

# State Update



**Aaron Rausch, Director**  
Office of Budget & School Funding

# State Revenues



# State Revenues

- How much of the Rainy-Day Fund will be used in FY21 and How much will be saved for the next biennium? (The balance of the Budget Stabilization Fund is \$2.7 billion)
- How much will state spending be reduced in FY21? Will state funding be reduced beyond the current funding reductions? (Current reduction to ODE's Budget - \$335 million)
- How will state revenues perform compared to estimates? What are reasonable estimates of sales tax and income tax performance? (OBM previously predicted a \$2.4 billion shortfall)



# Governor's Monthly Financial Report



September 10, 2020

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

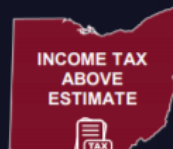
FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report

## Report Overview:



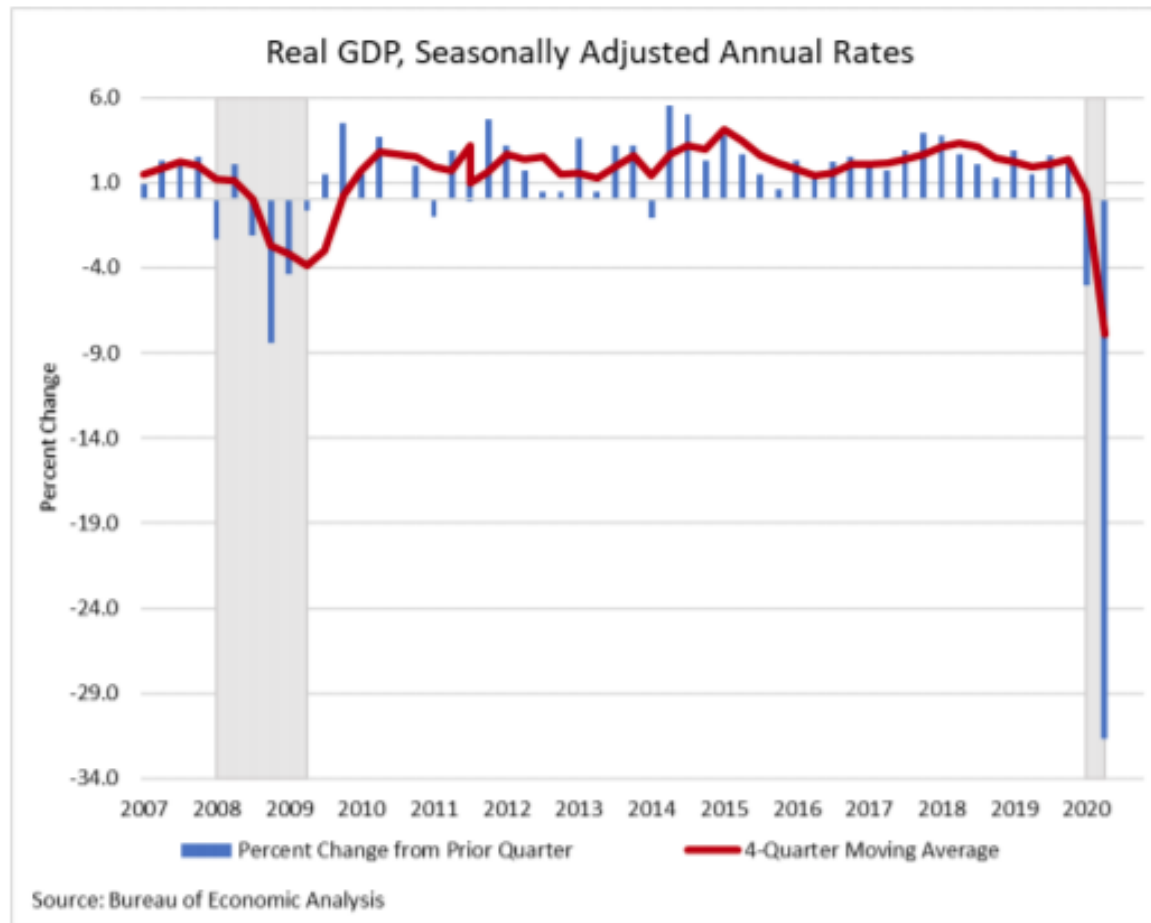
August GRF receipts from all sources totaled \$3.5 billion and were \$35.2 million (1.0%) above estimate. Non-auto sales tax, auto sales tax, and personal income tax each exceeded estimate.



August GRF personal income tax receipts totaled \$837.9 million and were \$62.7 million (8.1%) above the estimate. On a year-over-year basis, August income tax collections were \$116.5 million (16.2%) above August 2019 collections. This growth is attributable to the extended July 15 deadline for filing and payment of tax year 2019 annual income tax (which is normally due in April), as well as the extension



# Governor's Monthly Financial Report



**2020 Q2 GDP contracted by 31.7%**

# Governor's Monthly Financial Report



**Ohio dropped to 8.9% in July**

# Governor's Monthly Financial Report

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL AUGUST	ESTIMATE AUGUST	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	802,596	779,600	22,996	2.9%	1,751,787	1,631,600	120,187	7.4%
Auto Sales & Use	156,342	142,200	14,142	9.9%	338,920	276,200	62,720	22.7%
Subtotal Sales & Use	958,938	921,800	37,138	4.0%	2,090,707	1,907,800	182,907	9.6%
Personal Income	837,879	775,200	62,679	8.1%	2,017,839	1,921,500	96,339	5.0%
Corporate Franchise	12	0	12	N/A	180	0	180	N/A
Financial Institutions Tax	385	(3,200)	3,585	112.0%	2,390	(3,100)	5,490	177.1%
Commercial Activity Tax	278,052	308,500	(30,448)	-9.9%	332,046	364,000	(31,954)	-8.8%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	31,029	31,500	(471)	-1.5%	31,285	31,700	(415)	-1.3%
Kilowatt Hour	28,533	34,500	(5,967)	-17.3%	51,383	58,000	(6,617)	-11.4%
Natural Gas Distribution	13,532	14,500	(968)	-6.7%	13,570	16,200	(2,630)	-16.2%
Foreign Insurance	0	700	(700)	N/A	37	1,600	(1,563)	-97.7%
Domestic Insurance	445	0	445	N/A	824	0	824	N/A
Other Business & Property	0	0	0	N/A	15	0	15	N/A
Cigarette and Other Tobacco	80,472	77,700	2,772	3.6%	106,082	98,700	7,382	7.5%
Alcoholic Beverage	5,310	5,200	110	2.1%	11,943	9,800	2,143	21.9%
Liquor Gallonage	5,150	4,300	850	19.8%	10,026	8,500	1,526	18.0%
Estate	1	0	1	N/A	1	0	1	N/A
Total Tax Receipts	2,239,738	2,170,700	69,038	3.2%	4,668,328	4,414,700	253,628	5.7%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,140,575	1,165,884	(25,309)	-2.2%	2,697,761	2,723,070	(25,309)	-0.9%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	2,761	4,804	(2,043)	-42.5%	6,397	5,417	980	18.1%
Other Income	73,327	5,838	67,489	1156.1%	80,525	6,297	74,229	1178.9%
ISTV'S	1	0	1	N/A	7	0	7	N/A
Total Non-Tax Receipts	1,216,664	1,176,525	40,139	3.4%	2,784,690	2,734,783	49,907	1.8%
<b>TOTAL REVENUES</b>	<b>3,456,402</b>	<b>3,347,225</b>	<b>109,177</b>	<b>3.3%</b>	<b>7,453,018</b>	<b>7,149,483</b>	<b>303,535</b>	<b>4.2%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	4,000	77,932	(73,932)	-94.9%	79,832	77,932	1,900	2.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	4,000	77,932	(73,932)	-94.9%	79,832	77,932	1,900	2.4%
<b>TOTAL SOURCES</b>	<b>3,460,402</b>	<b>3,425,157</b>	<b>35,245</b>	<b>1.0%</b>	<b>7,532,850</b>	<b>7,227,415</b>	<b>305,435</b>	<b>4.2%</b>



# State Revenues

- July and August revenues exceeded estimates in personal income tax, sales tax, and other income. CAT tax lagged estimates.
- September income and non-auto sales tax lag estimates, but total tax receipts finished slightly (\$8.7 million/0.5%) above budgeted estimates.
- Year to Date tax receipts and total GRF revenue exceed budgeted estimates.
- OBM tax revenue estimates established before the COVID-19 pandemic.

# State Revenues

What does it all mean?

- Income Tax
  - Timing issue – delay in April tax filing deadline.
  - Withholding tax collections exceeded estimates and is on par with prior-year collections.
- Sales Tax
  - Pent-up demand
  - Shift in consumer spending from services to goods.
- Consumer Activity Tax (CAT)
  - July-September revenues reflect 2020 Q2 activity.

# School Funding





# Foundation Funding

STATE FUNDING		FY19 Levels – Less FY20 Executive Budget Reduction	→	STATE FUNDING
A	Foundation Formula Funding:			7,773,798,990.07
-----				
ADDITIONAL AID ITEMS:				
B	Student Wellness and Success Funding:	SWSF and Enrollment Growth Funding Calculated based on current year data	→	352,279,701.47
C	Enrollment Growth Supplement Funding:			23,000,000.00
D	Preschool Special Education Funding:			109,999,998.86
E	Special Education Transportation Funding:			57,887,562.71
-----				
F	Total Additional Aid Items:			543,167,263.04
-----				
TOTAL STATE FUNDING:				
G	Total Foundation Formula Funding Plus Additional Aid Items (A+F):			8,316,966,253.11
=====				
TRANSFERS AND ADJUSTMENTS:				
H	Education Service Center Transfer:	Calculated based on current year data	→	-249,561,937.71
I	Open Enrollment Adjustment:			-14,100,007.17
J	Community School Transfer:			-827,751,897.05
K	STEM School Transfer:			-26,931,622.13
L	Scholarship Transfer:			-329,879,990.75
M	Other Adjustments:			-13,184,863.86
-----				
N	Total Transfers and Adjustments:			-1,461,410,318.67
-----				
NET STATE FUNDING:				
O	Total Calculated Funding Plus Total Transfers and Adjustments:			6,855,555,934.44
=====				

# Foundation Funding, Cont.

## STATE SUPPORT

A - Foundation Formula	3110	7,773,798,990.07	1,619,541,459.17	6,154,257,530.90	323,908,292.05
------------------------	------	------------------	------------------	------------------	----------------

## ADDITIONAL AID ITEMS

B - Student Wellness and Success Funding**	3219	352,279,701.47	0.00	352,279,701.47	0.00
C - Enrollment Growth Funding	3110	23,000,000.00	4,791,667.74	18,208,332.26	958,333.49
D - Preschool Special Education Funding	3110	109,999,998.86	22,959,428.22	87,040,570.64	4,583,978.65
E - Special Education Transportation	3110	57,887,562.71	12,059,911.74	45,827,650.97	2,411,982.26
F - Total Additional Aid Items	3110	543,167,263.04	39,811,007.70	503,356,255.34	7,954,294.40
G - Total Formula Funding Plus Additional Aid		8,316,966,253.11	1,659,352,466.87	6,657,613,786.24	331,862,586.45

## TRANSFERS

H - Educational Service Center Transfer	****	-249,561,937.71	-47,579,530.22	-201,982,407.49	-10,630,653.09
I - Open Enrollment Adjustment - Positive	1227	487,308,295.66	101,543,756.70	385,764,538.96	20,303,412.97
Open Enrollment Adjustment - Negative	477	-501,408,302.83	-104,417,285.02	-396,991,017.81	-20,894,264.07
J - Community School Transfer	478	-827,751,897.05	-172,986,476.45	-654,765,420.60	-34,461,337.91
K - STEM School Transfer	****	-26,931,622.13	-5,588,276.75	-21,343,345.38	-1,123,334.01
L - Scholarship Transfer	****	-329,879,990.75	-72,688,742.95	-257,191,247.80	-13,536,025.27
M - Other Adjustments - Positive	****	27,748,988.91	5,781,700.55	21,967,288.36	1,158,544.14
Other Adjustments - Negative	****	-40,933,852.77	-8,514,088.33	-32,419,764.44	-1,706,303.29
N - Total Transfers		-1,461,410,318.67	-304,448,942.47	-1,156,961,376.20	-60,889,960.53

## ADJUSTMENTS

JV98 SF-6 Excess Cost Tuition	(Pos)	122X	0.00	0.00	0.00	0.00
JV99 SF-6 Excess Cost Tuition	(Neg)	474	0.00	0.00	0.00	0.00
JV50 SF-14 Regular Tuition	(Pos)	1221	39,179,604.32	0.00	39,179,604.32	39,179,604.32
JV51 SF-14 Regular Tuition	(Neg)	471	-33,613,906.83	0.00	-33,613,906.83	-1,769,152.90
JV52 SF-14 Spec.Ed. Tuition	(Pos)	1223	18,955,273.31	0.00	18,955,273.31	18,955,273.31
JV53 SF-14 Spec.Ed. Tuition	(Neg)	475	-18,955,273.31	0.00	-18,955,273.31	-997,646.00
JV09 College Credit Plus Deduction		479	-22,391,220.68	-3,053,348.02	-19,337,872.66	-1,017,782.82
JV1 FY2020 Final #1		3110	-3,290,092.70	0.00	-3,290,092.70	2,741,215.01
JV18 FY2021 HB 164 Section 19		3110	23,331,563.11	4,057,663.19	19,273,899.92	1,014,415.74
JV62 Per Diem (SF-14 ) Negative		479	0.00	-1,921,463.31	0.00	-2,227,187.02
JV63 Per Diem (SF-14 ) Positive		122X	0.00	1,855,426.32	0.00	2,227,187.02
JV86 Prior Year Insufficient Funds Repayment		3110	-163,010.72	-28,349.68	-134,661.04	-7,087.42
JV87 Judgment Repayment		86X	-364,897.18	-76,020.25	-288,876.93	-15,204.05
Total Payments Before Retirements			6,858,243,973.76	1,355,737,432.65	5,502,440,504.12	329,056,261.11

# Where is FY21 data used for funding calculations?

- Preschool Special Education
- ESC Transfers
- Open Enrollment Transfers
- Community School Deductions (including per-pupil reduction)
- Scholarship Deductions
- Other Adjustments
- Tuition and Excess Cost



# **Student Wellness and Success**



# Student Wellness and Success

- FY21 payments calculated based on increased per pupil amounts. Expected to hold at increased levels.
- Variance in payments due to updates in enrollment and census poverty data.





# CARES Act





# Elementary and Secondary School Relief (Fund 507)

- **Who:** Traditional Districts and Community Schools
- **How:** Formula based on Title I allocations
- **When:** Awarded in late May
- **What:** 12 Broad Allowable Uses (Federal uses, pandemic related, other activities)
- **Period of Availability:** March 13, 2020-September 30, 2022
- **Consider:** Nonpublic Equitable Services Required for low-income students.
- **Aaron's Advice – use these funds last.**

# Coronavirus Relief Funds (Fund 510)

- **Who:** Traditional Districts, CS, STEM, JVSD, CBDD, Non-Pub.
- **How:** State formula using enrollment, special populations, and transportation.
- **When:** Awarded in early August.
- **What:** 3 prong test – pandemic expense, unbudgeted, March-December.
- **Period of Availability:** March 1, 2020-December 30, 2020
- **Consider:** Local governments are getting most of the CRF funds. Connect with townships and counties to request funds.
- **Aaron's Advice – use these funds second and ask your local government partners for additional funding.**

# BroadbandOhio Connectivity Grant (Fund 510)

- **Who:** Traditional Districts, CS, STEM, JVSD, CBDD, Non-Pub, and ESCs
- **How:** Requests from schools for up to \$250,000 (prorated)
- **When:** Awarded in late August.
- **What:** Connectivity **AND** 3 prong test – pandemic expense, unbudgeted, March-December.
- **Period of Availability:** July 1, 2020-December 30, 2020
- **Consider:** You can't pre-pay for services. Only goods.
- **Aaron's Advice – use these funds first.**

# Governor's Emergency Education Relief Fund (Fund 508)

- **Who:** K-12, Higher Ed, Other Education Entities
  - ESCs, CBDDs, OSB/OSD, Publicly Funded Childcare, K-12/Higher Ed Mental Health (so far).
- **How:** Governor's discretion.
- **When:** Awarded in late August.
- **What:** Emergency relief funding.
- **Period of Availability:** March 13, 2020-September 30, 2022
- **Aaron's Advice** – for now, don't plan for these funds.

# **FY22-FY23 Budget**

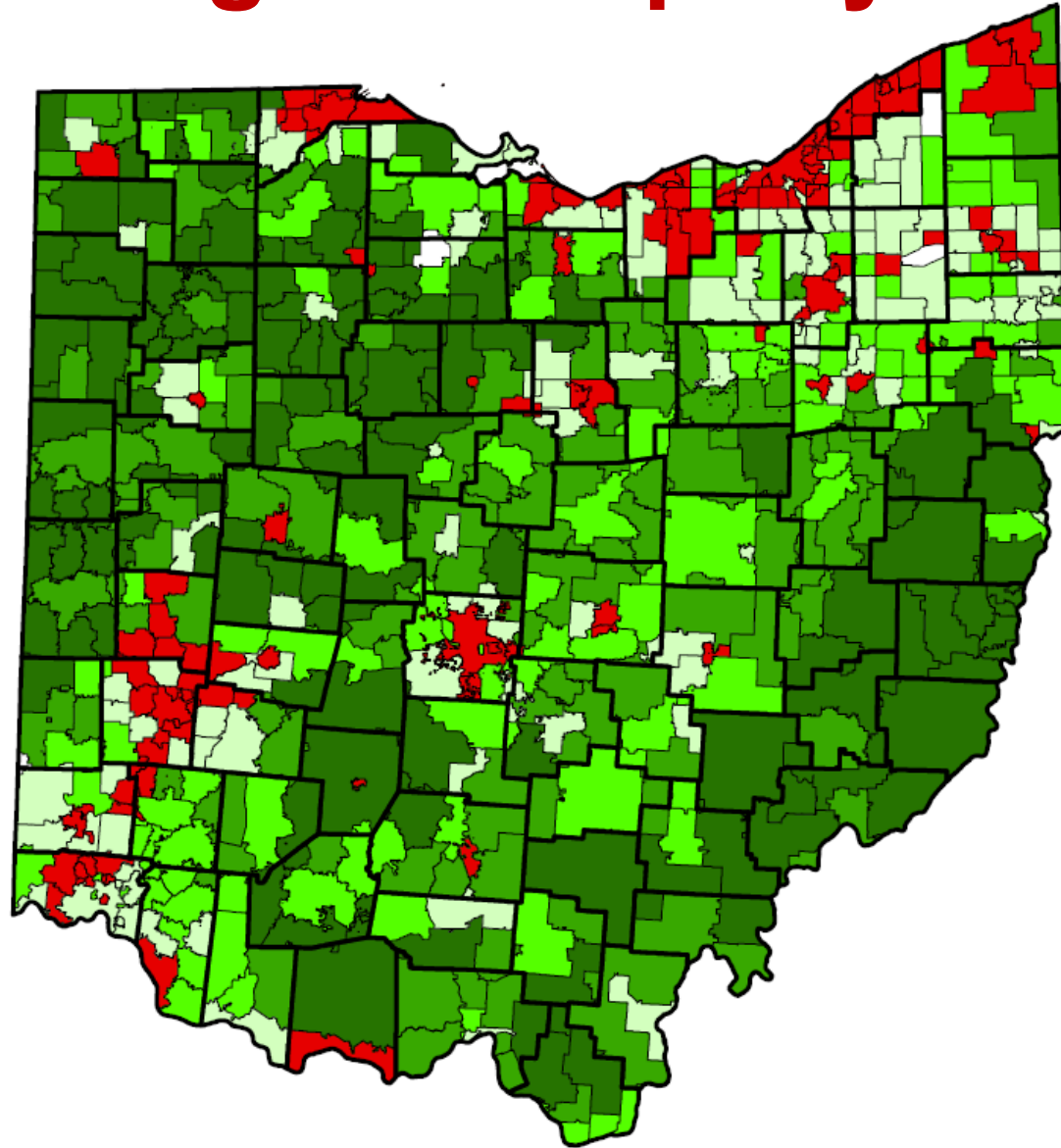




# FY22-FY23 Biennial Budget

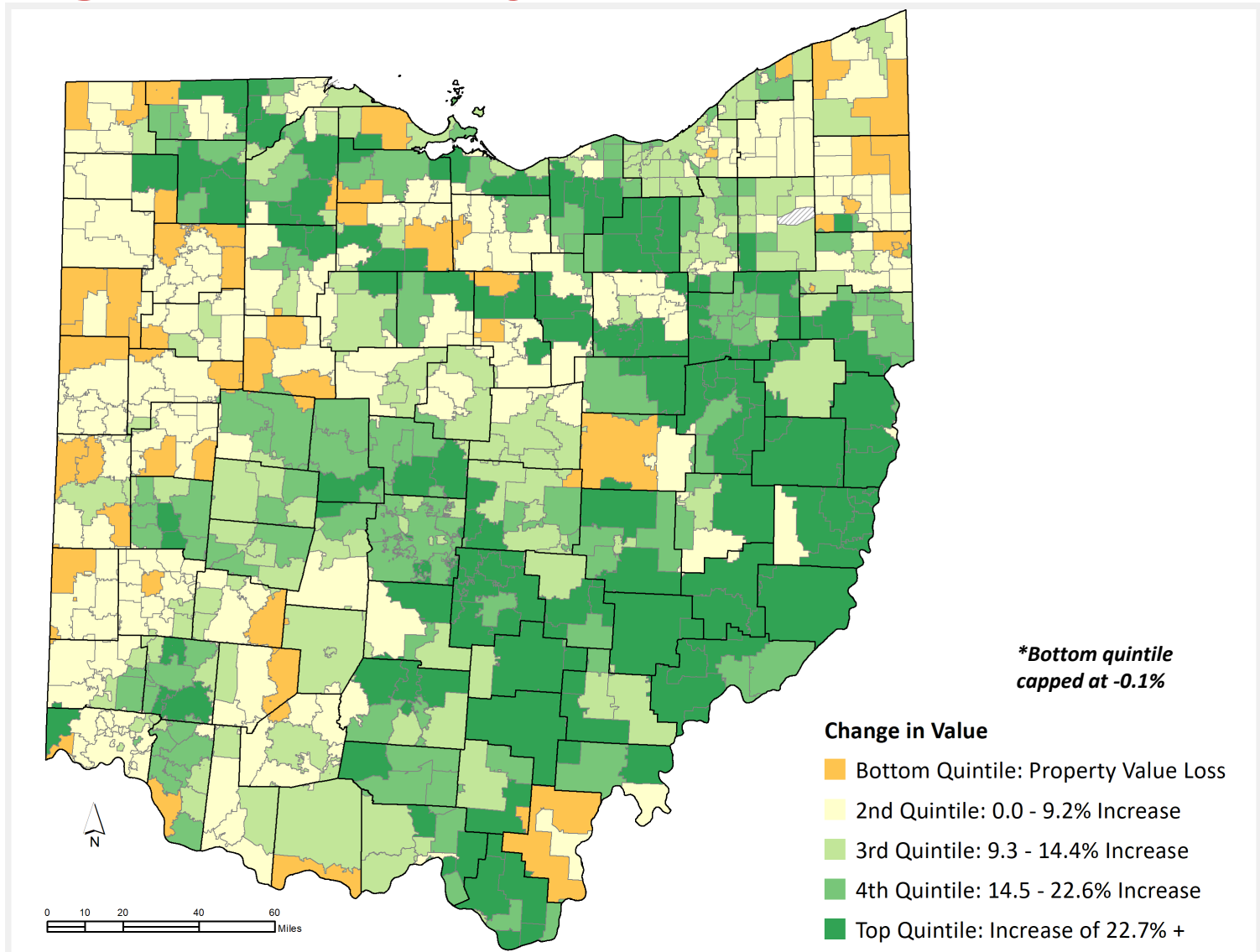
- Agency Budget Requests due October 14<sup>th</sup>
- Two Scenarios Required: 90% Scenario and Continuing Scenario
- Governor DeWine will release his executive budget recommendations by February 1, 2021.

# Change in Property Values, TY11-16

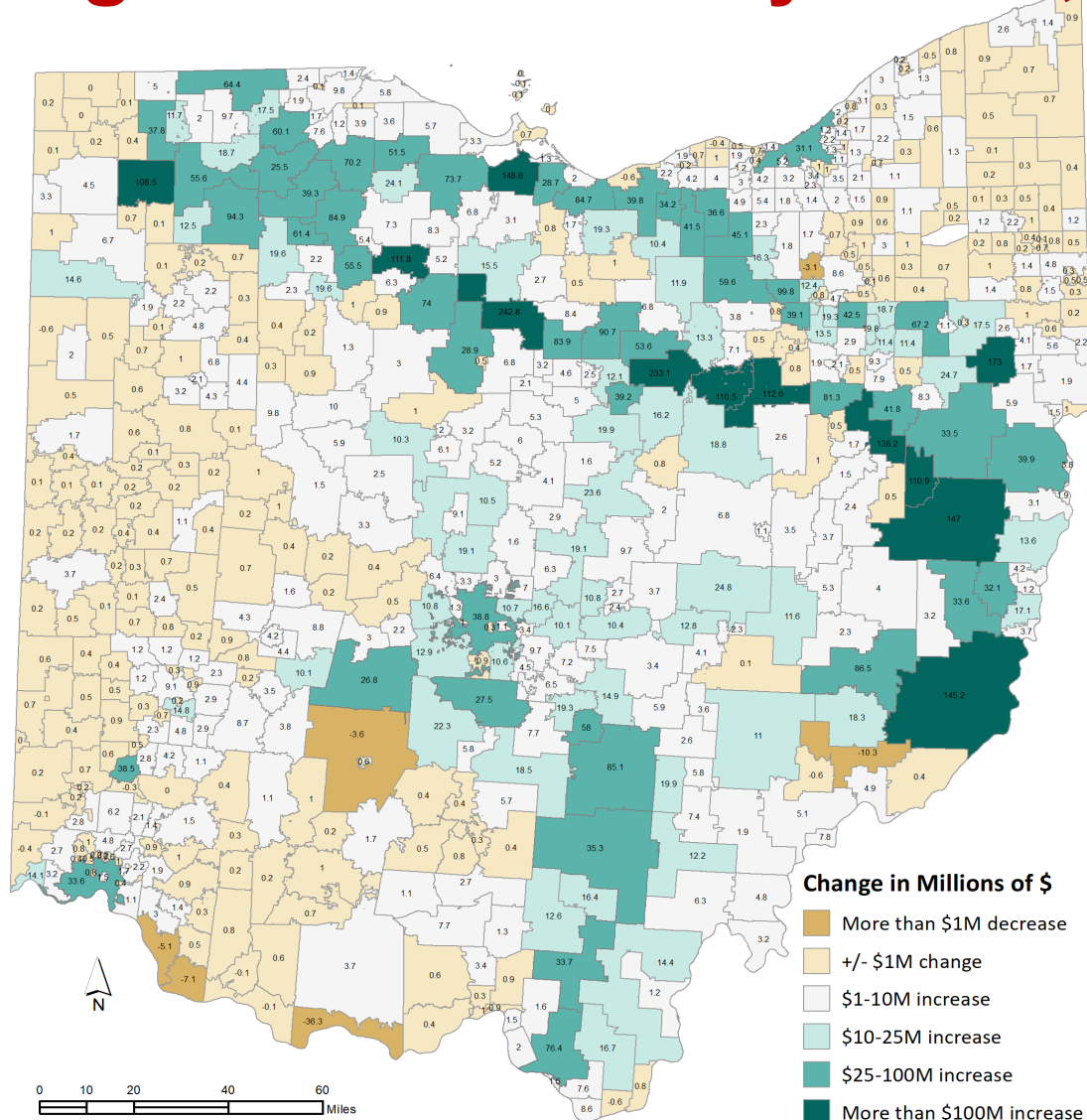


- Bottom quintile: Property value loss
- 2nd quintile: 0.00% to 5.24% increase
- 3rd quintile: 5.25% to 12.03% increase
- 4th quintile: 12.03% to 23.85% increase
- Top quintile: Increase of at least 23.86%

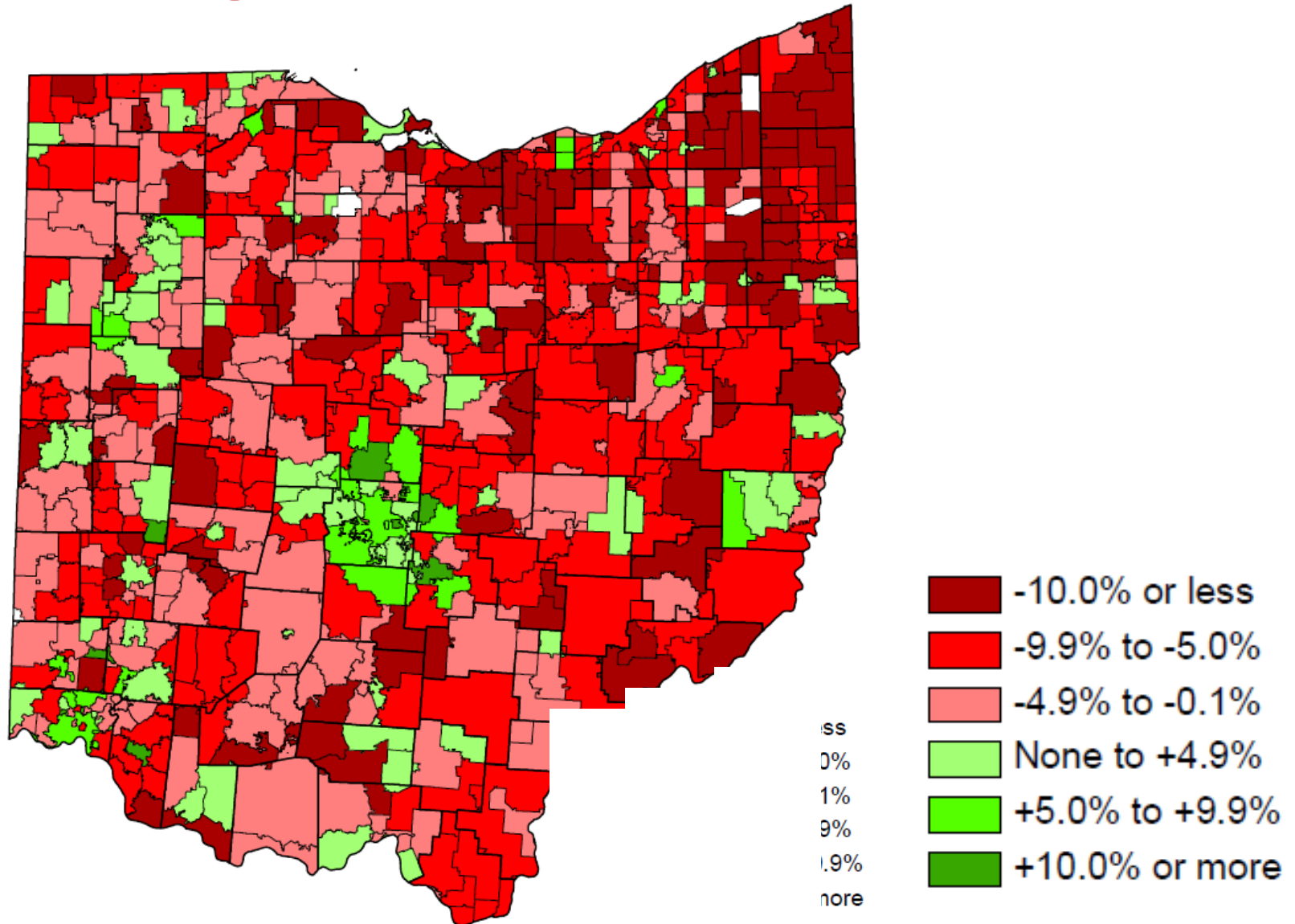
# Change in Property Valuation, TY15-TY19



# Change in Public Utility Value, TY18-TY19

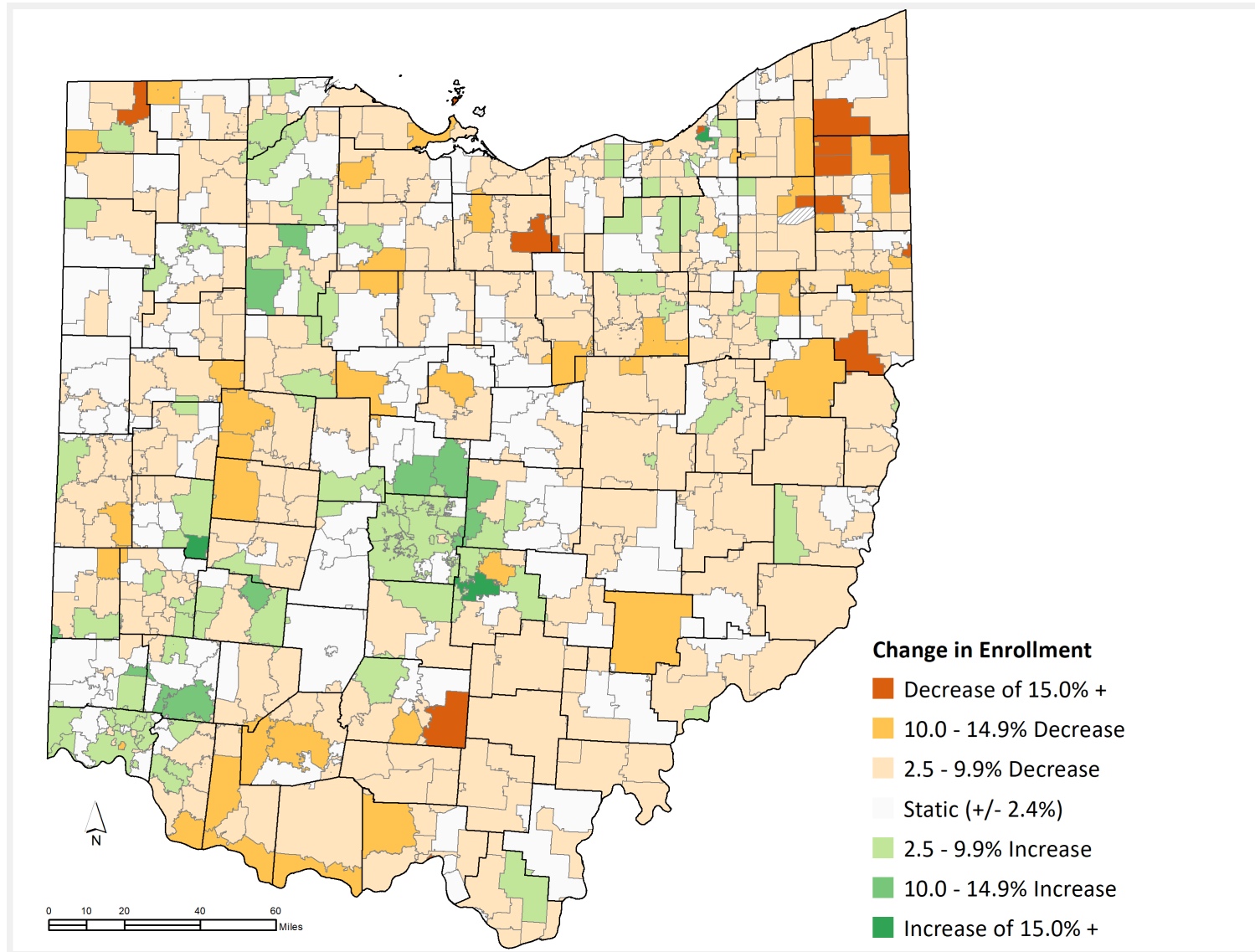


# Change in Total ADM, FY11-16





# Change in Total ADM, FY16-20



# Let's Stay Connected



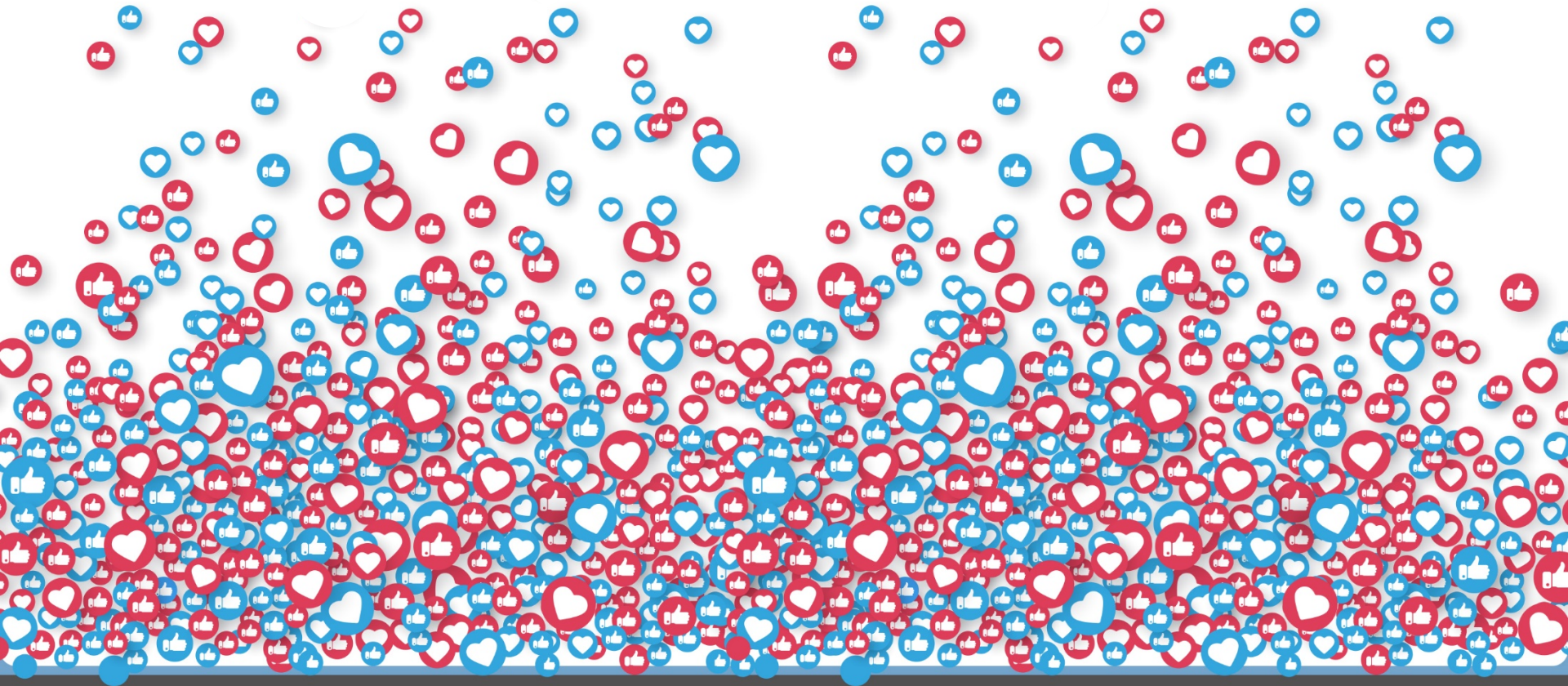
[Aaron.Rausch@education.ohio.gov](mailto:Aaron.Rausch@education.ohio.gov)



**614-995-9936**



# @OHEducation



Ohio

Department  
of Education