated by six private placement agencies in three counties (Cuyahoga, Franklin, and Hamilton). The Ohio Children's Alliance will provide payments to these agencies and ensure that program objectives are met. Some of the primary objectives will be to identify families who can provide care for children requiring higher levels of need and to test new foster care assessment processes and rate structures. Under a tiered system, both children and foster families will be placed into one of three tiers based on their needs or skills. An initial caregiver assessment will be performed by a licensed assessor for each foster caregiver and then performed again each time a child is placed into the caregiver's home. The pilot program is anticipated to run for six months or until sufficient data is collected to evaluate proposed rates. The goals of a tiered foster care system include the following: to increase placement stability, to standardize placement assessments, to set more consistent rate payments across the state, to increase the number of caregivers who can care for children with higher needs, and to decrease the number of children receiving care in congregate settings.

ODJFS and other entities have established a number of workgroups to evaluate the foster care system and implement recommended changes over the past several years. In February 2020, ODJFS established the Tiered Foster Care Workgroup, which consists of the departments of Mental Health and Addiction Services and Medicaid, the Ohio Public Children Services Association of Ohio, several county public children's services agencies, the Ohio Children's Alliance, foster parents, former foster youth, and other relevant interested parties. The workgroup made initial recommendations regarding the implementation of this new system and will continue to provide guidance and feedback as the implementation progresses.

Controlling Board Approves $6.5 Million for Afghan and Ukrainian Refugees

– Suveksha Bhujel, Economist

On November 21, 2022, the Controlling Board approved a $6.5 million increase in appropriation in FY 2023 for ODJFS to support refugees relocated from Afghanistan and Ukraine. The funds were provided by the federal Afghanistan Appropriation Act of 2021 and Additional Ukraine Supplement Appropriation Act of 2022. ODJFS provides refugee services through the Office of Refugee Resettlement (ORR), which is fully funded by the federal government. Specifically, funds will support the current Refugee School Impact (RSI) Program and the Preventive Health Program, as well as the new RSI – Support to Schools Initiative. The RSI Program promotes the academic performance and successful integration of refugee children from birth until the age of 18. It provides eligible children with specialized services and supports, including English as a Second Language classes, tutoring, translation programs, after school and summer programs, and mentoring. Additionally, the program helps families navigate the U.S. education system and helps develop capacity for school staff and child care providers. The Preventive Health Program provides services such as health screening for contagious diseases, preventive care treatment, interpreter services, and referral to local health centers. The new RSI – Support to Schools Initiative generally provides the same services as the existing RSI program. However, there are some differences. For instance, eligible populations appear to be limited to certain school-aged children and their parents from Afghanistan.

The Refugee Services Program, which is administered in Ohio by ORR, aims to help refugees achieve economic self-sufficiency and social adjustment after arriving to the U.S. The program provides eligible populations with cash and medical assistance for the first eight months in the U.S. Refugees are also eligible to receive social services for five years after entering the country, which includes English language training, job placement, citizenship classes, child care, employment training, and acculturation assistance. Furthermore, the program also provides translation and interpreter services, as well as citizenship and naturalization services.

Department of Development Awards $88.3 Million Under Final Funding Rounds of Ohio Brownfield Remediation Program

– Shannon Pleiman, Senior Budget Analyst

On December 16, 2022, DEV awarded approximately $88.3 million in the final rounds (second and third rounds) of funding under the Ohio Brownfield Remediation Program established in H.B. 110. The grant program is aimed at restoring distressed industrial, commercial, or institutional sites to productive use. Overall, 123 projects in 53 counties received grants. Clean-up work accounted for $79.4 million across 72 projects, and site assessment work accounted for $8.9 million across 51 projects. Project awards ranged from $22,000 for clean-up and remediation of a mixed use building in Hancock County to almost $8.1 million for the removal of underground utilities and demolition at the former Ormet Aluminum Corporation smelting factory in Monroe County. For more information on the final round of awards, see the list of award recipients and projects (PDF) available on the Governor's website: governor.ohio.gov.

Under the Brownfield Remediation Program, local governments, land reutilization corporations, and other entities were eligible for grants of up to $10.0 million to cover brownfield assessment and clean-up costs. Allowable activities include brownfield site acquisition, demolition, and infrastructure improvements. H.B. 110 provided a total of $350.0 million over the biennium to support the program. Of that amount, $262.0 million was available statewide on a first-come, first-served basis and requires a 25% match. The remaining $88.0 million was reserved to provide $1.0 million for projects in each of Ohio's 88 counties. These county set-aside funds did not require matching funds. With the addition of the first round of awards, all of the funding has been awarded and will support clean-up and site assessment at 313 projects in 83 counties. Funding to support this grant is provided through the Brownfield Remediation Fund (Fund 5YE0), capitalized by a cash transfer from the GRF of $350.0 million in FY 2022.

Department of Development Awards an Additional $35.3 Million for Blighted Building Demolition

– Jared Cape, Budget Analyst

On December 6, 2022, DEV announced demolition plans for 2,277 blighted buildings and an additional $35.3 million in funding to cover expenses in excess of the initial county set-aside grants. These demolitions are planned in 42 counties, of which 13 were awarded this additional funding. This funding round is in addition to one in October in which $22.6 million beyond the original set-aside grants was awarded to demolish 825 buildings in 30 counties. More information on the demolition grants and projects can be found in the Governor's press release, which is available on the Governor's website: governor.ohio.gov.

Grants under the Building Demolition and Site Revitalization Program are awarded to designated lead entities in counties to cover costs to acquire real estate, abate hazardous materials, demolish buildings, and other similar activities required to redevelop commercial and residential buildings and surrounding properties that are not brownfields. The designated lead entity may be a county land reutilization corporation (CLRC) or other entity designated by a board of county commissioners. H.B. 110 provided a total of $150.0 million for this program. Of that amount, $44.0 million ($500,000 per county) was set aside for projects in each county. The remaining $106.0 million of grant funding has been made available to designated lead entities on a first-come, first-served basis. Grant recipients must provide a 25% match for any project costs in excess of the county set-aside amount.

Funding to support these grants is provided through the Building Demolition and Site Revitalization Fund (Fund 5YF0). To capitalize the program, H.B. 110 required a cash transfer of $150.0 from the GRF to Fund 5YF0.

Public School Enrollment Decline Continues in FY 2023

– Brian Hoffmeister, Senior Budget Analyst

As of December 2022, enrollment in Ohio's public schools – traditional school districts, community and STEM schools, and JVSDs – is continuing its downward trend in FY 2023, according to data from ODE. Overall FY 2023 enrolled average daily membership (ADM) across the three types of public schools is currently about 3,100 students (0.2%) lower than in FY 2022, driven by a 6,000 student (0.4%) decline in enrolled ADM in traditional school districts, which comprise 90% of all public school students. Between FY 2019 (the year before the pandemic) and FY 2023, traditional district enrolled ADM has fallen by 61,200 students (4.0%). Most of this decrease occurred in FY 2021 as some families shifted educational environments for their children in reaction to the pandemic.

Meanwhile, enrollment gains in other types of public schools have partially offset the loss of students in traditional district schools. Community and STEM school and JVSD enrollment are both increasing, by 0.7% and 4.9%, respectively, between FY 2022 and FY 2023. Enrolled ADM for community and STEM schools currently totals approximately 115,900, about 9% above FY 2019 levels but below the high of about 117,700 in FY 2021 that was also affected by shifting educational preferences in the wake of the pandemic (in particular, enrollment in e-schools increased sharply from FY 2020 to FY 2021). Enrolled ADM for JVSDs totals roughly 46,600 in

FY 2023, or 11% above FY 2019 levels. In FY 2023, community schools represent approximately 7% of total public school enrollment statewide, while JVSDs represent approximately 3%.

Public School Enrolled ADM by School Type, FY 2019-FY 2023				
Fiscal Year	Traditional Districts	Community and STEM Schools	JVSDs	Total
2019	1,517,869	105,920	41,910	1,665,700
2020	1,510,023	106,266	43,402	1,659,691
2021	1,467,079	117,671	42,446	1,627,197
2022	1,462,691	115,089	44,418	1,622,198
2023*	1,456,666	115,867	46,595	1,619,128
Change FY 2019-FY 2023	-4.0%	9.4%	11.2%	-2.8%
Change FY 2022-FY 2023	-0.4%	0.7%	4.9%	-0.2%

*FY 2023 data is not final and, thus, is subject to change.

ODE Projects State Scholarship Program Costs to Grow to $595 Million in FY 2023

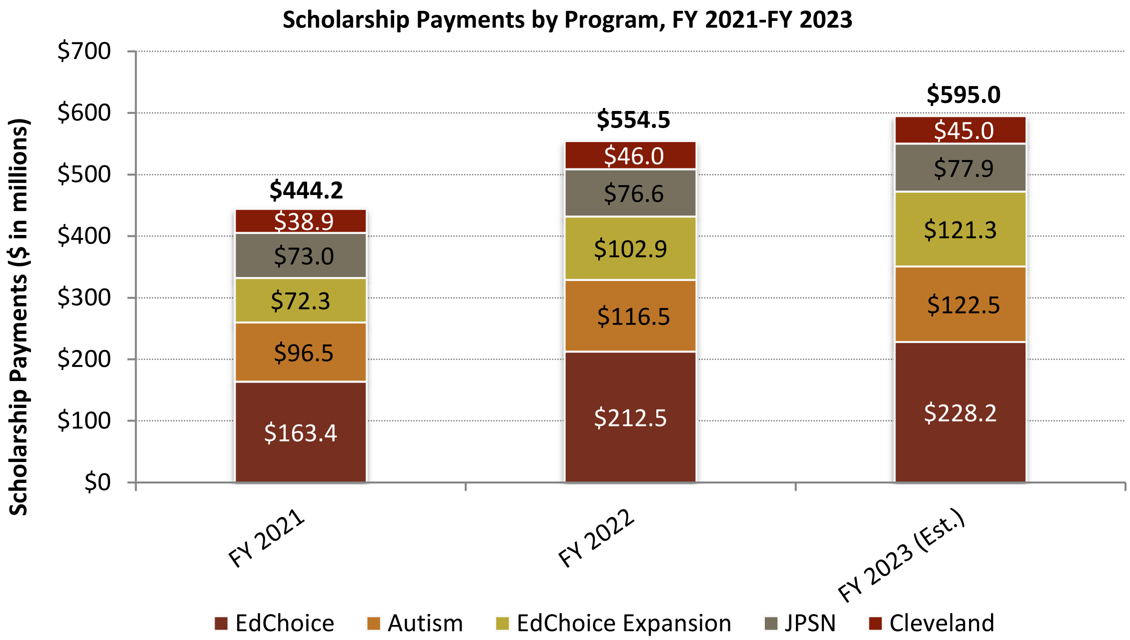
– Andrew Ephlin, Budget Analyst

As of December 2022, ODE projects the cost of the state's scholarship programs will grow to $595.0 million in FY 2023, up 7.3% from the $554.5 million spent in FY 2022. The projected growth in FY 2023 is somewhat slower than the 24.8% increase that occurred in FY 2022 following recent expansions in eligibility for EdChoice scholarships and increased maximum scholarship amounts.[11] The chart below breaks out scholarship payments by program for FY 2021 through FY 2023. The projection for FY 2023 is based on preliminary data and is subject to change.

As the chart shows, the state provides five types of scholarships for students to obtain educational services from private providers, typically chartered nonpublic schools: (1) the traditional EdChoice Scholarship Program, which is the largest program and provides scholarships for students who are assigned or would be assigned to district school buildings that meet certain criteria reflecting both low academic performance and relatively high levels of poverty, (2) the EdChoice Expansion Scholarship Program, which provides scholarships for students from low-income families, (3) the Cleveland Scholarship Program, for students residing in the Cleveland Municipal School District, (4) the Autism Scholarship Program, and (5) the Jon Peterson

[11] H.B. 110 increased the maximum scholarship amount for the EdChoice and Cleveland Scholarship programs from $4,650 to $5,500 for students in grades K-8 and from $6,000 to $7,500 for students in high school. The Autism Scholarship Program was increased from $27,000 to $31,500 for FY 2022 and $32,445 for FY 2023.

Special Needs (JPSN) Scholarship Program. The latter two provide scholarships to students with autism in grades pre-K-12 and students with any category of disability in grades K-12, respectively, to enroll in an approved special education program other than the one offered by the student's school district. State scholarship programs are financed by the GRF.



The preliminary data for FY 2023 suggests that these programs will serve nearly 78,100 full-time equivalent (FTE) students, 4.0% more than the 75,100 FTE students who received a scholarship in FY 2022. The table below lists the number of FTE students and annual percentage change by scholarship program from FY 2021 to FY 2023. As the table shows, EdChoice Expansion scholarships have grown most rapidly over the last several years, due in part to (1) a policy change in H.B. 166 of the 133rd General Assembly that made students in grades K-12 eligible beginning in FY 2021 (formerly, eligibility was phased in at one additional grade per year; in FY 2020, students in grades K-6 were eligible) and (2) an increase in the base family income eligibility level from 200% of the federal poverty level to 250% beginning in FY 2022 under S.B. 89 of the 133rd General Assembly.

FTE Scholarship Students by Program, FY 2021-FY 2023

Scholarship	FY 2021	FY 2022	FY 2023 Estimate	% Change FY21-FY22	% Change FY22-FY23
EdChoice	32,541	35,822	37,380	10.1%	4.4%
EdChoice Expansion	16,434	20,207	21,804	23.0%	7.9%
JPSN	6,883	7,293	7,332	6.0%	0.5%
Cleveland	7,647	7,662	7,330	0.2%	-4.3%
Autism	3,914	4,106	4,223	4.9%	3.1%
Total	**67,419**	**75,090**	**78,081**	**11.4%**	**4.0%**

ODE Awards $5.0 Million in Federal Funds to Libraries to Address Learning Loss

– Lin Kong, LSC Fellow

On December 15, 2022, ODE awarded $5.0 million in competitive Libraries Accelerating Learning grants to libraries across the state. According to ODE, this funding will support library programming designed to accelerate learning and to address learning loss for students that were most impacted by the pandemic, with a focus on improving literacy. ODE awarded grants to 32 applicants. While most applications were submitted by a single library, some applications were submitted by partnerships of two or more libraries. Each library tailored their projects to the needs of their community.

Individual grant awards varied from about $750,000, for a multi-library partnership led by the Euclid Public Library in Cuyahoga County, to $22,500, for the Fairfield County District Library in Fairfield County. Most grant awards were between $25,000 and $250,000, with an average award of about $156,000. With regard to awards by county, libraries in Cuyahoga County received the most grant money, with a total of $1.5 million across four projects. The next largest amounts were awarded to libraries in Mahoning and Lake counties, at about $330,000 each. Libraries generally were funded based on the amount they requested, which ODE expected to vary based on the number of students anticipated to be served. In general, larger awards support partnerships or more intensive support to students.

The grants are funded by a portion of the $70 million in federal COVID-19 school relief funds for state activities from the American Rescue Plan Act (ARPA) that were earmarked in H.B. 169 of the 134th General Assembly for learning loss and academic recovery efforts. The Libraries Accelerating Learning initiative is part of a larger set of strategies for using federal funds to help students who experienced the greatest disruptions in learning from the pandemic. Other programs that complement this library funding include the Summer Learning and Afterschool Opportunities Grant, Regional Education Partnerships Grant, and Statewide Mathematics and Literacy Tutoring Grant. For additional details on the library grants, including project descriptions, see ODE's Libraries Accelerating Learning Awardee List (PDF), which may be accessed by conducting a keyword "Libraries Accelerating Learning" search on ODE's website: education.ohio.gov.

Governor DeWine Awards $4.8 Million to Support Sexual Assault Survivor Programs

– Shaina Morris, Budget Analyst

On November 29, 2022, Governor DeWine announced $4.8 million in grant awards to support the work of rape crisis centers and sexual assault survivor programs in Ohio. The grants will go to 25 rape crisis centers and survivor service providers from 24 counties and will assist the programs in offering virtual and remote crisis services, support emergency needs of sexual assault survivors and pay for hiring and retention bonuses to maintain staff. The grant awards range from a minimum of nearly $33,000 to a maximum of $550,000.

The grant program will be administered by the Office of Criminal Justice Services (OCJS), a division of the Ohio Department of Public Safety. The grant funding is supported by the 2021 Family Violence Prevention Service Act, ARPA, and Rape Crisis Centers and Sexual Assault

Programs Supplemental COVID-19 funds. A complete list of recipients can be found on the OCJS website at ocjs.ohio.gov under "Grant Funding & Monitoring."

Controlling Board Approves Attorney General's Contract to Update Sex Offender Management System

– Jessica Murphy, Budget Analyst

On December 12, 2022, the Controlling Board approved a request from the Attorney General to enter into a $258,600 contract with Watch Systems to update OffenderWatch, the current platform hosting Ohio's sex offender registry. Watch Systems currently contracts with the Attorney General to operate and maintain the state's sex offender and arson registries, which actively track close to 30,000 sex offenders and 1,300 arson offenders statewide. The upgrades will remediate deficiencies noted in a 2021 audit of Ohio's linkage to the National Sex Offender Registry (NSOR), specifically how certain data fields and record updates are matched with the national registry.[12] The audit was performed by the FBI's Criminal Justice Information Center Division who oversees NSOR. The audit also noted many discrepancies between the state's records and the Federal Bureau of Investigation's (FBI's) NSOR records, some of which were related to data entry issues. To rectify this, Watch Systems will perform software upgrades to OffenderWatch to include features to auto-populate certain identified fields, eliminate inapplicable data, and provide file comparison to identify duplications and other data discrepancies, in addition to other services. The contract will be funded through the federal Support of Adam Walsh Act Implementation grant awarded to the Attorney General.

The Attorney General has used Watch System's OffenderWatch application for the management of sex offenders since 2011. It is also the platform on which Ohio's Violent Offender Database operates.

[12] The National Sex Offender Registry (NSOR) is maintained by the FBI within the U.S. Department of Justice (DOJ). It is a nationwide database compiled from information in individual state sex offender registries.

Tracking the Economy

– Ruhaiza Ridzwan, Senior Economist
– Philip A, Cummins, Senior Economist

Overview

Nationwide economic expansion continued through the end of 2022. Employment grew through December and unemployment remained low. Labor markets stayed tight through November, as indicated by numbers of job openings nationwide that employers were seeking to fill relative to numbers of persons counted as unemployed. Industrial production slowed in last year's fourth quarter. Inflation-adjusted gross domestic product (real GDP) grew in the July to September quarter at a 3.2% annual rate and appears to have continued to grow in the fourth quarter based on currently available data. Inflation indicators showed slower price increases in last year's second half, but year-over-year changes continued to be rapid.

The Federal Open Market Committee (FOMC) of the nation's central bank, which sets monetary policy, raised its short-term interest rate target by 0.5 percentage point at its meeting in December, to a range of 4.25% to 4.5%. The increase was the seventh since the FOMC began raising its interest rate target last March. FOMC members all expected the target range to be higher at the end of 2023, by 0.5 to 1.25 percentage points. Higher interest rates are the central bank's primary tool to reduce inflation to its 2% goal, by making borrowing more costly and thereby lowering aggregate demand for goods and services.

Ohio employment was up by 5,500 in November, but the state's unemployment rate remained at 4.2%. Ohio's real GDP grew in the third quarter, following a decline in the second quarter. Ohio's personal income also grew in the third quarter but slower than the growth rate of U.S personal income. In November, Ohio home sales remained slow.

The National Economy

In December, total nonfarm payroll employment rose by 223,000 and the average unemployment rate declined to 3.5%. Nationwide employment and unemployment are shown in charts 5 and 6, along with comparable data for Ohio.

The increase in nonfarm payroll employment in December was the smallest monthly change of 2022, when the total increased 4.5 million, an average of 375,000 per month. The 2022 employment increase was smaller than in 2021, when nonfarm payrolls rose 6.7 million, which in turn was smaller than in the last eight months of 2020, when the total soared 12.0 million. Employment was recovering from the pandemic-related plunge in March and April 2020, when the total fell 22.0 million. By August 2022, total nonfarm payroll employment had reached a new all-time high and has risen each month since then.

Among industries, by far the largest job gains in 2022 were in leisure and hospitality, with an additional 946,000 positions filled, two-thirds of which were at restaurants and bars. Employment in leisure and hospitality remained 932,000 below its February 2020 level. Other industries with large employment gains in 2022 include professional and business services, 605,000; health care, 584,000; manufacturing, 379,000; and government, 300,000. Most of the increases in government employment were in local government, both in education and in other types of positions.

Unemployment as a share of the labor force declined to 3.5% in December, matching the lows both earlier in 2022 and also in 2019 and early 2020 ahead of the pandemic. The share of the population ages 16 and older that was in the labor force, either employed or actively seeking work, was 62.3% in December, well down from the all-time peak in 2000 of 67.3% and also below the peak just before the pandemic of 63.3%.

Job openings nationwide totaled 10.5 million as of the end of November, down from a peak of 11.9 million in March but well above numbers prior to mid-2021, in monthly data published since 2000. Through 2020, the number of job openings was always fewer than 7.6 million and averaged 4.6 million. The latest number of job openings remains well above the 6.0 million persons counted as unemployed in November and 5.7 million in December.[13]

Industrial production declined in October and November, by 0.1% and 0.2%, respectively, after growing in the first three quarters of the year. Manufacturing output, about three fourths of the total index, edged down in the third quarter and fell 0.6% in November after a 0.3% increase in October. Mining output fell in October and November, following strong growth in the year's third and second quarters.

Real GDP growth in the third calendar quarter followed smaller declines in the year's first two quarters and was revised upward from earlier estimates based on more complete data. Output of goods and services rose in the third quarter while investment in structures fell sharply. Much of the decline in real investment in structures was in single-family housing, while declines were widespread among types of nonresidential structures. Real GDP data by industry show mining output advancing strongly in the third quarter, after earlier declines since the 2020 recession. A broad range of service-providing industries accounted for most other real GDP increases in the quarter.

In the calendar quarter just ended, real consumer spending through November was up from the third quarter at about a 4% annual rate, with increases in spending on durable goods, nondurables, and services. Light motor vehicle unit sales in the fourth quarter, including data through December, were up sharply from the third quarter average. Housing market indicators through November generally remained soft, though contracts for sales of new homes picked up from a low point in July. An estimate based solely on these and other monthly indicators, from the Federal Reserve Bank of Atlanta, shows real GDP in the fourth quarter increasing at a 3.8% annual rate.

The consumer price index (CPI) rose 0.1% in November to 7.1% higher than a year earlier. Monthly increases slowed abruptly in the second half of 2022, as energy costs declined starting in July. Food price increases remained rapid but less so than earlier, beginning in August. For November compared with a year earlier, consumer prices were higher by 13.1% for energy commodities and services, 10.6% for food, and 6.0% for all other commodities and services.

[13] Counts of numbers of people unemployed, as well as other data reported from the household survey, are generally for the calendar week that includes the 12th of the month. However, the November and December household survey reference weeks are sometimes moved one week earlier in the month so that survey interviewers are not contacting households during major holiday periods. In 2022, the reference weeks for November and December were the 6th to 12th and the 4th to 10th, respectively: bls.gov/cps/definitions.htm#refweek.

A related measure, the price index for personal consumption expenditures, is cited by the FOMC as an indicator of progress toward the central bank goal of 2% annual inflation. This price index rose 0.1% in November to 5.5% higher than a year earlier. By sector, increases in the year to November were 11.2% for food, 13.6% for energy, and 4.7% for other goods and services.

The Ohio Economy

Ohio's total nonfarm payroll employment, seasonally adjusted, rose by 5,500 (0.1%) in November, following an increase of 10,700 jobs in October. Ohio's payroll employment since January 2018 is shown in Chart 5 below. During the first 11 months in 2022, job gains averaged 9,700 per month, compared to an average of 7,500 job gains per month during the same period in 2021. In November, employment in the private service-providing sector and government increased by 5,300 and 1,100, respectively, but goods-producing industries lost 900 jobs. November's job gains were reported in construction, educational and health services, leisure and hospitality, professional and business services, financial activities, and local government. Job losses occurred in manufacturing and in trade, transportation, and utilities. Compared to November of last year, the state's nonfarm payroll employment was 116,100 (2.2%) higher. Over the last 12 months, job gains were reported in most industries, but employment in state and federal government declined.

In November, Ohio's unemployment rate remained at 4.2%, unchanged from October, but down from 4.5% in November of last year. The number of unemployed workers in Ohio was 243,000 in November, 1,000 more than in October but 14,000 fewer than in November of last year. The state's unemployment rate in November continued to be higher than the U.S. unemployment rate. The U.S. unemployment rate was 3.6% in November, down from 3.7% in October and lower than 4.2% in November of last year. Ohio and U.S. unemployment rates since January 2018 are shown in Chart 6 below.

Ohio's real GDP increased 1.2% at a seasonally adjusted annual rate in the third quarter of 2022, after declining at a 1.1% rate in the second quarter. Industries that contributed the most to Ohio's GDP growth were information services, health care and social assistance, and retail trade. In comparison, U.S. GDP grew at an annual rate of 3.2% in the third quarter. Ohio's GDP growth was ranked 45th among the 50 states and was slower than growth in the five neighboring states except for Indiana (-0.3%). West Virginia's GDP growth was at a 4.1% rate, 3.2% in Pennsylvania, 1.7% in Michigan, and 1.3% in Kentucky. In current dollars (i.e., without adjusting for inflation), Ohio's GDP was about $830 billion at an annual rate in the third quarter, accounting for about 3.2% of total U.S. GDP.

Ohio's personal income grew at an annual rate of 4.6% in the third quarter of 2022, slower than the growth rate of U.S personal income, 5.3%. Ohio's personal income growth ranked 34th among the 50 states. Among the five neighboring states, Ohio's personal income growth rate was higher than Pennsylvania's (4.2%), West Virginia's (3.7%), Michigan's (2.4%), Indiana's (1.9%), and Kentucky's (1.4%). In the third quarter, net earnings (wages and salaries, supplements to wages and salaries, and proprietors' income) in Ohio grew faster than either dividends, interest, and rent or transfer receipts. Earnings in health care and social assistance, state and local government, and professional, scientific, and technical services were the leading contributors to Ohio's personal income growth in the third quarter.

In November, the number of existing homes sold in Ohio decreased by 25.6% compared to November of last year, according to the Ohio REALTORS. From January through November of this year, existing home unit sales declined by 9.2% compared to the corresponding months in

2021. The statewide sales price of homes sold in January through November of this year averaged $259,660, or 8.4% higher than in the corresponding period a year earlier.

According to the recently released state population estimates by the U.S. Census Bureau, Ohio's population was about 11.8 million as of July 1, 2022, or 8,284 people fewer than in July 2021. In 2022, Ohio's population remained the seventh largest in the nation, after Illinois (ranked sixth) with 12.6 million and before Georgia (ranked eighth) with 10.9 million. In 2022, the total U.S. population was estimated at 333.3 million. The state that added the most people in 2022 was Texas, followed by Florida, then North Carolina. The state that lost the largest number of people was New York, followed by California and Illinois. In terms of percent growth, Ohio's population declined by 0.07% from 2021 to 2022, compared with U.S. population growth of 0.38%.

Chart 5: U.S. and Ohio Nonfarm Payroll Employment (in millions)

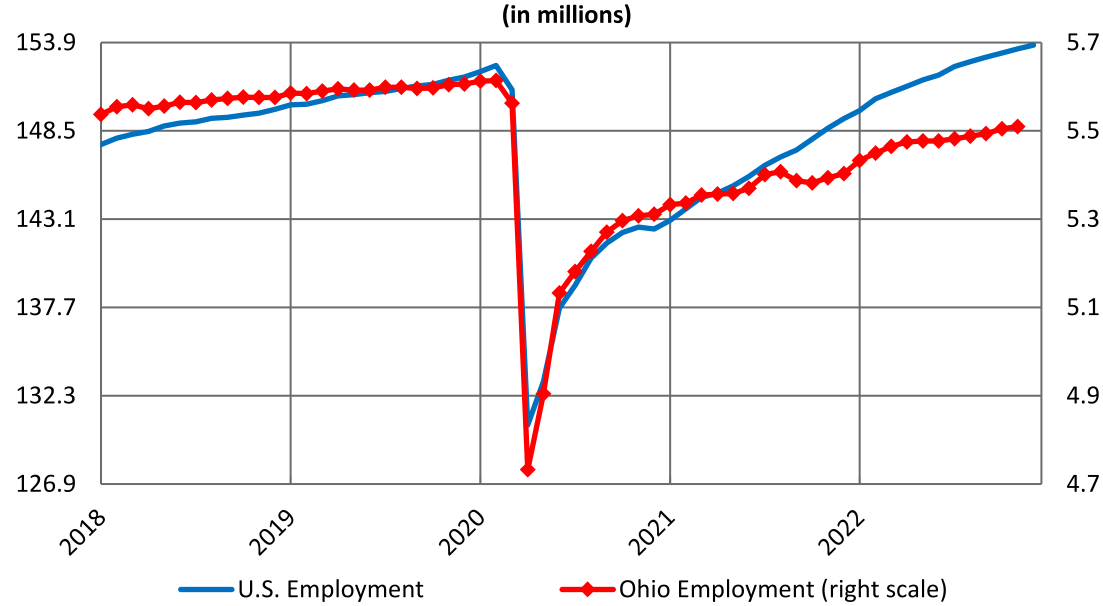


Chart 6: U.S. and Ohio Unemployment Rates % of Labor Force