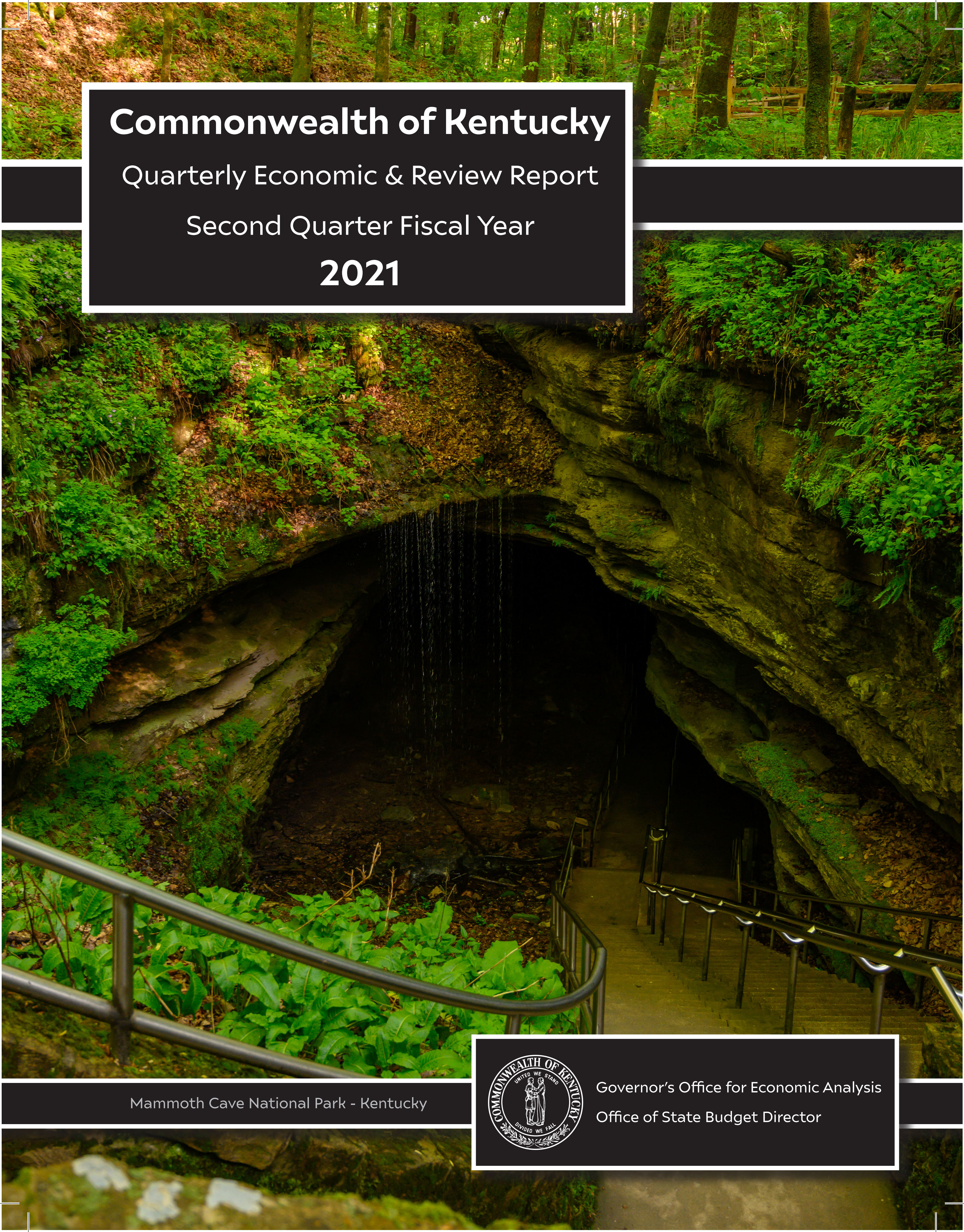
Commonwealth of Kentucky

Quarterly Economic & Review Report

Second Quarter Fiscal Year

2021



Mammoth Cave National Park - Kentucky

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January 29, 2021

The Honorable Andy Beshear
Governor
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State Capitol Building
Frankfort, Kentucky 40601

Mr. Jay Hartz
Director
Legislative Research Commission
Room 300, State Capitol
Frankfort, Kentucky 40601

Ms. Laurie Dudgeon
Director
Administrative Office of the Courts
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Honorable Governor Beshear, Mr. Hartz and Ms. Dudgeon:

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) is directed to continuously monitor the financial situation of the Commonwealth. In furtherance of that goal, OSBD submits this *Quarterly Economic and Revenue Report* for second quarter FY21 to the three branches of government.

This report includes an interim revenue forecast for FY21 and the first quarter of FY22 for the General and Road Funds. The report also provides updates on the national and Kentucky economic landscapes.

TEAM KENTUCKY

The revenue estimates in this Quarterly Report reveal a projected FY21 General Fund revenue surplus of $126.5 million relative to the official revenue estimate of $11,729.0 million. The unofficial General Fund estimate is $11,855.5 million, representing a 2.5 percent increase over the FY20 annual total. The Road Fund outlook has also improved. The unofficial estimate of $1,589.4 million predicts a $11.7 million revenue overage compared to the official estimate of $1,577.7 million.

The improvement to the Consensus Forecasting Group estimate from December 4, 2020, was due primarily to two items that were not able to be considered at that time: better than expected performance of second quarter revenue receipts and the passage of a $900 billion federal fiscal recovery and relief package.

This office will continue to closely monitor Kentucky's economic and revenue conditions during this turbulent time, and will provide updates at the appropriate times.

Sincerely,

John T. Hicks

John T. Hicks
State Budget Director

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EXECUTIVE SUMMARY

In accordance with KRS 48.400(2), the Office of State Budget Director (OSBD) is directed to continuously monitor the financial situation of the Commonwealth. With that purpose in mind, OSBD submits this *Quarterly Economic and Revenue Report* for the second quarter of fiscal year 2021 (FY21). This report includes the actual revenue receipts for the second quarter as well as an unofficial forecast for the remainder of FY21 and the first quarter of FY22. The report also provides updates on the national and Kentucky economic landscapes.

The impact of the coronavirus on the national economic picture continues to add uncertainty to forecasts. The national economic forecast provided by IHS Markit for January includes several scenarios. The control scenario includes two new assumptions: the higher winter peak in COVID-19 infections and more federal fiscal stimulus. The IHS Markit control scenario from the January outlook was chosen as the underlying US economic forecast for this unofficial interim report.

The Consensus Forecasting Group (CFG) met on December 4, 2020 in response to a call from the State Budget Director to provide updated official estimates for FY21 and FY22. The IHS Markit economic forecast used for the official estimate was the November 2020 economic outlook, which did not include the new $900 billion federal relief package that passed in late December, nor the federal government's release of the COVID vaccination schedule. Revenue receipts have shown sensitivity to federal and state fiscal stimulus. Moreover, the CFG decision preceded the news of the second quarter revenue receipts. Second-quarter revenue collections for the General Fund grew by 5.3 percent and exceeded expectations on several General Fund tax accounts.

Projected FY21 General Fund Revenue Surplus above the Official Estimates from December 4, 2020 by $126.5 million

The official General Fund revenue estimate for FY21 is $11,729.0 million, an increase of 1.4 percent compared to FY20. Following December collections, the amount needed to hit the official estimate is $5,661.0 million. General Fund receipts could decline by 2.7 percent for the remainder of the fiscal year and hit the official estimate. The interim, unofficial General Fund estimate for FY21 in this report is $11,855.5 million, which computes to a projected revenue surplus of $126.5 million. Projected annual growth for FY21 is 2.5 percent. Given first half growth of 5.6 percent, General Fund revenues can drop 0.5 percent in the second half of FY21 while still hitting the interim estimate.

Nearly 76.8 percent of projected General Fund revenues are attributable to two tax accounts – individual income tax and the sales tax. Year-to-date progress in these two revenue sources shows growth of 5.4 percent. For the second half of FY21, these two revenue sources need to grow 0.7 percent to hit the interim estimate. If the interim estimate is achieved, the combined revenue surplus over the official estimate from the individual income and sales tax is $51.7 million. The remainder of the $126.5 revenue surplus comes primarily from the combined corporation taxes. The interim estimate for the corporation taxes is $69.7 million higher than the official estimate.

Projected FY21 Road Fund Revenue Surplus above the Official Estimates from December 4, 2020 by $11.7 million

The official Road Fund revenue estimate for FY21 is $1,577.7 million, an increase of 5.8 percent compared to FY20. The interim, unofficial Road Fund estimate for FY21 in this report is $1,589.4 million, which would result in a revenue surplus of $11.7 million when compared to the official estimate. Projected annual growth for FY21 is 6.6 percent.

The January 2021 interim Road Fund forecast calls for double-digit revenue growth over the remainder of FY21 before slowing to more normal rates in the first quarter of FY22. Fiscal year 2020 revenue growth was solid over the first three quarters before cratering in the fourth quarter. Collections bounced back in the first half of FY21 but the more pronounced growth will occur in the second half of FY21 due to the precipitous decline in the fourth quarter of FY20. Motor fuels tax collections are expected to grow at a near double digit rate over the final six months before easing off in the first quarter of FY22. Motor vehicle usage tax collections are expected to grow 21.7 percent over the final two quarters of FY21 and then increase 2.2 percent in the first quarter of FY22. Again, most of the growth in the second half of FY21 is expected to accumulate in the fourth quarter due to the low comparables from the April through June trough from FY20.

Summary of Projected Major Economic Factors

Real GDP from the January outlook is projected to grow 4.2 percent in the final two quarters of FY21 and 3.6 percent in the first quarter of FY22 on a year-over-year basis. Among the five components of real GDP, real consumption is poised to grow the most in absolute terms. Real consumption is expected to rise 4.7 percent in the final two quarters of FY21 and 3.7 percent in the first quarter of FY22 compared to the same period in the year prior.

Unlike the November US outlook, the January IHS Markit outlook assumes additional federal fiscal stimulus, namely the Consolidated Appropriations Act of 2021, enacted December 27. This act funds the federal government through federal fiscal year 2021 and includes a $900 billion supplemental stimulus relief for the COVID-19 pandemic in the United States. The legislation contains $284 billion in additional funding for the Payroll Protection Program and $166 billion for stimulus checks for qualifying Americans. Also included is a $120 billion for extension of the Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation Programs through March 14, as well as an enhanced unemployment benefit of $300 per week through the current fiscal quarter.

Kentuckian's personal income will remain flat through the final two quarters of FY21. Entering the first quarter of FY22, a slight reduction in personal income is expected, falling 0.3 percent compared to the first quarter of FY21. While an overall decline is projected in personal income, wages and salaries are forecasted to gain momentum across the outlook period. Wages and salaries, the largest component of personal income, is poised to increase by 5.4 percent in the third and fourth quarters of FY21 compared to the same period one year prior. Looking ahead to the first quarter of FY22, wages and salaries are expected to remain steady with 5.4 percent growth.

During the two quarters of the recession, non-farm employment dropped a net 13.4 percent, a loss of 260,500 jobs. In the two quarters since the recession ended, non-farm employment has risen a net 7.4 percent, a gain of 124,600 jobs. Non-farm employment is expected to grow an average 1.2 percent per quarter (adjacent-quarter basis) in each of the next three quarters. That growth would result in a net gain of 3.5 percent, or a gain of 64,000 jobs by the end of the forecasting horizon.

Revenues, Second Quarter FY21

General Fund receipts in the second quarter of FY21 totaled $3,213.7 million. When compared to $3,051.1 million in the second quarter of FY20, the second quarter of FY21 produced an increase of 5.3 percent, or $162.5 million. Through the first half of the fiscal year, receipts have increased 5.6 percent.

The gains in the second quarter came almost exclusively from the major revenue accounts: sales and use, individual income, and the corporation/LLET taxes. As a group, these accounts increased $178.0 million while the remaining revenue sources fell $15.5 million. Collections for the major revenue categories are shown in Table 5.

Individual income tax receipts were $1,153.2 million in the second quarter of FY21, an increase of 5.5 percent, or $60.2 million. This compares to $1,093.0 million that was received in the second quarter of FY20. Withholding made up the largest share of the gains in the individual income tax, growing $55.9 million, or 5.3 percent, over the second quarter of FY20.

Sales and use tax receipts continue to show resilience following the 5.9 percent decline in the final quarter of FY20. The sales and use tax account grew 4.8 percent in the second quarter, a $49.5 million increase over FY20. Growth in the first quarter was 7.0 percent and year-to-date revenues have grown 5.9 percent.

Corporate and LLET receipts increased 41.3 percent, or $68.3 million in the second quarter. Year-to-date corporate and LLET collections have increased 17.4 percent over prior year totals. All of the quarterly gain was attributable to December receipts which grew by $70.7 million.

Total Road Fund receipts increased 0.7 percent during the second quarter of FY21, leaving year-to-date growth at 1.3 percent. Total receipts received in the second quarter were $380.6 million, which exceeded last year's second quarter total by $2.5 million. Motor vehicle usage tax receipts accounted for nearly all of the quarterly gains, increasing $12.9 million compared to FY20 totals. Of the remaining accounts, motor vehicle operators', weight distance and "other" collectively increased $2.3 million. Motor fuels, motor vehicle license, and income on investment all declined, falling an aggregate $12.7 million. Year-to-date collections have grown 1.3 percent compared to last year's total.

State and National Economy, Second Quarter FY21

Real GDP rose 0.7 percent in the second quarter of FY21 compared to the first quarter of FY21. This is the second consecutive increase in real GDP following the recession of 2020. Real GDP has now made up 73.4 percent of the 2020 recession losses. Real consumption and investment were largely responsible for the significant rebound in real GDP. US personal income grew significantly during the recession as a result of massive transfer payments. Personal income has fallen in the last two quarters as most of those transfer payments have expired. US non-farm employment increased by 1.3 percent in the second quarter compared to the first quarter, but is still down significantly from a year ago.

Kentucky personal income declined by 1.2 percent in the second quarter of FY21 compared to the first quarter. However, Kentucky personal income is still significantly elevated relative to a year ago, because of the significant transfer receipts income received during the 2020 recession. Transfer receipts income is still elevated; it is 12.6 percent higher than it was in the second quarter of FY20. Transfer receipts income growth has crowded out other forms of income, as the transfer receipts income share has now climbed to 26.3 percent of total personal income in Kentucky. Kentucky non-farm employment growth was weak before the 2020 recession. Non-farm employment declined by 0.6 percent in the second quarter of FY21 compared to the first quarter of FY21, despite a considerable rebound during the first quarter of FY21. Non-farm employment's position is still down 7.0 percent relative to a year ago. Kentucky mining employment and the leisure and hospitality services sectors experienced the largest losses of jobs during the second quarter relative to a year ago.

REVENUE & ECONOMIC OUTLOOK

GENERAL FUND

The CFG met on December 4, 2020, to provide updated official estimates for FY21 and FY22. The official estimates from December were based upon the November IHS control scenario, which did not include the new $900 billion federal relief package that passed in late December, nor the federal government's release of the COVID vaccination schedule. Moreover, the CFG decision preceded the news of the second quarter revenue receipts. Second-quarter revenue collections for the General Fund grew by 5.3 percent and exceeded expectations on several General Fund tax accounts. Therefore, the January IHS Markit forecast was used for the interim estimates in this report.

The official General Fund revenue estimate for FY21 is $11,729.0 million, an increase of 1.4 percent compared to FY20. Following December collections, however, the amount needed during the rest of the fiscal year to hit the official estimate is $5,661.0 million. General Fund receipts could decline by 2.7 percent for the remainder of the fiscal year and hit the official estimate. The interim, unofficial General Fund estimate for FY21 profiled in this report is $11,855.5 million, which would generate a revenue surplus of $126.5 million. Projected annual growth for FY21 is 2.5 percent. Given first half growth of 5.6 percent, General Fund revenues can drop 0.5 percent in the second half of FY21 while still hitting the interim estimate. See Table 1 for the interim estimates and the comparison to the official estimates.

Table 1
General Fund Interim Forecast
$ millions

	FY21						FY21		FY22	
	Q1 & Q2		Q3 & Q4		Full Year		Official CFG		Q1	
	Actual	% Chg	Estimate	% Chg	Estimate	% Chg	Estimate	$ Diff	Estimate	% Chg
Individual Income	2,337.9	5.0	2,519.0	-0.8	4,856.9	1.9	4,818.0	38.9	1,237.9	4.5
Sales & Use	2,210.8	5.9	2,034.8	2.6	4,245.6	4.3	4,232.8	12.8	1,153.0	2.3
Corp. Inc. & LLET	398.9	17.4	238.3	-20.4	637.2	-0.3	567.5	69.7	142.1	-13.9
Property	448.5	3.8	215.2	1.9	663.7	3.2	663.7	0.0	49.7	-8.2
Lottery	137.1	-0.6	149.0	11.6	286.1	5.4	286.1	0.0	61.0	0.8
Cigarettes	180.8	0.6	165.7	-5.4	346.5	-2.4	345.2	1.3	86.4	-1.7
Coal Severance	28.8	-11.1	25.1	-5.1	53.9	-8.4	52.4	1.5	14.1	16.4
Other	325.3	4.1	440.3	-2.3	765.6	0.3	763.3	2.3	159.7	-1.9
General Fund	**6,068.0**	**5.6**	**5,787.5**	**-0.5**	**11,855.5**	**2.5**	**11,729.0**	**126.5**	**2,903.9**	**1.7**

Nearly 76.8 percent of projected General Fund revenues are attributable to two tax accounts – individual income tax and the sales tax. Year-to-date progress in these two revenue sources shows growth of 5.4 percent. For the second half of FY21, these two revenue sources need to grow 0.7 percent to hit the interim estimate. Individual income taxes are estimated to fall by 0.8 percent while the sales tax will grow by 2.6 percent. The remainder of the General Fund revenue sources are projected to decline a collective 4.8 percent in second half of FY21. Total General Fund receipts are estimated to rise 2.5 percent in FY21 but fall 0.5 percent in the second half of the fiscal year.

Individual income tax receipts are projected to increase 1.9 percent in FY21 to a total of $4,856.9 million, $38.9 million higher than the official estimate. Individual income tax receipts rose 5.0 percent in the first half of FY21 and are expected to fall 0.8 percent during the second half of FY21. The individual income tax is composed of four parts: withholding, declaration payments, net returns, and fiduciary. Withholding is by far the largest component, making up over 90 percent of the total individual income tax. The withholding component is expected to increase 5.7 percent for FY21 in total. Growth over the first half of FY21 has been 5.4 percent. Declarations are made by some individual income tax filers based on their expected tax liability for the tax year. This component of the individual income tax is forecasted to decline by 4.8 percent due to lower expected tax liabilities. Net returns are the combination of pay returns less refunds, with the sum being historically a negative number. Net returns are also projected to worsen in FY21, partially due to anticipated refunds on taxable unemployment insurance benefits that were subject to withholding in calendar year 2020. The final component, fiduciary payments, are a very small revenue source that is expected to rise in FY21 due to historically low collections in FY20.

Sales and use tax receipts increased 3.4 percent during FY20, but the fourth quarter declined by 5.9 percent due to the pandemic. The first half of FY21 rebounded with 5.9 percent growth. A modest decline is expected in the third fiscal quarter followed by growth in the fourth quarter as the economy expands. These two conflicting quarters are expected to net out to 2.6 percent growth for the second half of FY21. When added to first half growth, the sales and use tax is expected to produce collections of $4,245.6 million for annual growth of 4.3 percent. The official estimate for the sales and use tax is $4,232.8 million, so the interim estimate is $12.8 million higher than the official estimate. Recent data reveal changes in consumer spending habits during the pandemic. Advancing sectors include online sales, building materials and hardware, general household merchandise, and sporting goods/hobbies/book stores. Laggard sectors include hotels, amusement-gambling-recreation activity, movie theaters, performing arts, and dry cleaning/laundry services.

The corporation income tax and the LLET are now reported and estimated in combination due to the inability to separate the receipts in a meaningful manner. Corporation taxes fell 16.2 percent in FY20, the largest annual decline since the Great Recession. The share of total General Fund revenues derived from the corporation income tax and the Limited Liability Entity Tax (LLET) dropped to 5.5 percent in FY20. Corporate and LLET combined are expected to decline a marginal 0.3 percent in the forecast for FY21. Growth through the first half of FY21 has been a robust 17.4 percent, largely due to a 95.9 percent surge in the month of December. Receipts in the second half of FY21 for the combined corporation taxes are projected to decline 20.4 percent. Notwithstanding the second half decline, the interim combined corporation estimate exceeds the official estimate by $69.7 million. The steep rate of decline for the second half of FY21 is a continuation of weak receipts seen in FY20. In the case of business taxes, the tax law changes from 2018 and 2019 have had a profound impact on collections even before the onset of the pandemic. The effects of tax law changes have led to larger declines than would be predicted based on the forecasted pattern of corporate profits.

Despite real property tax growth of 3.5 percent, aggregate property tax revenues dropped 0.6 percent in FY20 and fell short of the enacted estimate by $14.1 million. Several of the accounts within the aggregate property tax receipts failed to meet expectations in FY20, especially motor vehicle property taxes and omitted and delinquent tangible. These tax accounts were negatively influenced by collection efforts due to the pandemic. Growth in the aggregate property tax account is expected to increase to 3.2 percent in the forecast for FY21, due primarily to 3.8 percent growth in the first half of FY21. The two largest property tax accounts, real property and motor vehicles, are expected to increase by 3.1 and 13.3 percent, respectively, in FY21. The remaining accounts are expected to decline collectively as individuals and businesses seek lower valuations. The interim estimate in this report is identical to the official estimates.

Lottery dividends totaled $271.4 million in FY20. The FY21 official estimate is $286.1 million and the interim estimate shows no changes to the official estimate. The Kentucky Lottery Corporation began sales on April 4, 1989 so continued growth in such a mature state lottery is laudable. The expected growth in FY21 is primarily attributable to growth in scratch-off products and draw games, which continue to expand despite a growing number of wagering alternatives in the region.

Cigarette tax receipts in FY19 and FY20 were significantly impacted by the change in the rate of taxation from 60 cents per pack to $1.10 effective July 1, 2018. Despite the tax increase, cigarette consumption has remained quite high. In fact, collections in FY20 exceeded the level in FY19, bucking the national trend of declining cigarette sales. The interim forecast for FY21 calls for a 2.4 percent decline in cigarette tax revenues, producing an amount $1.3 million higher than the official estimate. Receipts in the first half of FY21 actually rose 0.6 percent. Since the rate of taxation will remain the same in FY21 as it was in FY19 and FY20, variations in cigarette tax receipts will be based solely on the volume of cigarette tax stamps sold to wholesalers and registered stamping agents. The decline in expected nominal stamps sold is less than the national rate of decline in packs sold, which has been running between 5.0 percent and 6.0 percent per year.

Coal severance tax receipts dropped sharply in FY20, declining by 36.7 percent to $58.8 million. Collections over the first half of FY21 in the coal severance tax produced an 11.1 percent decline with receipts equaling $28.8 million. The FY21 interim forecast calls for annual receipts of $53.9 million, an amount $1.5 million greater than the official estimate. Second quarter receipts grew 12.7 percent over the same period in FY20. The second quarter performance marked the first quarterly growth quarter in the coal severance tax since FY19.

The “other” category contains dozens of smaller accounts, which make up the remainder of the General Fund. Insurance premiums tax, bank franchise and telecommunications tax are the three largest accounts in the “other” category. The “other” accounts totaled $763.1 million in FY20, a sum $5.4 million higher than the enacted estimate for the fiscal year. Each account was re-examined before the CFG meeting in December 2020, with a resulting official estimate of $763.3 million. For the second quarter interim estimate, the “other” sum of accounts has been increased to $765.6 million, $2.3 million higher than the official estimate.

ROAD FUND

The January 2021 interim Road Fund forecast calls for double-digit revenue growth over the remainder of FY21 before slowing to more normal rates in the first quarter of FY22. Fiscal year 2020 revenue growth was solid over the first three quarters before cratering in the fourth quarter. Collections bounced back in the first half of FY21, growing just over one percent. The steep decline in all revenue categories in the final quarter of FY20 will lead to overstated growth rates later this year, and into FY22 for some revenue accounts.

Road Fund revenues increased 1.3 percent through the first two quarters of FY21 as pent up demand and delayed collections boosted collections in some accounts. These gains helped offset declines in other accounts. Motor fuels collections fell 5.1 percent as consumption fell, likely due to an increase in people working remotely and a reduction in vacation and other travel. Motor vehicle usage tax revenue has grown 11.2 percent so far in FY21 due, in part, to pent up demand. Motor vehicle license and operator’s receipts have increased at above average rates.

Motor fuels tax collections are expected to grow at a near double digit rate over the final six months before easing off in the first quarter of FY22. The forecast calls for the tax rate to remain at the statutory minimum rate through the estimation period. This means that any growth in this account will be limited to changes in consumption. The growth rate for the second half is elevated because of the huge decline that occurred in the fourth quarter last year. Growth rates for this account are expected to be 9.0 percent for the rest of the current fiscal year and 3.3 percent in first quarter of FY22. The interim estimate will be met if motor fuels tax collections are similar in the last six months to the first six months of FY21.

Motor vehicle usage tax collections grew 11.2 percent in the first half of FY21. The forecast, like motor fuels, is for elevated growth in revenues over the next two quarters before leveling off in the first quarter of FY22. Revenues are expected to grow 21.7 percent over the final two quarters of FY21 and then increase 2.2 percent in the first quarter of FY22. The growth in collections that will be observed for the remainder of the fiscal year is less about an increase in vehicle sales and more about the decline experienced in the final quarter of FY20.

To estimate the growth of all other components of the Road Fund, officials of the Kentucky Transportation Cabinet and staff of the Governor's Office for Economic Analysis assessed recent growth patterns as well as administrative and statutory considerations. Motor vehicle license taxes are forecasted to increase 8.0 percent in the final two quarters of FY21 and decline 3.8 percent in the first quarter of FY22. Motor vehicle operators' license revenues are projected to rise 64.7 percent for the remainder of the fiscal year before falling 13.9 percent in the first quarter of FY22. The exaggerated rates of growth in motor vehicle license and operators' revenue result from a delay in collections that pushed some FY20 liabilities into the current fiscal year. Income on investments is expected to fall more than 90 percent over the remainder of the fiscal year due to smaller cash balances available for investment as well as low interest rates. All other revenues will increase 2.4 percent during the last six months of FY21 and then increase 16.6 percent in the first quarter of FY22.

Table 2
Road Fund Interim Forecast
$ millions

	FY21						FY21		FY22	
	Q1 & Q2		Q3 & Q4		Full Year		Official CFG		Q1	
	Actual	% Chg	Estimate	% Chg	Estimate	% Chg	Estimate	$ Diff	Estimate	% Chg
Motor Fuels	377.8	-5.1	374.3	9.0	752.1	1.4	756.2	-4.1	198.4	3.3
Motor Vehicle Usage	297.8	11.2	281.8	21.7	579.6	16.1	568.6	11.0	161.5	2.2
Motor Vehicle License	44.7	7.0	72.2	8.0	116.9	7.6	117.2	-0.3	24.7	-3.8
Motor Vehicle Operators	10.0	22.0	7.8	64.7	17.8	37.7	17.2	0.6	4.6	-13.9
Weight Distance	40.6	-5.1	41.9	3.2	82.5	-1.0	79.7	2.8	20.2	6.7
Income on Investments	0.3	-89.1	0.3	-92.2	0.6	-91.0	0.2	0.4	0.4	141.1
Other	18.9	2.1	21.0	2.4	39.9	2.3	38.6	1.3	10.8	16.6
Road Fund	**790.0**	**1.3**	**799.4**	**12.3**	**1,589.4**	**6.6**	**1,577.7**	**11.7**	**420.6**	**2.7**

NATIONAL OUTLOOK

Unlike the November US outlook, the January IHS Markit outlook assumes additional federal fiscal stimulus, namely the Consolidated Appropriations Act of 2021 enacted December 27. This act funds the federal government through federal FY21 and includes a $900 billion supplemental stimulus relief for the COVID-19 pandemic in the United States. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 contains $284 billion in additional funding for the Payroll Protection Program, $166 billion for stimulus checks for qualifying Americans, $120 billion for extension of the Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation Programs through March 14, and an enhanced unemployment benefit of $300 per week through the current fiscal quarter.

The fiscal support included in the latest pandemic stimulus package is largely front loaded, as more than half of its fiscal impact is slated to take effect in the third quarter of FY21 with a fall-off in the subsequent outlook periods. While the stimulus is anticipated to cycle through the economy at a swift pace, it will assist to bridge broader recovery measures which include a widely administered vaccine to a substantial portion of the US population and a resurgence of global economic growth. IHS Markit predicts that the recovery path will continue to encounter headwinds as the recent resurgence in COVID-19 cases, or new more contagious virus strains will weigh down the prospect of an economic upswing.

The January US outlook contains an increase in real GDP and its components compared to the November release, which was the basis for the CFG revenue estimates from December 4, 2020. Real GDP from the January outlook is projected to grow 4.2 percent in the final two quarters of FY21 and 3.6 percent in the first quarter of FY22, on a year-over-year basis. Among the five components of real GDP, real consumption is poised to grow the most in absolute terms. Real consumption is expected to rise 4.7 percent in the final two quarters of FY21 and 3.7 percent in the first quarter of FY22, compared to the same period in the year prior. Growth is expected to moderate beyond the three quarter forecast horizon.

Exports and imports are forecasted to rebound sharply in the third and fourth quarters of FY21, following the historic fourth quarter decline. Strengthening domestic demand is forecasted to spur imports by a vigorous 18.0 percent in the third and fourth quarters of FY21, tempering slightly in the new fiscal year. Exports are anticipated to increase 6.8 percent for the remainder of the fiscal year and grow an additional 12.6 percent in the first quarter of FY22. The escalation in exports can be attributed to the gradual recovery in foreign growth, improvement in sectors that were hit particularly hard by the pandemic, as well as a weakening dollar.

Based on the forecast assumptions, the US economy will regain full employment in early 2022. A sharp increase in labor market slack due to the COVID-19 crisis continues to exert downward pressure on inflation. The downward pressure is balanced by upward pressure from dollar depreciation and rebounding energy prices, thus resulting in core PCE inflation below or at the Fed's two percent objective in the near-term.

US personal income is expected to rise 2.5 percent for the final two quarters of FY21 and fall slightly in the first quarter of FY22, compared to the same periods one year prior. The uptick in personal income is in large part due to an increase in wages and salaries and continued growth in proprietor's income.

The housing market forecast will remain elevated over the next two fiscal quarters as existing home prices soar to unprecedented levels. Shifting regional demands, lean inventories, surging house prices, and historically low interest rates continue to bolster construction activity. A recent reduction of tariffs on Canadian softwood lumber is likely to further support construction expansion. Housing starts are projected to increase by approximately 95,000 units in the third and fourth quarter of FY21. During the second half of FY21 housing starts will reach 1.38 million. To close the first quarter of FY22, housing starts will total 1.35 million, a 5.9 percent decline compared to one year prior. The softening in projected household formation reflects slower population growth, scarce inventories, and homebuyers getting priced out of housing markets.

Table 3
US Economic Outlook
FY21 Q3 & Q4, FY22 Q1

	Q3 & Q4			Full Year		Q1	
	FY21	**FY20**	**% Chg**	**FY21**	**% Chg**	**FY22**	**% Chg**
Real GDP	18,925.5	18,156.7	4.2	18,795.5	0.6	19,264.4	3.6
Real Consumption	13,077.2	12,489.3	4.7	13,017.3	0.8	13,405.9	3.7
Real Investment	3,610.9	3,091.9	16.8	3,511.2	7.7	3,629.4	9.0
Real Govt. Expenditures	3,338.0	3,358.3	-0.6	3,324.7	-0.5	3,353.8	0.8
Real Exports	2,360.8	2,211.3	6.8	2,287.0	-3.9	2,440.1	12.6
Real Imports	3,532.5	2,992.8	18.0	3,401.6	5.5	3,639.5	14.3
Personal Income ($ billions, AR)	20,203.1	19,704.1	2.5	19,967.5	4.0	19,837.4	-0.4
Wages and Salaries ($billions, AR)	9,799.8	9,217.4	6.3	9,655.7	3.9	10,031.1	6.6
Transfer Receipts	4,035.6	4,456.8	-9.4	4,046.9	6.4	3,523.4	-19.4
Dividends, Interest, and Rents	3,707.5	3,746.5	-1.0	3,692.7	-1.7	3,698.2	1.1
Supplements to Wages and Salaries	2,229.0	2,094.5	6.4	2,186.5	3.4	2,277.7	7.1
Proprietors' Income	1,935.3	1,608.9	20.3	1,867.9	13.3	1,837.5	1.9
Social Insurance	1,504.0	1,419.9	5.9	1,482.1	4.2	1,530.5	5.5
CPI all goods (% chg)	2.0	1.3	NA	1.6	NA	2.2	NA
CPI Food (% chg)	2.6	2.9	NA	3.3	NA	2.2	NA
CPI Energy (% chg)	0.5	-7.7	NA	-4.0	NA	5.3	NA
CPI Core (% chg)	2.1	1.8	NA	1.9	NA	2.0	NA
Industrial Production Index (% chg)	5.1	-8.0	NA	-0.1	NA	4.4	NA
Unemployment Rate (%)	5.8	8.4	NA	6.8	NA	4.9	NA
Housing Starts (millions, AR)	1.38	1.28	7.4	1.41	6.7	1.35	-5.9

KENTUCKY OUTLOOK

The economic outlook presented in Table 4 was prepared using the January 2021 economic forecast from both IHS Markit and the Kentucky MAK model. Over the forecast horizon, Kentuckian's personal income will remain flat through the final two quarters of the fiscal year. Entering the first quarter of FY22, negative growth in personal income is expected, falling 0.3 percent compared to the first quarter of FY21. While total Kentucky personal income fails to gain momentum, wages and salaries are forecasted to gain momentum across the outlook periods. Wages and salaries, the largest component of personal income, is poised to increase by 5.4 percent in the third and fourth quarters of FY21 compared to the same periods one year prior. Looking ahead to the first quarter of FY22, wages and salaries are expected to grow 5.4 percent over the first quarter of FY21.

A bright spot in the Kentucky economic forecast is a slight rebound in employment, as a slow economic recovery is anticipated. An expanded workforce with greater demand will underpin the individual income tax and sales and use tax accounts, the two largest sources of revenue for the Commonwealth. Total non-farm employment is expected to grow by 20,800 jobs in the final two quarters of FY21 over the last two quarters of FY20. A subtle uptick in non-farm employment growth is expected over the next three fiscal quarters. However, the huge losses in employment caused by the pandemic were so large, that even with above average growth in employment, it will take considerable time to return to the previous pre-pandemic levels of employment.

Widespread vaccinations will spur rapid economic response in some employment sectors, while others have already received benefit from remote employment options. For example, restaurants, retail, entertainment, and personal service employment is expected to grow rather quickly in the remaining quarters of the fiscal year, while information, finance, and business services are anticipating varying degrees of job loss. Depending upon the industry, the Commonwealth will see a variety of recovery outcomes over the forecast horizon.

Growth in the goods-producing sector is expected to be slightly better than the service-providing sectors for the next two quarters. Overall, notable job gains are anticipated to occur in manufacturing, other services, leisure and hospitality, as well as trade, transportation and utilities supersectors. Aside from the continual loss of mining jobs, the information industry forecast calls for notable job loss across the outlook span. The 19.9 percent decline reflected in the third and fourth quarter of FY21 accounts for a total loss of 3,800 information jobs, compared to the same periods one year prior. Job loss is anticipated to persist into the first quarter of FY22. Information services employment is expected to fall 15,000 jobs in the first quarter of FY22, a loss of 16.1 percent compared to a year earlier.

The government sector is forecasted to hold its continued trend of loss or subdued growth, declining 2.7 percent in the final two quarters of FY21. Lackluster growth of 2.6 percent is projected for government employment in the first quarter of FY22.

Table 4
Kentucky Economic Outlook
FY21 Q3 & Q4, FY22 Q1

	Q3 & Q4			Full Year		Q1	
	FY21	FY20	% Chg	FY21	% Chg	FY22	% Chg
Personal Income ($ millions)	210,228.1	210,158.0	0.0	207,336.1	1.9	205,165.1	-0.3
Wages and Salaries ($ millions)	99,601.2	94,459.6	5.4	98,364.7	2.7	101,825.0	5.4
Transfer Receipts	57,334.5	64,158.7	-10.6	56,398.3	1.1	50,318.3	-12.4
Dividends, Interest, and Rents	32,870.4	32,991.6	-0.4	32,711.3	-1.0	32,851.5	1.5
Supplements to Wages and Salaries	25,026.4	23,702.7	5.6	24,567.4	2.1	25,675.8	6.8
Proprietors' Income	14,469.3	12,777.8	13.2	14,065.7	8.7	13,941.8	2.8
Social Insurance	16,454.8	15,570.2	5.7	16,221.3	3.4	16,778.8	5.3
Non-farm Employment (thousands)	1,830.4	1,809.6	1.1	1,819.9	-3.0	1,867.9	2.9
Goods-producing	325.0	318.7	2.0	324.9	-1.6	325.3	-0.2
Construction	79.8	78.7	1.5	79.9	0.4	80.2	-0.4
Mining	6.0	7.4	-19.7	6.3	-25.4	5.8	-22.6
Manufacturing	239.2	232.6	2.8	238.7	-1.4	239.4	0.6
Service-providing	1,214.7	1,192.2	1.9	1,205.7	-2.8	1,246.6	3.9
Trade, Transportation & Utilities	394.8	379.8	3.9	389.5	-0.4	404.8	5.9
Information	15.5	19.3	-19.9	16.4	-19.3	15.0	-16.1
Finance	89.0	89.8	-0.9	88.6	-3.3	88.6	1.2
Business Services	198.6	199.0	-0.2	194.8	-6.5	208.8	10.1
Educational Services	273.9	271.2	1.0	273.0	-1.8	277.8	1.2
Leisure and Hospitality Services	176.7	170.2	3.8	177.6	-4.7	185.3	1.0
Other Services	66.3	63.0	5.3	65.8	2.0	66.5	2.3
Government	290.7	298.7	-2.7	289.3	-5.1	295.9	2.6

REVENUE RECEIPTS

GENERAL FUND
Second Quarter FY21

General Fund receipts in the second quarter of FY21 totaled $3,213.7 million. When compared to $3,051.1 million in the second quarter of FY20 for the General Fund. The second quarter of FY21 produced an increase of 5.3 percent, or $162.5 million for the General Fund. Through the first half of the fiscal year, receipts have increased 5.6 percent. The official General Fund revenue estimate, revised in December 2020, calls for revenue to grow 1.4 percent compared to FY20 receipts. After factoring in the receipts from the first half of FY21, General Fund revenues can decrease 2.7 percent for the remainder of the fiscal year and still meet the official estimate.

The gains in the second quarter came almost exclusively from the major revenue accounts: sales and use, individual income, and the corporation/LLET taxes. As a group, these accounts increased $178.0 million while the remaining revenue sources fell $15.5 million. Collections for the major revenue categories are shown in Table 5. Detailed information on all tax accounts can be found in the Appendix.

Table 5
Summary General Fund Receipts
$ millions

	FY21 Q2	FY20 Q2	Diff $	Diff %
Individual Income	1,153.2	1,093.0	60.2	5.5
Sales & Use	1,083.7	1,034.1	49.5	4.8
Corp. Inc. & LLET	233.8	165.5	68.3	41.3
Property	394.4	388.1	6.3	1.6
Lottery	76.6	79.4	-2.8	-3.5
Cigarettes	92.9	88.9	4.0	4.5
Coal Severance	16.7	14.8	1.9	12.7
Other	162.5	187.4	-24.9	-13.3
Total	**3,213.7**	**3,051.1**	**162.5**	**5.3**

Individual income tax receipts were $1,153.2 million in the second quarter of FY21, an increase of 5.5 percent, or $60.2 million. This compares to $1,093.0 million that was received in the second quarter of FY20.

Withholding made up the largest share of the gains in the individual income tax, growing $55.9 million, or 5.3 percent, over the second quarter of FY20. Withholding growth remained strong, increasing more than 5.0 percent in three of the last four quarters with the exception being the final quarter of FY20 when collections grew only 0.9 percent. Growth in the first two quarters of the year has been 5.6 and 5.3 percent, respectively.

Individual income tax declarations had a solid second quarter, growing $2.4 million, or 5.7 percent. The second quarter is the smallest of the four quarters for declarations payments, as there is no declarations due date that falls during that quarter for any type of individual income filer. As a result, declarations payments received during the second quarter are usually late payments for the September 15 due date or extra payments. The four declarations due dates for calendar year filers are April 15, June 15, September 15, and January 15.

The two remaining components of the individual income tax, net returns and fiduciary, totaled $4.9 million, an increase of $1.9 million of what was collected in the second quarter of FY20.

Sales and use tax receipts continue to be strong following the 5.9 percent decline in the final quarter of FY20, growing 4.8 percent in the second quarter, a $49.5 million increase over FY20. Growth in the first quarter was 7.0 percent and year-to-date, revenues have grown 5.9 percent.

Corporate and LLET receipts increased 41.3 percent, or $68.3 million in the second quarter. Year-to-date corporate and LLET collections have increased 17.4 percent over prior year totals. All of the quarterly gain was attributable to December receipts, which grew by $70.7 million.

Property tax receipts rose by 1.6 percent or $6.3 million in the second quarter of FY21. Real property was the big gainer, increasing $10.2 million in the quarter. It offset declines in the omitted and delinquent account and the public service receipts. Property tax receipts fluctuate considerably from quarter to quarter because billing timing varies from year to year. It is best to measure the health of property tax receipts in February once all bills have gone out and taxpayers have had sufficient time to make their payments. Year-to-date property tax receipts are up 3.8 percent over FY20.

Cigarettes receipts rose 4.5 percent, or $4.0 million, over the second quarter in FY20. Year-to-date collections in this account have increased 0.6 percent.

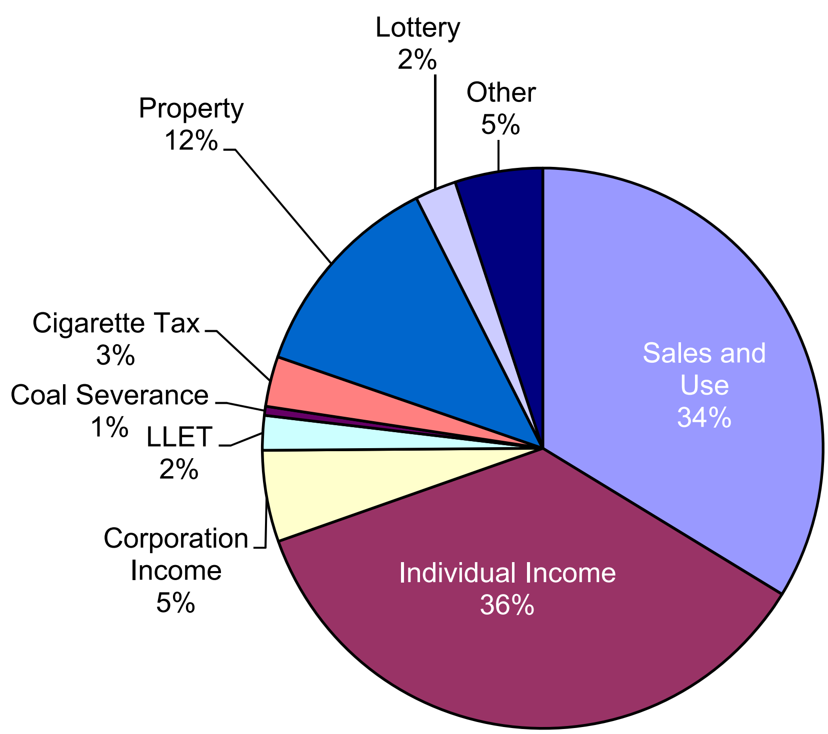
Coal severance receipts increased 12.7 percent, or $1.9 million in the quarter. This is the first quarterly increase in revenues since the final quarter of FY19, a span of five quarters. Collections of $16.7 million in the second quarter compare to $14.8 million received in the second quarter of last year. Even with the increase, year-to-date collections are down 11.1 percent.

Lottery receipts fell 3.5 percent to $76.6 million in the second quarter. Year-to-date collections in this account are down 0.6 percent.

The "other" category, which is composed of numerous smaller accounts, fell 13.3 percent in the second quarter. Quarterly receipts were $162.5 million. This is $24.9 million less than was received in the same quarter of FY20. Much of this decrease was due to a significant one-time payment in the redeposited state funds account which occurred last year. "Redeposit of state funds" is the category where lawsuit settlements appear in the General Fund.

Figure 1 shows the composition of General Fund revenues by tax type for the second quarter of FY21. Individual income tax and sales and use tax together make up 70 percent of General Fund tax receipts. The next largest sources of revenue were the property taxes, which made up 12 percent of total receipts. Corporate and LLET combined account for seven percent of receipts while the "other" category makes up five percent of receipts. Cigarette taxes account for three percent, lottery contributes two percent and coal accounts for one percent.

Figure 1
Composition of Second Quarter FY21
General Fund Revenues



ROAD FUND
Second Quarter FY21

Total Road Fund receipts increased 0.7 percent during the second quarter of FY21, leaving year-to-date growth at 1.3 percent. Much like first quarter receipts, second quarter collections were characterized by substantial growth in the motor vehicle usage tax which offset a decline in motor fuels revenue while the remaining revenue sources were mostly flat in aggregate.

Total receipts received in the second quarter were $380.6 million, which exceeded last year's second quarter total by $2.5 million. Motor vehicle usage tax receipts accounted for nearly all of the quarterly gains, increasing $12.9 million compared to FY20 totals. Of the remaining accounts, motor vehicle operators', weight distance and "other" collectively increased $2.3 million. Motor fuels, motor vehicle license, and income on investment all declined, falling an aggregate $12.7 million.

Table 6
Summary Road Fund Receipts
$ millions

	FY21 Q2	FY20 Q2	Diff $	Diff %
Motor Fuels	185.7	195.3	-9.6	-4.9
Motor Vehicle Usage	139.8	126.9	12.9	10.2
Motor Vehicle License	19.0	21.2	-2.2	-10.2
Motor Vehicle Operators	4.7	4.0	0.7	17.6
Weight Distance	21.6	21.2	0.4	1.8
Income on Investments	0.1	1.1	-1.0	-89.4
Other	9.7	8.4	1.2	14.6
Total	**380.6**	**378.1**	**2.5**	**0.7**

The official Road Fund revenue estimate was revised in December 2020 and calls for a 5.8 percent increase in revenues for the year. Based on year-to-date collections, revenues must grow 10.7 percent for the remainder of the year to meet the estimate. Summary data are contained in Table 6 and detailed data are shown in the Appendix.

Motor fuels tax receipts fell 4.9 percent, or $9.6 million, during the second quarter. Collections in this account have declined at larger-than-normal rates since the onset of COVID-19. Work from home initiatives, travel restrictions and reduced leisure travel have all had significant impacts on demand for motor fuels. Receipts for the quarter were $185.7 million as compared to $195.3 million collected during the second quarter last year. Year-to-date collections have decreased 5.1 percent.

Motor vehicle usage tax receipts have continued to exceed expectations, growing $12.9 million in the second quarter. Collections have grown by at least 10 percent in each quarter this year. Pent up demand and stimulus payments have contributed to the growth in this account. For the quarter, revenues were $139.8 million. Revenues in this account have now increased 11.2 percent through the first six months of FY21.

Motor vehicle license tax receipts fell $2.2 in the second quarter with collections of $19.0 million. Revenues in this account have had larger than normal quarterly fluctuations due to pandemic-related collection problems, which primarily occurred in FY20. Year-to-date, revenues have grown 7.0 percent.

Motor vehicle operators' tax receipts were $4.7 million in the second quarter of FY21, a $700,000 increase compared to collections a year ago. Much like the license tax, collections in this account have been impacted by COVID-related collection issues.

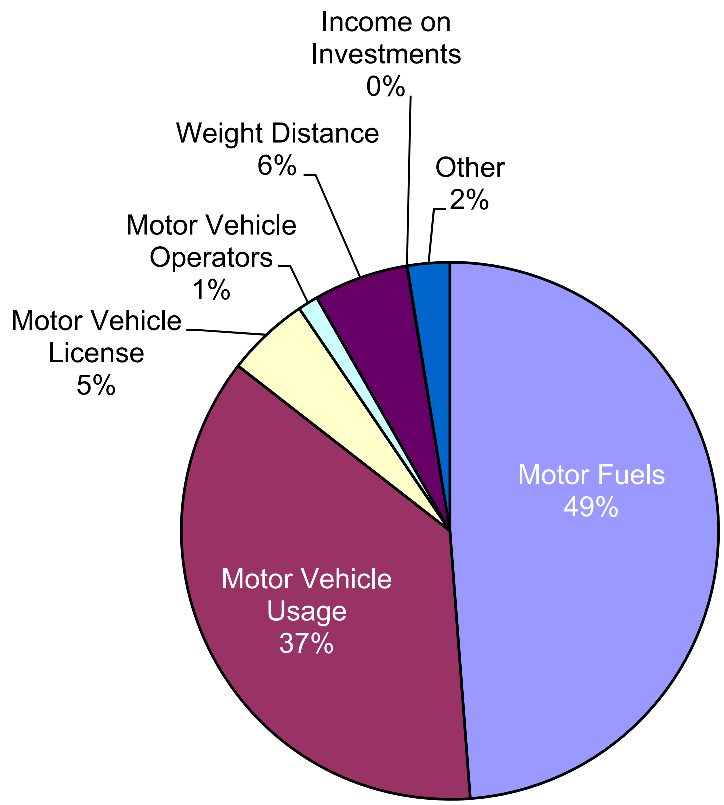
Weight distance tax receipts were $21.6 million in the quarter and represent a 1.8 percent increase compared to receipts collected during the second quarter of FY20. The weight distance tax has some significance as a leading indicator of economic activity, as it is a rough proxy for goods in transit over Kentucky highways.

Income on investments fell $1.0 million to $100,000, in the second quarter as cash balances available for investment remained low. For the quarter, collections were $100,000 and are $280,000 through the first half of FY21.

The remainder of the accounts in the Road Fund are grouped in the "other" category and consist primarily of fines, fees and miscellaneous receipts. These funds combined to total $9.7 million, a $1.2 million increase from FY20 levels.

Figure 2 shows the composition of Road Fund revenues by tax type in the second quarter. The motor fuels tax and the motor vehicle usage tax are by far the largest components of the Road Fund. Together, they combined for 86 percent of Road Fund revenues in the second quarter. The next largest sources of revenue were the weight distance taxes with 6.0 percent and motor vehicle license at 5.0 percent. The "other" category accounted for 2.0 percent, while motor vehicle operators comprised 1.0 percent. Income on investments accounted for a negligible amount of total Road Fund receipts.

Figure 2
Composition of Second Quarter FY21
Road Fund Revenues



THE ECONOMY
SECOND QUARTER FY21

NATIONAL ECONOMY

Real Gross Domestic Product (real GDP) declined by 2.7 percent in the second quarter of FY21 relative to the second quarter of FY20. Real GDP rose 0.7 percent in the second quarter of FY21 when compared to the first quarter of FY21. It is appropriate to view adjacent-quarter growth rates with real GDP because seasonality across quarters has been taken into account. Moreover, when computing recessions, only adjacent-quarter growth rates matter. The recession of 2020 was only a two-quarter recession. That is, real GDP declined on an adjacent-quarter basis in only two quarters, specifically, the third and fourth quarters of FY20. Real GDP declined by 1.3 percent in the third quarter of FY20 compared to the second quarter of FY20 and real GDP declined by 9.0 percent in the fourth quarter of FY20 compared to the third quarter of FY20. As a general rule of thumb, a recession is defined as three or more consecutive declines in adjacent-quarter real GDP. However, in this special case, the National Bureau of Economic Research, the institution that determines official turning points for the US economy, designated that the significant drop in real GDP during the two quarters of 2020 qualified as an official recession.

The 2020 recession was a significant recession. The peak for real GDP occurred in the second quarter of FY20 with $19,254.0 billion. The trough for real GDP occurred in the fourth quarter of FY20 with $17,302.5 billion. That is a net decline of 10.1 percent of total real GDP, or a $2.0 trillion loss. Since the end of the 2020 recession, real GDP has now risen in two consecutive quarters. Real GDP grew by 7.5 percent in the first quarter of FY21 compared to the fourth quarter of FY20 and real GDP grew by 0.7 percent in the most recent quarter compared to the first quarter of FY21. Combined for the two recent quarters, real GDP has grown by 8.3 percent and has regained $1.4 trillion of the GDP lost during the recession. In the recent two quarters alone, real GDP has regained 73.4 percent of the 2020 recession losses.

Real consumption fell by 2.7 percent in the second quarter of FY21. Real consumption followed a very similar pattern to real GDP during the last four quarters. On an adjacent-quarter basis, real consumption growth during the last four quarters was: -1.8, -9.6, 9.0, and 0.5 percent, respectively. The share of real consumption to real GDP has remained essentially stable. The share of real consumption to real GDP in the second quarter of FY21 is 69.3 percent. In the quarter before the recession, the share was 69.4 percent.

Real investment grew by 2.3 percent in the second quarter of FY21. Real investment is a much more volatile series than either real GDP or real consumption. As such, its quarterly movements are less predictable. Interestingly, real investment has experienced a more significant expansion since the recession ended than real GDP or real consumption. The last eight adjacent-quarter growth rates for real investment are: 1.0, -1.5, 0.5, -0.9, -2.3, -14.5, 16.8, and 4.9 percent, respectively. The previous peak for real investment occurred the third quarter of FY19 with $3,481.3 billion. The trough for real investment occurred in the fourth quarter of FY20 with $2,849.8 billion. That is a net decline of 18.1 percent, or $631.5 billion. In the last two quarters, however, real investment has grown a net 22.6 percent, or $643.7 billion. That is, in the last two quarters alone, real investment has made up all of the losses from the recession and posted an additional $12.2 billion in growth. Real investment made up 17.2 percent of real GDP in the second quarter of FY21.

Real government expenditures declined by 1.3 percent in the second quarter of FY21. On an adjacent-quarter basis, the last four quarters of real government expenditures growth were: 0.3, 0.6, -1.2, and -0.9 percent, respectively. Real government expenditures historically is a countercyclical account. That is, during expansions, government expenditures generally contract and during recessions, government expenditures generally expand. However, that has not been true during the last expansion period. During the last expansion period, real government expenditures rose in far more quarters than it contracted. In the 42 quarters of the previous expansion period, real government expenditures rose in 23 quarters and fell in 19 quarters. And despite a brief period of consistent contraction during the last expansion period, real expenditures experienced a net increase during the last expansion period. At the beginning of the expansion period, real government expenditures were $3,321.9 billion. By the end of the expansion period, real government expenditures were $3,337.5 billion. In the two quarters since the end of the recession, real government expenditures appear to have returned to their normal historical countercyclical pattern. During the last two quarters, real government expenditures declined by a net 2.2 percent, or a decline of $73.0 billion. Real government expenditures made up 17.7 percent of real GDP in the second quarter of FY21.

Table 7
Summary of US Economic Series
Second Quarter FY21 & FY20

	Second Quarter			
	FY21	**FY20**	**Chg**	**% Chg**
Real GDP	18,734.6	19,254.0	-519.4	-2.7
Real Consumption	12,989.9	13,353.7	-363.7	-2.7
Real Investment	3,493.5	3,413.3	80.2	2.3
Real Govt. Expenditures	3,295.7	3,337.5	-41.8	-1.3
Real Exports	2,259.8	2,557.8	-298.0	-11.7
Real Imports	3,356.1	3,419.3	-63.3	-1.9
CPI all goods (% chg)	1.2	2.0	NA	NA
CPI Food (% chg)	3.9	2.0	NA	NA
CPI Energy (% chg)	-8.7	-0.5	NA	NA
CPI Core (% chg)	1.7	2.3	NA	NA
Industrial Production Index (% chg)	-5.2	-0.7	NA	NA
Working Population[1]	261.1	260.0	1.1	0.4
Civilian Labor Force[2]	160.5	164.3	-3.8	-2.3
Employed[3]	150.1	158.8	-8.8	-5.5
Unemployed[4]	10.4	5.5	4.9	90.1
Not in Labor Force[5]	100.6	95.7	4.9	5.1
Labor Force Participation Rate[6] (%)	61.5	63.2	NA	NA
Unemployment Rate (%)	6.8	3.5	NA	NA

It is important to note that the real GDP accounts do not include any transfer payments from the federal governments to individuals, nor transfer payments from the federal government to state governments. It is therefore, helpful to examine the outlay accounts to see some of these transfers in the context of all federal government outlays. Federal outlays rose by 16.7 percent in the second quarter of FY21, a net increase of $803.1 billion. Adjacent-quarter growth rates for federal outlays for the last eight quarters were: 2.1, 1.0, 1.0, 0.7, 1.8, 85.7, -20.9, and -22.0 percent, respectively. Federal Transfer Payments to Resident Persons was the fastest growing outlay, growing $573.4 billion compared to the second quarter of FY20. Subsidies (a subcategory of Federal Transfer Payments to Resident Persons) was the second fastest growing outlay, growing $208.5 billion compared to the second quarter of FY20. Despite double-digit growth rates in Medicaid and non-Medicaid Grants to States, Federal Transfer Payments to Resident Persons was by far the largest outlay. Federal Transfer Payments to Resident Persons makes up over 51 percent of total outlays by the federal government. This share has increased significantly in the last year.

Table 8
US Federal Outlays
$ billions, AR

	Second Quarter			
	FY21	**FY20**	**Chg**	**% Chg**
Federal Outlays excl. Gross Investment	5,621.7	4,818.6	803.1	16.7
Social Security	1,093.1	1,043.0	50.1	4.8
Medicare	859.9	797.9	62.0	7.8
National Defense	703.0	689.9	13.1	1.9
Interest on Debt	523.1	584.5	-61.4	-10.5
Subsidies	289.0	80.5	208.5	258.8
Aid to Foreign Governments	47.9	52.3	-4.4	-8.5
Federal Transfer Payments to Resident Persons	2,921.2	2,347.7	573.4	24.4
Grants-in-Aid to S&L Governments	711.5	615.4	96.1	15.6
Medicaid	470.5	411.4	59.1	14.4
Non-Medicaid Grants to S&L Govts	241.0	204.0	37.0	18.1

Real exports declined by 11.7 percent in the second quarter of FY21. Real exports followed the same pattern as real GDP and real consumption during the last four quarters. The adjacent-quarter growth rates during the last four quarters were: -2.5, -22.8, 12.4, and 4.3 percent, respectively. Import demand in foreign markets has declined due to restrictions placed on consumers during the recent coronavirus event. This has affected both end-use purchases and supply chain purchases. The result is decreased purchases by intermediate goods producers and final goods consumers. As most exported goods are normal goods, the export market for US goods is similarly affected. Real exports made up 13.5 percent of real GDP in the second quarter of FY21.

Real imports declined by 1.9 percent in the second quarter of FY21. Real imports followed a similar pattern as real GDP and real consumption during the last year. However, real imports were already experiencing some softness before the coronavirus event. Adjacent-quarter growth for real imports for the last eight quarters was: -0.5, 0.4, 0.1, -1.9, -4.0, -17.7, 17.9, and 5.4 percent, respectively. Real imports had high growth in the last two quarters, similar to real investment. However, unlike real investment, that high growth was insufficient to bring it above pre-recession levels. The pre-recession peak was $3,486.8 billion and the current real imports are at $3,356.1 billion, still $130.7 billion short of the pre-recession peak. Real imports made up 17.7 percent of real GDP in the second quarter of FY21. Note: real imports are a deduction from real GDP.

Personal income rose by 4.2 percent in the second quarter of FY21. Transfer receipts income has had a significant effect on personal income in the last four quarters and masks many of the real effects in the labor market and effects on other sources of income. On an adjacent-quarter basis, personal income growth for the last four quarters was: 1.0, 7.9, -2.6, and -1.8 percent, respectively. Average adjacent-quarter growth during the previous expansion period was 1.1 percent.

Transfer receipts income had by far the fastest growth among the personal income categories. Transfer receipts income grew by 18.8 percent in the second quarter of FY21 over the second quarter of FY20, a net growth of $591.8 billion over the four quarters. Adjacent-quarter growth rates for the last five quarters were: 0.4, 2.5, 75.5, -23.0, and -14.2 percent, respectively. Prior to the coronavirus event, the transfer receipts income (annual rate) was $3,155 billion. The majority of the transfer receipts income increase occurred in the fourth quarter of FY20, when transfer receipts income (annual rate) peaked at $5,678 billion. Transfer receipts income has fallen in the last two quarters but still remains historically very high, at $3,747 billion (annual rate) in the second quarter of FY21. Transfer receipts income made up 19.2 percent of total personal income in the second quarter of FY21. The extreme growth in transfer receipts income is displacing other forms of income. Prior to the coronavirus event, just five quarters ago, transfer receipts income made up 16.8 percent of total personal income.

Wages and salaries income grew by 2.0 percent in the second quarter of FY21 compared to the second quarter of FY20. Prior to the coronavirus event, wages and salaries income growth was solid to strong for many quarters. Adjacent-quarter growth was averaging 1.1 percent each quarter for the previous 15 quarters. The last five adjacent-quarter growth rates for wages and salaries are 1.2, 1.1, -6.5, 5.6, and 2.2 percent, respectively. The 6.5 percent decline was quite significant. It took two quarters of strong growth to make up the losses and reach the previous peak. Wages and salaries income made up 49.2 percent of total personal income in the second quarter of FY21.

Dividends, interest, and rents income declined by 2.0 percent in the second quarter of FY21. Dividends, interest, and rents income was experiencing a significant slowdown in growth prior to the coronavirus event. In FY17 and FY18, average adjacent-quarter growth was growing by 1.7 percent each quarter. Over the next two years, growth slowed considerably to just 0.1 percent in the first quarter of FY20. Adjacent-quarter growth for the last six quarters was 0.1, 0.4, 0.3, -2.1, -1.3, and 1.2 percent, respectively. So while the coronavirus event depressed dividends, interest, and rents income for two quarters, it appears that it has reached a bottom and is slowly growing again. Dividends, interest, and rents income is still $87.6 million below the previous peak, as rental properties still remain vacant in many cities across the United States. Dividends, interest, and rents income made up 18.9 percent of total personal income in the second quarter of FY21.

Non-farm employment declined by 6.1 percent in the second quarter of FY21. The coronavirus event put 18.2 million people out of work in one quarter. That is a 12.0 percent decline in employment in one quarter. During the last two quarters, non-farm employment has grown on an adjacent-quarter bases, but still has not come close to the pre-coronavirus level of employment. The most recent peak was 151.9 million employed, which occurred in the third quarter of FY20. Adjacent-quarter growth for the last four quarters is 0.1, -12.0, 5.3, and 1.3 percent, respectively. The gains during the last two quarters made up 8.9 million jobs of the 18.2 million in losses. At the current rate of growth, it will take over two years to return to the pre-coronavirus levels of employment.

All 11 supersectors had losses in the second quarter of FY21. The biggest loser was leisure and hospitality services employment, which lost 20.6 percent, or 3.4 million jobs compared to the second quarter of FY20. The sector least affected was finance, which declined by 0.8 percent, or just 100,000 jobs lost compared to the second quarter of FY20.

KENTUCKY ECONOMY

Kentucky personal income grew by 2.8 percent in the second quarter of FY21. The majority of movement in Kentucky personal income is due to the changes in transfer receipts income. Average adjacent-quarter growth in Kentucky personal income before the coronavirus event was 0.8 percent per quarter. Adjacent-quarter growth for the last four quarters is 0.9, 10.6, -6.8, and -1.2 percent, respectively. The growth in total personal income is due entirely to transfer receipts income and to a lesser degree to proprietors' income.

Transfer receipts income grew by 12.6 percent in the second quarter of FY21 compared to the second quarter of FY20. The massive transfer receipts growth was focused in the fourth quarter of FY20, with 63.6 percent growth over the third quarter of FY20. Transfer receipts income rose from an already elevated level of $48.7 billion (annual rate) in the third quarter of FY20 to $79.6 billion (annual rate) in the fourth quarter of FY20, a $31.0 billion increase in one quarter. This unprecedented increase in transfer receipts occurred on top of already high transfer receipts, which have been trending upwards for several years. In the five years prior to the coronavirus event, transfer receipts income grew on average 0.7 percent each quarter. The last four adjacent-quarter growth rates for transfer receipts income were: 2.6, 63.6, -27.8, and -7.0 percent, respectively. So while transfer receipts have fallen for the last two quarters, they are still elevated far above the pre-coronavirus high. Transfer receipts income was $53.5 billion (annual rate) in the second quarter of FY21, which is $4.8 billion above the pre-coronavirus level. Transfer receipts income made up 26.3 percent of total personal income in the second quarter of FY21.

Supplements to wages and salaries income (colloquially known as fringe benefits) declined by 1.6 percent in the second quarter of FY21. The high job losses that occurred in the fourth quarter of FY20 had a significant effect on supplements to wages and salaries. Supplements to wages and salaries income declined by 6.6 percent in the fourth quarter of FY20 compared to the third quarter of FY20. Supplements to wages and salaries income was performing quite well before the coronavirus event. Supplements to wages and salaries grew an average of 1.1 percent every quarter for the last 11 quarters. Adjacent-quarter growth for the last four quarters was -0.2, -6.6, 5.0, and 0.5 percent, respectively. Despite growth in the last two quarters, supplements to wages and salaries income is still below the pre-coronavirus peak. Supplements to wages and salaries was $24.2 billion in the second quarter of FY21 compared to $24.6 billion shortly before the coronavirus shutdown measures were implemented, which caused massive layoffs across all employment sectors. Those losses in jobs, total income, and supplements to wages and salaries income have still not been made up. Supplements to wages and salaries income made up 11.9 percent of total personal income in the second quarter of FY21.

Kentucky non-farm employment declined by 7.0 percent in the second quarter of FY21 over the second quarter of FY20. Kentucky non-farm employment growth has been weak for some time, even before the 2020 recession. Average adjacent-quarter growth during the entire recovery period following the 2007 recession was 0.2 percent. Average adjacent-quarter growth for the last four quarters was 0.004, -13.4, 8.1, and -0.6 percent, respectively. Current non-farm employment is 1,803,900 in the second quarter of FY21. Employment is down significantly from the pre-recession level of 1,939,900 jobs, a difference of 136,000 jobs, and a 7.1 percent decline. Efforts at mitigating the spread of the virus, including "healthy at home" and "healthy at work" policies have caused significant losses in sales, jobs, and income during the last three quarters. In the last two quarters Kentucky has recovered 124,600 non-farm jobs. Leisure and hospitality services gained 35,900 in the last two quarters.

Mining employment was the hit the hardest in percentage terms during the second quarter, losing 36.6 percent of jobs over the last four quarters. Mining employment fell from 9,200 in the second quarter of FY20 to 5,800 in the second quarter of FY21. The effect on mining employment during the fourth quarter of FY20 was immediate and severe, losing 26.8 percent of total mining jobs. Mining employment made up just 0.3 percent of total employment in Kentucky in the second quarter of FY21.

All 11 supersectors lost net jobs in the second quarter of FY21 compared to the same period a year ago. On an absolute basis, leisure and hospitality services employment lost the most net jobs, losing 30,400 net jobs in the second quarter of FY21 compared to the second quarter of FY20. The leisure and hospitality services employment sector was growing slowly prior to the mandatory shutdowns and mask requirements. Average adjacent-quarter growth during the last expansion period was 0.5 percent per quarter. Adjacent-quarter growth for the last four quarters was -0.4, -32.3, 33.5, and -5.5 percent, respectively. Leisure and hospitality services employment is still 30,400 jobs below its previous peak of 203,700 jobs, which occurred in the third quarter of FY20. Leisure and hospitality services employment made up 9.6 percent of total non-farm employment in the second quarter of FY21.

Table 9
Personal Income
$ billions, SAAR

	Second Quarter			
	FY21	**FY20**	**$ Diff**	**% Diff**
United States				
Personal Income	19,548.0	18,760.8	787.2	4.2
Social Insurance	1,469.8	1,432.9	36.9	2.6
Residence Adjustments	0.0	0.0	0.0	-136.0
Dividends, Interest and Rents	3,699.0	3,776.0	-77.0	-2.0
Transfer Receipts	3,747.0	3,155.2	591.8	18.8
Wages & Salaries	9,613.3	9,422.5	190.8	2.0
Supplements to W&S	2,160.5	2,142.4	18.2	0.8
Proprietor's Income	1,798.0	1,697.7	100.3	5.9
Kentucky				
Personal Income	203.2	197.7	5.4	2.8
Social Insurance	16.0	15.9	0.2	1.0
Residence Adjustments	-2.6	-2.5	-0.1	2.2
Dividends, Interest and Rents	32.7	33.2	-0.4	-1.3
Transfer Receipts	53.5	47.5	6.0	12.6
Wages & Salaries	97.7	97.8	-0.1	-0.1
Supplements to W&S	24.2	24.6	-0.4	-1.6
Proprietor's Income	13.8	13.2	0.6	4.4

Table 10
Summary of US & KY Employment
Second Quarter FY21 & FY20

	US Q2 (millions)			KY Q2 (thousands)		
	FY21	**FY20**	**% Chg**	**FY21**	**FY20**	**% Chg**
Non-farm Employment	142.6	151.8	-6.1	1,803.9	1,939.8	-7.0
Goods-producing	20.2	21.1	-4.2	323.4	339.8	-4.8
Construction	7.4	7.5	-2.6	79.5	80.3	-1.0
Mining	0.6	0.7	-13.8	5.8	9.2	-36.6
Manufacturing	12.2	12.8	-4.7	238.1	250.3	-4.9
Service-providing	100.9	108.0	-6.6	1,193.3	1,289.0	-7.4
Trade, Transportation & Utilities	26.8	27.8	-3.4	386.5	400.1	-3.4
Information	2.6	2.9	-8.7	16.9	21.3	-20.7
Finance	8.7	8.8	-0.8	88.8	93.5	-5.0
Business Services	20.5	21.5	-4.5	192.4	218.8	-12.0
Educational Services	23.3	24.4	-4.4	269.6	285.6	-5.6
Leisure and Hospitality Services	13.3	16.7	-20.6	173.3	203.7	-14.9
Other Services	5.5	5.9	-6.8	65.8	66.1	-0.5
Government	21.5	22.7	-5.2	287.2	311.0	-7.6

APPENDIX

General Fund and Road Fund Revenue Receipts

SECOND QUARTER FY21

KENTUCKY STATE GOVERNMENT – GENERAL FUND REVENUE

	Second Quarter FY 2021	Second Quarter FY 2020	% Change	Year-To-Date FY 2021	Year-To-Date FY 2020	% Change
TOTAL GENERAL FUND	**$3,213,696,580**	**$3,051,149,659**	**5.3%**	**$6,067,983,486**	**$5,748,486,655**	**5.6%**
Tax Receipts	**$3,093,760,392**	**$2,914,656,266**	**6.1%**	**$5,863,986,245**	**$5,533,741,457**	**6.0%**
Sales and Gross Receipts	**$1,267,701,572**	**$1,223,157,301**	**3.6%**	**$2,600,083,182**	**$2,450,987,067**	**6.1%**
Beer Consumption	1,469,388	1,653,820	-11.2%	3,140,841	3,268,492	-3.9%
Beer Wholesale	14,718,050	16,142,108	-8.8%	33,154,869	33,014,408	0.4%
Cigarette	92,909,180	88,888,776	4.5%	180,794,383	179,743,163	0.6%
Distilled Spirits Case Sales	50,501	52,618	-4.0%	101,827	89,403	13.9%
Distilled Spirits Consumption	4,420,288	4,545,226	-2.7%	8,857,968	7,867,563	12.6%
Distilled Spirits Wholesale	15,943,001	15,794,150	0.9%	31,407,527	26,761,217	17.4%
Insurance Premium	12,073,087	27,235,393	-55.7%	54,001,028	50,115,304	7.8%
Pari-Mutuel	6,742,315	5,379,782	25.3%	11,573,951	8,979,658	28.9%
Race Track Admission	5,296	35,562	-85.1%	5,296	116,072	-95.4%
Sales and Use	1,083,659,228	1,034,128,763	4.8%	2,210,768,096	2,087,378,854	5.9%
Wine Consumption	894,976	913,188	-2.0%	1,746,807	1,565,560	11.6%
Wine Wholesale	5,227,416	5,226,656	0.0%	9,901,133	8,730,451	13.4%
Telecommunications Tax	18,923,292	17,721,602	6.8%	36,629,925	32,267,620	13.5%
Other Tobacco Products	10,664,666	5,427,357	96.5%	17,992,829	11,052,226	62.8%
Floor Stock Tax	888	12,299	-92.8%	6,702	37,075	-81.9%
License and Privilege	**$852,387**	**($516,903)**	**---**	**$2,058,417**	**($298,998)**	**---**
Alc. Bev. License Suspension	37,750	68,000	-44.5%	56,250	156,000	-63.9%
Corporation License	62,297	36,556	70.4%	84,462	37,498	125.2%
Corporation Organization	17,713	1,115	1488.6%	18,153	28,550	-36.4%
Occupational Licenses	42,274	51,719	-18.3%	90,567	87,405	3.6%
Race Track License	103,316	80,492	28.4%	183,316	175,492	4.5%
Bank Franchise Tax	423,172	(980,677)	—	1,255,135	(1,178,620)	—
Driver License Fees	165,865	225,891	-26.6%	370,535	394,678	-6.1%
Natural Resources	**$23,852,471**	**$23,025,414**	**3.6%**	**$43,011,836**	**$49,183,318**	**-12.5%**
Coal Severance	16,680,602	14,805,357	12.7%	28,794,785	32,377,033	-11.1%
Oil Production	784,604	1,334,638	-41.2%	1,660,458	2,771,268	-40.1%
Minerals Severance	5,780,343	5,855,025	-1.3%	11,365,352	11,491,870	-1.1%
Natural Gas Severance	606,923	1,030,394	-41.1%	1,191,240	2,543,148	-53.2%
Income	**$1,386,959,173**	**$1,258,485,671**	**10.2%**	**$2,736,765,176**	**$2,566,711,063**	**6.6%**
Corporation	169,577,992	106,905,762	58.6%	269,979,045	241,146,924	12.0%
Individual	1,153,173,343	1,092,983,027	5.5%	2,337,887,309	2,226,953,513	5.0%
Limited Liability Entity	64,207,838	58,596,883	9.6%	128,898,823	98,610,626	30.7%
Property	**$394,379,800**	**$388,106,643**	**1.6%**	**$448,496,114**	**$431,934,141**	**3.8%**
Building & Loan Association	0	(390,534)	—	51,057	(343,762)	—
General - Real	229,515,271	219,231,110	4.7%	229,412,282	219,304,240	4.6%
General - Tangible	116,966,574	116,041,618	0.8%	157,012,661	149,059,737	5.3%
Omitted & Delinquent	5,822,171	7,201,365	-19.2%	10,692,113	10,634,405	0.5%
Public Service	40,484,942	44,709,712	-9.4%	49,791,734	51,966,438	-4.2%
Other	1,590,842	1,313,371	21.1%	1,536,268	1,313,084	17.0%
Inheritance Tax	**$15,029,263**	**$16,058,715**	**-6.4%**	**$29,260,960**	**$26,484,642**	**10.5%**
Miscellaneous	**$4,985,724**	**$6,339,426**	**-21.4%**	**$4,310,560**	**$8,740,223**	**-50.7%**
Legal Process	2,517,815	3,195,025	-21.2%	4,950,127	6,492,464	-23.8%
T. V. A. In Lieu Payments	2,467,910	2,839,161	-13.1%	(1,035,447)	1,663,837	—
Other	0	305,240	—	395,880	583,921	-32.2%
Nontax Receipts	$120,350,157	$122,142,844	-1.5%	$199,177,245	$198,310,195	0.4%
Departmental Fees	1,660,281	2,514,613	-34.0%	4,437,036	6,110,483	-27.4%
PSC Assessment Fee	347	56,967	-99.4%	14,344,664	13,071,368	9.7%
Fines & Forfeitures	2,779,822	4,380,410	-36.5%	5,432,054	8,740,451	-37.9%
Income on Investments	(244,951)	(2,957,100)	—	(472,568)	(4,788,888)	—
Lottery	76,604,545	79,363,344	-3.5%	137,104,545	137,863,344	-0.6%
Miscellaneous	39,550,113	38,784,611	2.0%	38,331,514	37,313,438	2.7%
Redeposit of State Funds	**($413,969)**	**$14,350,548**	**---**	**$4,819,996**	**$16,435,003**	**-70.7%**

KENTUCKY STATE GOVERNMENT – ROAD FUND REVENUE

	Second Quarter FY 2021	Second Quarter FY 2020	% Change	Year-To-Date FY 2021	Year-To-Date FY 2020	% Change
TOTAL ROAD FUND	**$380,591,798**	**$378,064,811**	**0.7%**	**$790,028,116**	**$779,731,151**	**1.3%**
Tax Receipts-	**$373,627,811**	**$370,682,314**	**0.8%**	**$776,412,515**	**$763,075,428**	**1.7%**
Sales and Gross Receipts	**$325,519,853**	**$322,197,177**	**1.0%**	**$675,584,316**	**$665,937,688**	**1.4%**
Motor Fuels Taxes	185,716,035	195,341,009	-4.9%	377,812,288	$398,165,598	-5.1%
Motor Vehicle Usage	139,803,818	126,856,168	10.2%	297,772,029	$267,772,090	11.2%
License and Privilege	**$48,107,957**	**$48,485,138**	**-0.8%**	**$100,828,198**	**$97,137,740**	**3.8%**
Motor Vehicles	18,996,565	21,157,597	-10.2%	44,672,463	$41,749,642	7.0%
Motor Vehicle Operators	4,653,158	3,955,317	17.6%	9,993,823	$8,189,392	22.0%
Weight Distance	21,624,969	21,235,535	1.8%	40,554,308	$42,740,136	-5.1%
Truck Decal Fees	6,640	3,660	81.4%	51,300	$19,077	168.9%
Other Special Fees	2,826,625	2,133,028	32.5%	5,556,304	$4,439,493	25.2%
Nontax Receipts	**$6,874,872**	**$7,307,690**	**-5.9%**	**$13,453,756**	**$15,701,937**	**-14.3%**
Departmental Fees	5,101,545	5,179,584	-1.5%	10,389,935	$10,994,878	-5.5%
In Lieu of Traffic Fines	56,145	79,020	-28.9%	94,830	$166,612	-43.1%
Income on Investments	113,851	1,071,306	-89.4%	279,730	$2,567,985	-89.1%
Miscellaneous	1,603,332	977,781	64.0%	2,689,262	$1,972,462	36.3%
Redeposit of State Funds	**$89,115**	**$74,807**	**19.1%**	**$161,845**	**$953,786**	**-83.0%**

Glossary

Adjacent-quarter	A growth rate computed as the current quarter relative to the previous quarter.
AR	Annual Rate is the quantity of a series that would occur for the entire year, if the current period's growth were to continue for the entire year.
Civilian Labor Force	A subset of the working population who are currently employed or are actively looking for employment.
Employed	In the context of working population and civilian laborforce data, Employed is a subset of the civilian labor force who are employed regardless of industry or profession. This is therefore different than non-farm employment, which explicitly does not include those persons employed in the agricultural sector.
Growth rate	Unless otherwise stipulated, a growth rate is computed as the current quarter relative to the same quarter of the previous year.
Labor Force Participation Rate	The Civilian Labor Force divided by the Working Population.
Not in Labor Force	A subset of the working population who have decided not to be employed nor seek employment.
SA	Seasonally-Adjusted
SAAR	Seasonally-Adjusted Annual Rate
Unemployed	In the context of working population and civilian laborforce data, Unemployed is a subset of the civilian labor force who are not currently employed but are actively seeking employment.
Working population	The group of persons who are 16 years or older, non-institutionalized, not in prison, not in an old-age home, and not engaged in active military duty. It is meant to capture those persons who are capable of working and could work if suitable employment were found. Working population figures are listed in millions.

Tables Notes

Table 3

Not Seasonally Adjusted. Real series are annual rate, billions of chained 2000 dollars.
Components do not sum to GDP because they are annualized independently.
Data for FY21 Q2 are January 2021 estimates.
Source: IHS Markit - Economics & Country Risk, January 6, 2021 data release.

[1] Working population is the group of persons who are 16 years or older, non-institutionalized, not in prison, not in an old-age home and not engaged in active military duty. It is meant to capture those persons who are capable of working and could work if suitable employment were found. Working population figures are listed in millions.
[2] Civilian Labor Force is a subset of the working population who are currently employed or are actively looking for employment.
[3] Employed is a subset of the civilian labor force who are employed regardless of industry or profession. This is therefore different than non-farm employment, which explicitly does not include those persons employed in the agricultural sector.
[4] Unemployed is a subset of the civilian labor force who are not currently employed but are actively seeking employment.
[5] Not in Labor Force is a subset of the working population who have decided not to be employed nor seek employment.
[6] Labor Force Participation Rate is computed as the Civilian Labor Force divided by the Working Population.

Table 4

Not Seasonally Adjusted. Data for FY21 Q2 are January 2021 estimates.
Source: IHS Markit - Economics & Country Risk, January 6, 2021 data release.

Table 6

Not Seasonally Adjusted. Data for FY21 Q2 are November 2021 estimates.
Source: IHS Markit - Economics & Country Risk, January 6, 2021 data release.

Table 9

Not Seasonally Adjusted. Real series are annual rate, billions of chained 2000 dollars.
Components do not sum to GDP because they are annualized independently.
Source: IHS Markit - Economics & Country Risk, January 6, 2021 data release.

Table 10

Not Seasonally Adjusted.
Source: IHS Global Insight, Inc. and the Kentucky Governor's Office for Economic Analysis and MAK model, January 2021.