OBM

December 10, 2012

MEMORANDUM TO: The Honorable John R. Kasich, Governor
The Honorable Mary Taylor, Lt. Governor

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

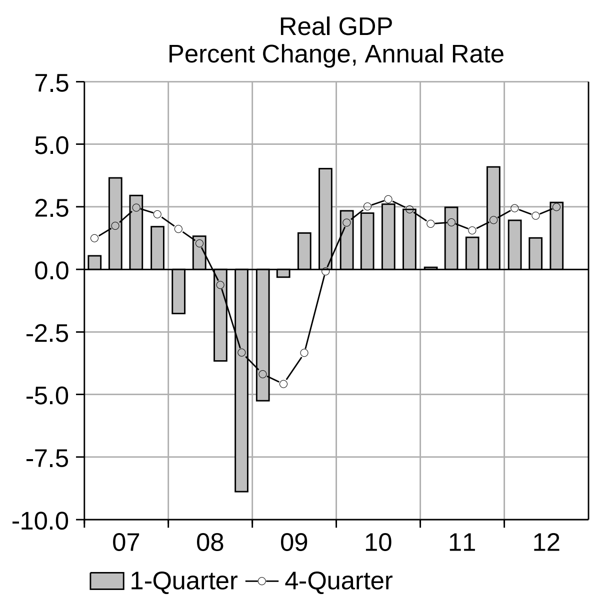
ECONOMIC SUMMARY

Economic Performance Overview

- Real GDP growth expanded by 2.7% in the third quarter of 2012 up from the initial estimate of 2.0% and growth of 1.3% in the second quarter.
- U.S. employment increased by 146,000 jobs in November, and the September and October increases were revised lower by a total of 49,000 jobs. The unemployment rate decreased from 7.9% to 7.7%, compared with an average of 8.2% during the previous year.
- Ohio total nonfarm employment increased by 13,900 jobs in October and was up 97,600 jobs year-to-date. The Ohio unemployment rate decreased from 7.1% to 6.9% in October, and is now nearly a full percentage point below the national unemployment rate.
- Leading economic indicators have weakened recently but remain consistent with uninterrupted growth at a modest pace across the country and especially in Ohio.

Economic Growth

Real GDP growth was revised up to 2.7% from the initial report of 2.0%. The economy grew by 1.3% in the second quarter of 2012 and 2.0% in the first quarter. Excluding a large accumulation of unsold goods, the third quarter growth rate was 1.9%. Compared with a year earlier, real GDP was 2.5% higher. Since the expansion officially began in the second quarter of 2009, real GDP has advanced at an annual rate of 2.2% – the slowest pace during the first three years of any expansion during the post-war period.



The increase in real GDP in the third quarter primarily reflected positive contributions from consumer spending, business inventories, federal government spending, residential fixed investment, and exports. These positive contributions were partly offset by negative contributions from nonresidential fixed investment and state and local government spending. Imports, which are automatically counted in spending within each category and are then backed out by being subtracted from the total, were little changed.

Real final sales was little changed during the quarter, rising only marginally to 1.9% from 1.7% and staying in the range of quarterly growth rates during the last year and half. Since the expansion officially began in the second quarter of 2009, real final sales has increased at an annual rate of only 1.6% – the slowest pace by a notable margin among expansions in the post-war period that have lasted for at least thirteen quarters.

The acceleration in activity during the third quarter resulted entirely from a build-up in business inventories. Consumer spending was revised downward, and fixed investment in equipment and software declined for the first time since the end of the recession in 2009. The positive factors in the third quarter – especially the increase in inventory accumulation and the jump in federal defense spending – are most likely not making positive contributions in the current quarter. In fact, reduced consumer spending and business investment related to Hurricane Sandy are expected to reduce fourth-quarter growth.

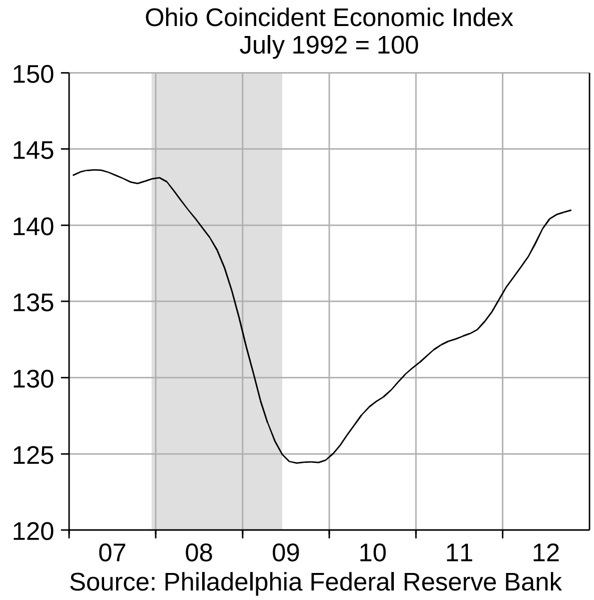
The consensus among forecasters is that real GDP is expanding at half the third quarter pace in the fourth quarter. Forecasters project that growth will continue at a modest pace below 3.0% throughout in 2013, according to the December *Blue Chip Financial Forecasts* consensus. Hurricane Sandy is expected to keep fourth-quarter growth 0.25-0.50 points lower than otherwise. Although repairs to storm damage will add in noticeable ways and amounts to economic activity, any incremental spending is likely over time to displace other spending that would have – but now will not – take place, producing no net advantage – and almost certainly a disadvantage – to longer-term growth.

Leading indicators remain consistent with slow but uninterrupted growth through 2013. After about a 4-month stretch of increases, the 4-week moving average of the **Weekly Leading Index** decreased in each of the four weeks ending in late-November. The 6-month smoothed rate of change has slowed to 3.4%, down from 6.0% in mid-October but still up from a trough of -3.5% in mid-June.

The composite **Leading Economic Index** from the Conference Board has traced out a see-saw pattern during the seven months ending in October to stand only marginally higher than in March. The 6-month smoothed rate of change was 1.7% in October, down from a peak of 7.0% in May 2011, but still above zero and consistent with uninterrupted economic growth, albeit at a modest pace.

The **ratio of the coincident index to lagging index** – itself a leading indicator – has been even weaker recently. The ratio decreased by 0.2% in October after falling in six out of the previous eleven months. The ratio has had a long lead time at business cycle peaks in the past. The recent pattern is consistent with the current slow pace of economic growth, but not necessarily with a near-term recession, particularly in context with other leading indicators.

Despite slow growth at the national level over the summer, the Ohio economy continued to make progress through September. The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased 0.1% in October, the 35th increase in a row. The 12-month rate of change was 5.5% in October – up from a recent low of 3.1% last November, but off the peak of 5.9% in August. The rate of change was notably lower during the most recent three months than during the previous three months. But the index was higher than a month earlier in 41 states and higher than three months ago in 39 states. The diffusion of increases and decreases across states has been a reliable indicator of changes in economic growth in the past.

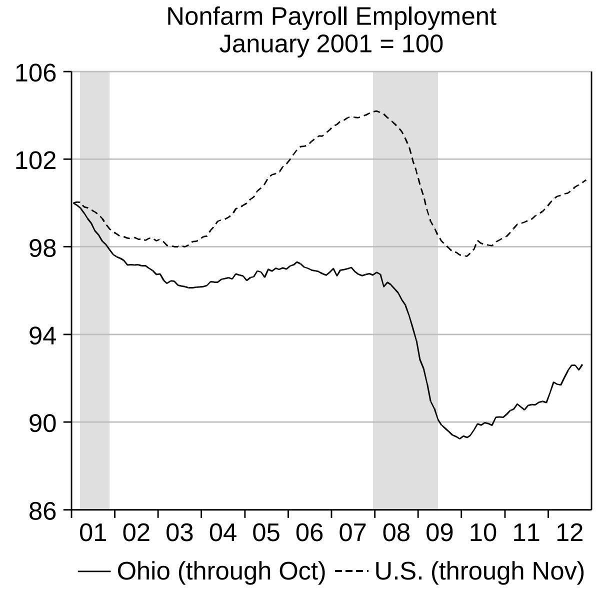


The state coincident index combines four state-level indicators to summarize current economic conditions. The four components are nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements.

The companion **Ohio Leading Economic Index** remained below 2.0% for the fourth straight month in October, and previous estimates were revised lower. The index, which is compiled by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of increase in the coincident index during the next six months. The index exceeded 3.0% during the months of April through June. Index values have been revised significantly on occasion, but as it stands the recent pattern is consistent with ongoing expansion of the Ohio economy through the fall and winter. The diffusion of positive readings has been broad in recent months, with the index being greater than zero in 47 states each of the most recent two months.

Employment

Nonfarm payroll employment increased by 146,000 jobs in November. The Bureau of Labor Statistics estimated that Hurricane Sandy had little effect on employment during the month. The September and October increases were revised down by a total of 49,000 jobs. Employment growth has averaged 158,000 per month during the last five months, compared with an average gain of just 86,000 during the four months before that. The continued growth in payrolls during November indicates that the economy continued to expand well into the fall, albeit at a modest pace.



The **unemployment rate** decreased by 0.2 points in November to 7.7% – down a full percentage point from a year ago. The November rate is well under the average of 8.2% during the previous twelve months. The labor force declined during November, but so did the number of people counted as unemployed. In addition, the labor force has expanded by 1.35 million people since November 2011. While still extraordinarily high, the broadest measure of unemployment decreased to 14.4% in November, down from 15.6% a year ago. The average and median duration of unemployment both declined modestly, but remained near record highs.

The **length of the workweek** edged higher by 0.1 hours overall and in manufacturing during November. As a result, **aggregate hours worked** increased by 0.4%. **Average hourly earnings** increased by 0.2% to 1.3% above the year earlier level, compared with inflation of 2.0% during the twelve months ending in October.

Most major sectors posted gains in employment, led by trade, transportation and utilities (+69,000), professional and business services (+43,000) and leisure and hospitality (+23,000). Construction employment decreased by 20,000 jobs, erasing a 15,000 job gain in October. Manufacturing employment decreased by 7,000 jobs – the third decline in four months. Temporary help employment, which is viewed as somewhat of a leading indicator of total employment and is included in professional and business services, increased by 18,000 jobs. Government employment declined by 1,000 jobs.

Ohio employment increased by 13,900 jobs in October, more than offsetting the 12,800 decrease in September. Year-to-date, employment is up by 97,600 jobs. Even so, the Cleveland Federal Reserve reported that hiring was sluggish across sectors in and around Ohio as of mid-November. Job vacancies have been most prevalent in manufacturing, information technology, and health care.

The Ohio unemployment rate decreased from 7.1% to 6.9% in October – the first reading below 7.0% since August 2008. The rate is down from 8.3% last October and a full percentage point below the national unemployment rate.

Month-to-month changes in Ohio employment across sectors were skewed toward gains during October. Increases were led by professional and business services (+7,300), government (+5,200), educational and health services (+3,400) and other services (+3,100). Declines were concentrated in trade, transportation and utilities (-3,800) and manufacturing (-2,200. Employment has been weak in both sectors in recent months. Private sector employment increased by 8,700 jobs after a 10,600 loss in September.

During the twelve months ending in October, Ohio employment gains were concentrated in educational and health services (+25,300), professional and business services (+21,300), trade, transportation and utilities (+14,600) and manufacturing (+13,500). Employment declined by 800 jobs in government. Private sector employment increased by 97,000 jobs, or 2.2%, during the last twelve months.

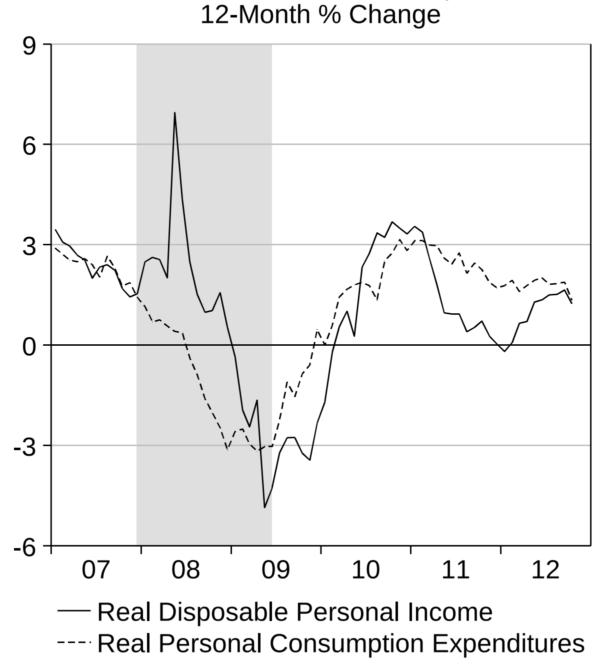
Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.5%), Kentucky (+2.1%), and Ohio (+1.9%), followed by Pennsylvania (+0.8%) and Michigan (+0.7%). Employment decreased 1.5% in West Virginia. Year-over-year growth in manufacturing was 2.1% in Ohio. Among the contiguous states, manufacturing employment increased 4.2% in Indiana, 3.0% in Michigan, 1.5% in Kentucky and 0.9% in Pennsylvania and decreased 5.4% in West Virginia. Also contributing to the decline in total employment in West Virginia was a large decline in mining and logging employment.

For the Ohio and contiguous state region, employment increased 1.3% during the year ending in October, compared with a 1.5% increase outside the region. Growth in regional employment has outpaced growth outside the region since the trough in employment in February 2010 by 3.7% for Ohio and contiguous states to 3.4% for all other states.

Consumer Income and Consumption

Households skipped a beat in October. **Personal income** was unchanged as was disposable personal income. Real disposable personal income declined by 0.1% after being unchanged in September and declining 0.3% in August. **Personal consumption expenditures** decreased 0.2% after a 0.8% increase in September, leaving the **saving rate** little changed at 3.4%. The saving rate had increased to more than twice the current level during the depths of the 2007-09 recession.

Real Income and Consumption
12-Month % Change



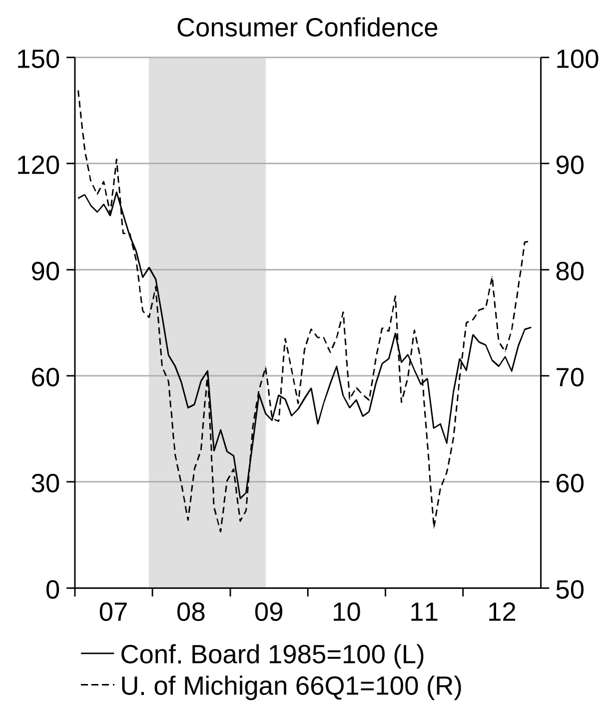
On balance since January, income growth has increased in absolute terms as well as relative to spending growth. For example, year-over-year growth in real disposable personal income increased from -0.2% in January to 1.2% in October while growth in real personal consumption expenditures actually slowed during the period from 1.8% to 1.3%.

The decline in consumption during October was the first since May and followed three solid gains during July-September, which followed a flat pattern during April-June. A drop in auto sales contributed to the decline in spending during October. Unit auto sales decreased by 4.4% in October to 14.23 million units from 14.88 million units in September, which was the highest annualized sales rate since March 2008. In a post-Sandy rebound, auto sales jumped to a 15.5 million unit pace in November – the highest sales rate since the recession began in December 2007.

Consumer spending appears to have picked up in November judging by a strong Black Friday. Chain store sales increased 3.3% during the week ending November 24, according to the International Council of Shopping Centers. Consumers pulled back during the first week in December, however, when sales fell by 3.1%. Compared with a year earlier, chain store sales were 3.2% higher in early December. Better job growth and a notable decline in gasoline prices have recently contributed positively to spending. The price of regular gasoline in Ohio fell to \$3.333 per gallon in the week of December 3rd, down 13.7% from \$3.862 per gallon during the week of September 17th.

Retailers in and around Ohio reported a modest rise in sales to the Federal Reserve Bank of Cleveland. Increases were broad-based with the exception of home furnishings. Some retailers expressed concern about the effect of potential federal tax increases on consumer spending that could occur at the end of the year. In general, retailers held positive expectations for the holiday shopping season.

Measures of **consumer confidence** were positive again in November. The Conference Board index increased in November for the third-straight month, with increases over the period occurring both in assessments of current conditions and expectations. The University of Michigan index was stable in November after large gains in recent months, as a small decline in expectations was offset by an increase in the assessment of current conditions. Both the Conference Board and University of Michigan indexes are above the average levels observed during recessions (6.0% and 18.6%, respectively), but they remain notably below average levels observed during expansions (24.6% and 7.1%, respectively).



Manufacturing

Industrial production decreased by 0.4% in October, but would have been higher by approximately 0.6% without the effects of Hurricane Sandy, according to the Federal Reserve. Manufacturing output decreased 0.9%, utility output decreased 0.1%, and mining output increased 1.5%. Hurricane Isaac, which hit in late August, and Hurricane Sandy, which hit at the end of October, have buffeted industry in recent months, disrupting activity and complicating analysis of economic data. Largely due to the storms and faltering overseas demand, industrial production in October was little changed on balance from the level at the start of the year.

In the absence of Hurricane Sandy, **manufacturing production** is estimated to have been flat in October instead of down by 0.9%. Auto assemblies increased marginally in October, but remained well below the average during the first eight months of the year. **Utility output** fell 0.1% despite a 0.2% increase in electricity output (despite widespread outages due to Sandy) and because of a decline in natural gas transmissions. **Mining output** increased by 1.5% due to a 5.8% increase in oil production, primarily from shale formations.

Factory shipments and **new orders** rebounded in September mainly reflecting a recovery in defense and aircraft activity and continuing a string of ups and downs that stretches back much of the year. Shipments increased by 0.9% for the third gain in the last six months following a 0.2% decrease in August. New orders jumped 4.8% recouping most of the 5.1% decrease in August, lifting the year-over-year change from a decline of 2.3% to an increase of 2.2%.

Factories in and around Ohio reported that new orders and production increased on net during October and early November, according to the Federal Reserve Bank of Cleveland. Increases were reportedly concentrated in aerospace, construction machinery, medical device, motor vehicle and oil and gas industries. Several producers cited negotiations over federal fiscal policy as a reason for expecting weak activity in the near-term. Steel producers attributed recent weakness in shipments to soft international demand.

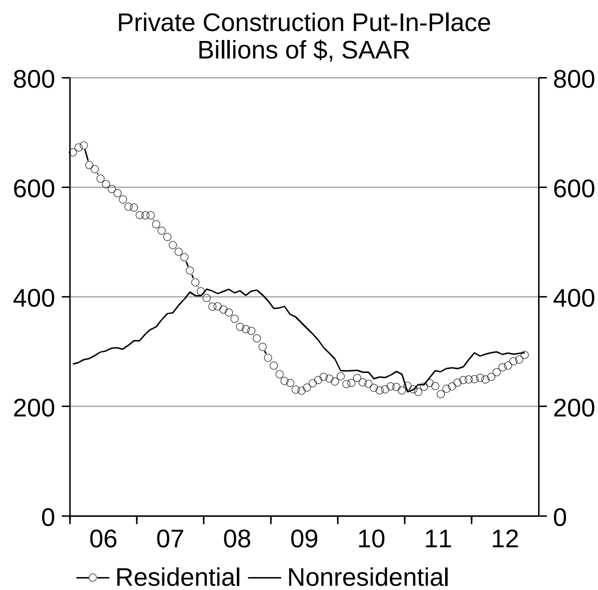
Across sectors, transportation orders increased 31.3% in September, almost recouping the 33.7% decrease in August. Total durable goods orders increased 9.8% after a 13.1% decrease in August. Nondefense capital goods orders increased 23.9% after a 23.9% decline in August. Cutting through the large month-to-month swings, new orders have weakened since winter, not unlike during the 1998 currency crisis and heading into the 2001 and 2007-09 recessions.

Manufacturing activity remained weak into November, according to the monthly **survey of purchasing managers** by ISM. Reports were mixed across industries, and little mention was made of effects from Hurricane Sandy. Reports of production strengthened during November. The new orders index fell to the neutral level while the index of order backlogs fell well below neutral to its lowest level since April 2009. Inventories were down again, and export orders were below neutral for the sixth straight month. The overall index fell to just below neutral for the fourth time in the last six months.

Construction

Total **construction put-in-place** increased 1.4% in October for the seventh consecutive monthly gain. Excluding improvements to residential properties, construction increased by 1.3%. Total construction in October was 9.6% above the year earlier level and up 16.9% from what looks increasingly with each passing month like the cycle low in March 2011, but remains 28.1% below its pre-recession peak.

Private construction increased 1.6% in October also for the seventh consecutive monthly gain. Private residential construction increased 3.0% to 20.8% above the year earlier level. Nonresidential construction edged higher by 0.3% to 10.7% above the year earlier level. In and around Ohio, builders reported increases in both residential and nonresidential activity, with particular strength noted in the multi-family segment, according to the Cleveland Federal Reserve survey.



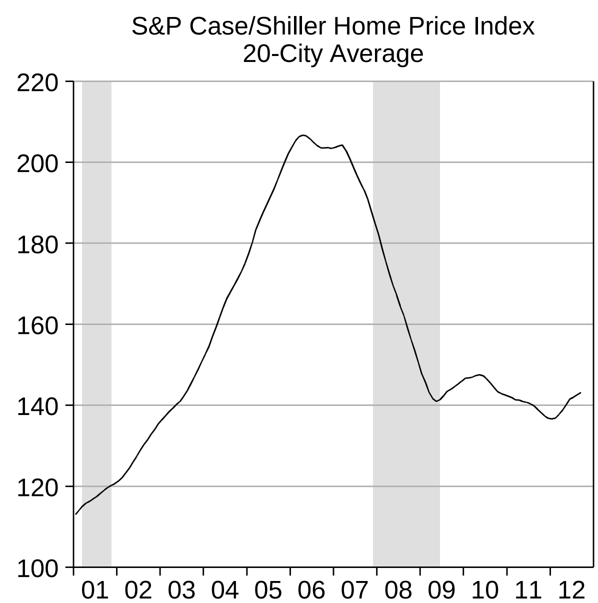
The **Architecture Billings Index** from the American Institute of Architects improved for the fourth month in a row in October, rising to 52.8 – the highest level since December 2010, and before that, December 2007. A level of 50.0 is neutral. The **Inquiries for New Work Index** increased for the fifth consecutive month to 59.4, which is an 8-month high. The **Billings Index for the Midwest** also improved for a fourth straight month, nosing above the neutral 50.0 level for the first time since March.

The 3-month moving average of **housing starts** increased 7.1% in October to the highest level since September 2008. Midwest housing starts increased 12.4% on a 3-month moving average basis in October on top of a 14.2% increase in September and a 6.9% increase in August. Despite the recent improvement, U.S. housing starts still proceeded during the three months ending in October at an annual rate of about only 40% of the pace set in the record year of 2005. Homebuilders continue to face buyers that have high debt levels, have large inventories of unoccupied houses in many markets, and struggle with still-challenging labor market conditions and expectations of little or no price appreciation.

Sales of existing homes increased 2.3% in October on a 3-month moving average basis on top of a 2.3% gain in September and a 1.6% increase in August. Sales were essentially unchanged on balance from January through July. Sales of existing homes in the Midwest have followed a similar pattern.

Sales of newly built homes increased 0.2% in October on a 3-month moving average basis, after a 0.8% rise in September. The September increase was revised lower from an initial estimate of 2.6%. Sales of newly built homes in the Midwest increased 4.1% in October on a 3-month moving average basis, partially recouping a decline of 7.6% in September that was originally reported as a decrease of 11.1%.

The **inventory of existing homes** declined further in October in both absolute terms and relative to the pace of sales. At 5.4 months in October, the length of time that would be necessary for the number of existing homes currently offered for sale to be sold was the lowest since March 2006. The **inventory of new homes** has flattened out in recent months, settling at 4.8 months to sell the current supply at the current pace of sales – the average during the most recent nine months. The measure peaked at 12.2 months in January 2009, and is near the historical norm.



Home prices posted an eighth-straight increase in September, according to the S&P/Case-Shiller 20-city composite home price index. The index increased 0.4% in September, lifting the total increase since the cyclical low point reached in January to 4.7%. The index was still down 30.7% from the all-time peak reached in April 2006. Home prices in Cleveland increased 0.6% in September after a 0.3% rise in August. Cleveland home prices are up 3.1% from the low point, but remain 18.8% below the peaked reached in January 2006.

REVENUES

November **GRF receipts totaled $2,103.7 million** and were $268.3 million (11.3%) below the estimate. Monthly tax receipts totaled $1,614.1 million and were $22.9 million (1.4%) below the estimate, while non-tax receipts totaled $478.6 million and were $245.4 million (33.9%) below the estimate. Transfers totaled $11.0 million and met the estimate. Year-to-date variances by category are provided in the following table ($ in millions).

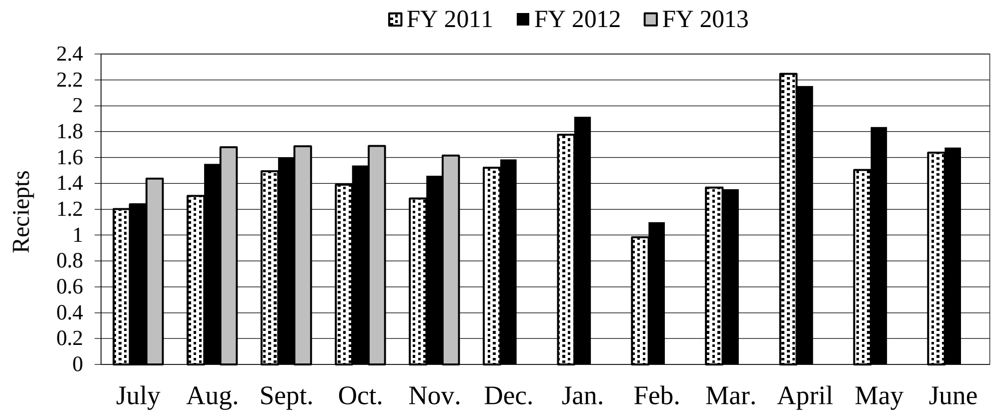
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	$54.8 million	0.7%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($396.3 million)	(10.7%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$3.7 million	5.5%
TOTAL REVENUE VARIANCE:		($337.8 million)	(2.9%)

Driven by weaker than expected performance in the personal income and commercial activity taxes, November tax receipts totaled $1,614.1 million and fell short of the estimate by $22.9 million (1.4%). On a year-over-year basis, monthly receipts were $156.1 million (10.7%) higher than they were in November 2011, with the largest contributions to this year-over-year growth attributable to the non-auto sales tax, personal income tax, and commercial activity tax.

GRF Revenue Sources Relative to Monthly Estimates - November 2012
($ in millions)

Individual Sources Above Estimate		Individual Sources Below Estimate	
Non-Auto Sales Tax	$10.1	Auto Sales Tax	($3.1)
Kilowatt Hour Tax	$3.0	Personal Income Tax	($10.3)
Foreign Insurance Tax	$1.4	Corporate Franchise Tax	($6.9)
Cigarette Tax	$1.9	Commercial Activity Tax	($16.0)
ISTV's	$10.6	Public Utility Tax	($4.1)
Other Sources Above Estimate	$1.0	Federal Grants	($254.2)
		Other Income	($1.5)
		Other Sources Below Estimate	($0.3)
Total above	**$28.0**	**Total below**	**($296.3)**

Tax Revenue Comparison by Month
($ in billions)



Non-Auto Sales and Use Tax

November non-auto sales tax receipts totaled $606.1 million and were $10.1 million (1.7%) above estimate. As mentioned in last month's report, a $22.0 million payment originally expected in October was instead made in November. Without this payment, non-auto receipts would have fallen short of the estimate by $11.9 million (2.0%). Year-to-date, this tax source is $31.3 million (1.0%) below the estimate. On a year-over-year basis, November 2012 receipts were $24.7 million (4.3%) above those of November 2011, which is partially explained by growth in Medicaid Health Insuring Corporations (MHIC) collections, resulting in more revenue this fiscal year than last. Fiscal year 2013 year-to-date receipts are $130.2 million (4.5%) higher than those at the same point in fiscal year 2012. Due to the relatively weak performance of this tax over the past few months, OBM is closely monitoring its performance to determine if a negative trend is emerging.

Auto Sales Tax

Auto sales tax receipts for the month of November totaled $78.0 million and were $3.1 million (3.8%) below the estimate, following higher-than-estimate performances in both September and October. The year-to-date total is now $2.2 million (0.5%) above the estimate. On a year-over-year basis, November 2012 receipts were $1.6 million (2.1%) below those of November 2011, while fiscal year 2013 year-to-date receipts are $23.9 million (5.5%) higher than the same point in the previous fiscal year.

Personal Income Tax

November personal income tax receipts totaled $640.7 million and were $10.3 million (1.6%) below the estimate. Repeating last month's pattern, the primary driver of this shortfall was again the withholding component, which totaled $667.7 million and was $9.3 million (1.4%) below the estimate. Other components that came in below the estimate were payments associated with annual returns and quarterly estimated payments with respective shortfalls of $1.9 million

(20.5%) and $1.3 million (9.5%). Refunds were lower than expected by $3.6 million (10.6%) which reduced the overall negative variance of this tax.

On a year-over-year basis, personal income tax receipts for the month of November were $57.5 million (9.9%) above the November 2011 level. The withholding component was the main contributor towards this year-over-year growth and was $39.6 million (6.3%) higher than the same month in the previous fiscal year. Further contributing were reductions in distributions to the local government fund that were $17.8 million (36.2%) lower than those of November 2011 as a result of changes contained in H.B. 153.

Despite consecutive negative monthly variances, fiscal year 2013 year-to-date personal income tax receipts are still $16.0 million (0.5%) above estimate and $291.5 million (9.2%) higher than those at the same point in fiscal year 2012.

FY2013 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	ESTIMATE NOV	ACTUAL NOV	$ VAR NOV	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$677.0	$667.7	($9.3)	$3,226.7	$3,231.1	$4.4
Quarterly Est.	$14.0	$12.7	($1.3)	$330.5	$349.7	$19.2
Trust Payments	$1.1	$0.3	($0.8)	$9.7	$14.5	$4.8
Annual Returns & 40 P	$9.3	$7.4	($1.9)	$121.2	$117.0	($4.2)
Other	$11.0	$11.5	$0.5	$41.7	$48.3	$6.6
Less: Refunds	($33.7)	($30.1)	$3.6	($149.7)	($159.8)	($10.1)
Local Distr.	($27.7)	($28.7)	($1.0)	($138.4)	($143.2)	($4.8)
Net to GRF	**$651.0**	**$640.7**	**($10.3)**	**$3,441.7**	**$3,457.7**	**$16.0**

Corporate Franchise Tax

Due to higher-than-anticipated refunds, corporate franchise tax receipts for the month of November were -$9.9 million compared to the estimate of -$3.0 million. Despite the negative monthly variance in November, year-to-date corporate franchise tax receipts are still $54.3 million above estimate, and $51.0 million higher than those at the same point in fiscal year 2012. As noted in previous months' reports, refund activity for the year-to-date has not been as high as expected and that combined with a number of unexpected one-time settlements have driven the year-to-date performance higher both relative to estimate and relative to FY 2012 performance. OBM anticipates that this pattern will not continue and that refund activity will pick up in the months ahead.

Commercial Activity Tax

November Commercial Activity Tax (CAT) receipts to the GRF totaled $168.6 million and were $16.0 million (8.6%) below the monthly estimate. On a year-over-year basis, GRF CAT receipts were $80.2 million (90.8%) higher than for those of November 2011, largely due to provisions contained in H.B. 153 that modified the distribution of CAT receipts, with the portion of total receipts being allocated to the GRF increasing from 25.0 percent in fiscal year 2012 to 50.0 percent in fiscal year 2013. All-funds CAT receipts for November totaled $343.5 million and were $28.6 million (7.7%) below the $372.2 million estimate. On a year-to-date basis, total GRF CAT receipts total $393.7 million and are $15.7 million (3.8%) below estimate, while all-funds CAT receipts are $391.2 million and are $22.7 million (2.8%) above the estimate of $825.9 million.

Public Utility Tax

The public utility tax continued its weak performance with November receipts totaling $16.9 million, which is $4.1 million (19.5%) below the estimate. As noted in previous monthly reports and similar to the kilowatt hour tax, the shortage in this tax source is largely the result of milder-than-expected weather and continued lower-than-expected natural gas prices. On a year-over-year basis, this tax source is $3.9 million (18.8%) lower than the same month in the previous fiscal year, while fiscal year 2013 year-to-date receipts are $12.0 million (21.5%) lower than those at the same point in fiscal year 2012.

Kilowatt-Hour Tax

Following shortfalls in August, September, and October, kilowatt hour receipts for the month of November totaled $20.8 million and were $3.0 million (16.6%) above the estimate, bringing the year-to-date total to $6.1 million (4.2%) below estimate. Earlier in the calendar year, the shortfall experienced in this tax source was largely the result of a milder-than-expected winter, though the shortfall following increased demand due to a warmer-than-usual summer was unexpected. OBM will continue to monitor this tax source in the coming months. On a year-over-year basis, this tax source was nearly equal to the November 2011 level, while year-to-date fiscal year 2013 receipts were $1.7 million (1.2%) higher than those at the same point in the previous fiscal year.

Foreign Insurance Tax

November receipts for the foreign insurance tax totaled $1.7 million and were $1.4 million (458.5%) above the estimate. Year-to-date, this tax source is $5.0 million (3.7%) above the estimate. On a year-over-year basis, November 2012 receipts were $1.2 million (273.2%) above those of November 2011, while year-to-date fiscal year 2013 receipts are $8.5 million (6.3%) above than the same point in the previous fiscal year.

Cigarette Tax

November cigarette tax receipts totaled $67.1 million and were $1.9 million (2.9%) above the estimate. Year-to-date, this tax source is $1.0 million (0.3%) below the estimate. On a year-over-year basis, November 2012 cigarette tax receipts were $2.2 million (3.1%) lower than those of November 2011, while year-to-date fiscal year 2013 receipts are $5.6 million (1.8%) lower than the same point in the previous fiscal year, a decline that is below the 3.0 percent decline we have seen with this tax source in recent years.

GRF non-tax receipts totaled $478.6 million in November and were $245.4 million (33.9%) below the estimate. This is largely the result of a combination of a revenue coding error that resulted in federal matching grants being incorrectly credited to the wrong funds and lower-than-estimated Medicaid spending. This error will be corrected in December and will be reflected in the federal grants published in the January monthly report. For the year to date, non-tax receipts are $396.3 million below estimates with federal grants again being the major factor. **GRF transfers** during the month of November were $11.0 million and met the estimate.

Table 1

GENERAL REVENUE FUND RECEIPTS

ACTUAL FY 2013 VS ESTIMATE FY 2013

($ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL NOVEMBER	ESTIMATE NOVEMBER	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	606,087	596,000	10,087	1.7%	2,993,517	3,024,800	(31,283)	-1.0%
Auto Sales & Use	78,033	81,100	(3,067)	-3.8%	454,940	452,700	2,240	0.5%
Subtotal Sales & Use	684,120	677,100	7,020	1.0%	3,448,457	3,477,500	(29,043)	-0.8%
Personal Income	640,698	650,954	(10,256)	-1.6%	3,457,679	3,441,659	16,020	0.5%
Corporate Franchise	(9,910)	(3,000)	(6,910)	-230.3%	53,298	(1,000)	54,298	5429.8%
Commercial Activity Tax	168,550	184,500	(15,950)	-8.6%	393,749	409,400	(15,651)	-3.8%
Public Utility	16,905	21,000	(4,095)	-19.5%	43,968	50,700	(6,732)	-13.3%
Kilowatt Hour	20,761	17,800	2,961	16.6%	137,046	143,100	(6,054)	-4.2%
MCF Tax	4,487	4,400	87	2.0%	15,189	18,100	(2,911)	-16.1%
Foreign Insurance	1,676	300	1,376	458.5%	142,754	137,700	5,054	3.7%
Domestic Insurance	11	0	11	N/A	4,764	(500)	5,264	1052.8%
Other Business & Property	130	0	130	N/A	346	(1,200)	1,546	128.8%
Cigarette	67,114	65,200	1,914	2.9%	301,692	302,700	(1,008)	-0.3%
Alcoholic Beverage	4,553	4,300	253	5.9%	23,679	25,400	(1,721)	-6.8%
Liquor Gallonage	3,321	3,300	21	0.6%	16,809	16,600	209	1.3%
Estate	11,637	11,100	537	4.8%	68,262	32,700	35,562	108.8%
Total Tax Receipts	1,614,052	1,636,954	(22,902)	-1.4%	8,107,692	8,052,859	54,833	0.7%
NON-TAX RECEIPTS								
Federal Grants	465,924	720,114	(254,190)	-35.3%	3,288,124	3,682,774	(394,650)	-10.7%
Earnings on Investments	(4)	0	(4)	N/A	2,263	1,500	763	50.8%
License & Fees	440	714	(274)	-38.4%	10,916	12,176	(1,260)	-10.3%
Other Income	439	1,952	(1,512)	-77.5%	3,679	13,439	(9,760)	-72.6%
ISTV'S	11,801	1,217	10,584	869.4%	12,211	3,627	8,584	236.7%
Total Non-Tax Receipts	478,600	723,996	(245,396)	-33.9%	3,317,192	3,713,516	(396,324)	-10.7%
TOTAL REVENUES	**2,092,652**	**2,360,950**	**(268,298)**	**-11.4%**	**11,424,884**	**11,766,375**	**(341,491)**	**-2.9%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	11,000	11,000	0	0.0%	62,000	62,000	0	0.0%
Transfers In - Other	0	0	0	N/A	8,872	5,166	3,706	71.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	11,000	11,000	0	0.0%	70,872	67,166	3,706	5.5%
TOTAL SOURCES	**2,103,652**	**2,371,950**	**(268,298)**	**-11.3%**	**11,495,756**	**11,833,541**	**(337,785)**	**-2.9%**

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2013 VS ACTUAL FY 2012
($ in thousands)

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**NOVEMBER FY 2013**	**NOVEMBER FY 2012**	**$ VAR**	**% VAR**	**ACTUAL FY 2013**	**ACTUAL FY 2012**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	606,087	581,346	24,741	4.3%	2,993,517	2,863,338	130,179	4.5%
Auto Sales & Use	78,033	79,671	(1,638)	-2.1%	454,940	431,059	23,881	5.5%
Subtotal Sales & Use	684,120	661,017	23,103	3.5%	3,448,457	3,294,397	154,060	4.7%
Personal Income	640,698	583,228	57,470	9.9%	3,457,679	3,166,177	291,502	9.2%
Corporate Franchise	(9,910)	(6,292)	(3,618)	-57.5%	53,298	2,310	50,988	2207.1%
Commercial Activity Tax	168,550	88,318	80,232	90.8%	393,749	195,906	197,843	101.0%
Public Utility	16,905	20,830	(3,925)	-18.8%	43,968	55,988	(12,019)	-21.5%
Kilowatt Hour	20,761	21,168	(407)	-1.9%	137,046	135,366	1,680	1.2%
MCF Tax	4,487	4,458	29	0.6%	15,189	18,169	(2,980)	-16.4%
Foreign Insurance	1,676	449	1,227	273.2%	142,754	134,243	8,511	6.3%
Domestic Insurance	11	0	11	N/A	4,764	58	4,707	8184.4%
Other Business & Property	130	0	130	N/A	346	(1,788)	2,133	119.3%
Cigarette	67,114	69,265	(2,151)	-3.1%	301,692	307,318	(5,626)	-1.8%
Alcoholic Beverage	4,553	4,274	279	6.5%	23,679	25,194	(1,515)	-6.0%
Liquor Gallonage	3,321	3,146	175	5.5%	16,809	16,279	530	3.3%
Estate	11,637	8,130	3,507	43.1%	68,262	34,500	33,762	97.9%
Total Tax Receipts	1,614,052	1,457,991	156,061	10.7%	8,107,692	7,384,116	723,576	9.8%
NON-TAX RECEIPTS								
Federal Grants	465,924	589,542	(123,618)	-21.0%	3,288,124	3,395,000	(106,876)	-3.1%
Earnings on Investments	(4)	0	(4)	N/A	2,263	1,186	1,076	90.7%
License & Fee	440	5,703	(5,263)	-92.3%	10,916	19,104	(8,188)	-42.9%
Other Income	439	1,345	(906)	-67.3%	3,679	6,243	(2,564)	-41.1%
ISTV'S	11,801	2,088	9,714	465.3%	12,211	6,219	5,991	96.3%
Total Non-Tax Receipts	478,600	598,678	(120,077)	-20.1%	3,317,192	3,427,754	(110,561)	-3.2%
TOTAL REVENUES	**2,092,652**	**2,056,668**	**35,984**	**1.7%**	**11,424,884**	**10,811,870**	**613,015**	**5.7%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	11,000	23,000	(12,000)	-52.2%	62,000	58,000	4,000	6.9%
Transfers In - Other	0	260	(260)	N/A	8,872	48,250	(39,378)	-81.6%
Temporary Transfers In	0	125,018	(125,018)	N/A	0	125,018	(125,018)	N/A
Total Transfers	11,000	148,278	(137,278)	N/A	70,872	231,268	(160,396)	-69.4%
TOTAL SOURCES	**2,103,652**	**2,204,946**	**(101,294)**	**-4.6%**	**11,495,756**	**11,043,138**	**452,619**	**4.1%**

DISBURSEMENTS

November 2012 GRF disbursements, across all fund uses, totaled $2,219.2 million and were $127.6 million (5.4%) below estimate. On a year-over-year basis, disbursements for November 2012 were $254.9 million (10.3%) lower than those of November 2011, as a result of a large temporary transfer out of the GRF to the local government and school district tangible personal property tax replacement funds in November 2011. Aside from this transfer, November 2012 disbursements are $29.6 million (1.3%) lower than those of November 2011. Year-to-date variances by category are provided in the table below:

Category	**Description**	**YTD Variance**	**% Variance**
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	($375.1 million)	(2.9%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$13.1 million	4.2%
TOTAL DISBURSEMENTS VARIANCE:		($362.0 million)	(2.7%)

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

Primary, Secondary and Other Education

This category includes expenditures made by the Department of Education, the eTech Ohio Commission, the Ohio State School for the Blind, and the Ohio School for the Deaf. November disbursements in this category totaled $583.1 million and were $25.1 million (4.5%) above the estimate.

November disbursements for the Department of Education alone totaled $579.7 million and were $23.8 million (4.3%) above the estimate. Expenditures for the school foundation program totaled $512.7 million and were $27.9 million (5.7%) above the estimate. The variance in the foundation funding line item is due to normal fluctuations between actual Average Daily Membership (ADM) and estimated ADM for the month. Additionally, foundation payments to school districts out of prior year encumbrances, which correct for normal fluctuations in student enrollment, were disbursed in October and November. These payments were originally planned for August and September, which caused lower than projected disbursements in those months and higher than estimated disbursements in October and November.

Higher Education

November disbursements for Higher Education totaled $183.2 million and were $8.8 million (4.6%) below the estimate for the month. The monthly variance is due primarily to spending in the Ohio College Opportunity Grant Program being below estimate by $6.9 million as a result of lower than expected requests for reimbursement from higher education institutions.

Year-to-date disbursements are $908.4 million, which is $13.4 million (1.5%) below the estimate. On a year-over-year basis, disbursements in this category were $35.4 million (16.2%) lower than for the same month in the previous fiscal year due to a decline in the November Higher Education lease rental payment resulting from the scheduled retirement of principal and interest obligations on previously issued lease rental bonds. Year-to-date expenditures are $22.0 million (2.4%) lower than at the same point in fiscal year 2012.

Public Assistance and Medicaid

November disbursements in this category, which include all GRF expenditures by the Ohio Department of Job and Family Services (ODJFS), totaled $1,042.9 million and were $100.5 million (8.8%) below the monthly estimate. Fiscal year-to-date expenditures are $5,958.1 million, which is $266.0 million (4.3%) below estimate.

<u>Public Assistance and Non-Medicaid</u>

ODJFS, Non-Medicaid, GRF disbursements totaled $61.1 million for the month of November and were $3.2 million (4.9%) lower than the estimate. Major monthly variances were attributable to the following:

- Disability Financial Assistance (ALI 600511) subsidy disbursements were $3.9 million (183.0%) below the estimate. This is mainly due to $3.3 million in program refunds being reported as negative expenditures within the line item, thereby reducing overall line item expenses.
- Program Support (ALI 600321) disbursements were $2.7 million (59.4%) below the estimate. This was due to higher than estimated prior year encumbrance spending occurring in October rather than in November as originally planned.
- Early Care and Education (ALI 600535) child care disbursements were $1.8 million (28.0%) below the estimate. For the fiscal year-to-date, this line item has been more heavily used than originally expected. ODJFS decreased utilization of this line item to fund subsidy disbursements during the month in order to right-size overall line item disbursements with original estimates.
- Child Support – Local (ALI 600502) subsidy disbursements were $1.6 million (49.8%) below estimate due to lower than expected county child support allocations made within the line item for the month.
- TANF State/Maintenance of Effort (ALI 600410) subsidy disbursements were $1.4 million (8.5%) below the estimate due to lower than expected Ohio Works First cash assistance payments made during the month. ODJFS plans to disburse all line item funds by the end of the fiscal year to ensure the federal TANF Maintenance of Effort is met.
- Child Care State/Maintenance of Effort (ALI 600413) disbursements were $7.7 million (118.2%) above the estimate. As mentioned in the October 2012 Governor’s Monthly Report, the line item variance was due to child care expenses being heavily funded with Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) federal grants. ODJFS utilized this line item heavier than originally planned for the month to offset the October 2012 variance.

- Information Technology Projects (ALI 600416) disbursements were $1.1 million (18.7%) above the estimate due to the line item being used to fund prior year encumbrances which were originally planned for October but that did not occur until November.

Medicaid

This sub-category includes expenditures by the Department of Job and Family Services for Medicaid services contained primarily in the 600525 line item. Please note that administrative costs related to the ODJFS program are included in the previous sub-category.

Expenditures

November GRF disbursements for the ODJFS portion of the Medicaid program totaled $981.7 million and were $97.3 million (9.0%) below the estimate and $17.8 million (1.8%) above disbursements in November 2011. GRF disbursements year-to-date are $5,629.7 million, which is $212.7 million (3.6%) below estimate and $129.0 million (2.3%) above the same point in the previous fiscal year. The categorical variances which contributed to the overall variance are discussed below.

All funds disbursements for the month of November totaled $1,186.2 million and were $98.5 million (7.7%) below the estimate and $17.6 (1.5%) above disbursements in November 2011. All funds year-to-date disbursements are $6,192.6 million, which is $219.2 million (3.4%) below the estimate and $87.4 million (1.4%) above the same point in the previous fiscal year.

The chart below shows the current month's disbursement variance by funding source:

	November Projection	November Actual	Variance	Variance %
GRF	$ 1,079,043,661	$ 981,729,846	$ (97,313,815)	-9.0%
Non-GRF	$ 205,694,364	$ 204,483,431	$ (1,210,933)	-0.6%
All Funds	$ 1,284,738,025	$ 1,186,213,277	$ (98,524,748)	-7.7%

Categorical Variances

Managed Care ABD and CFC – The $55.6 million negative variance within the managed care categories account for much of the total monthly underspend. The ABD category saw a lower caseload in November than originally expected. The negative variance in the CFC category is driven by lower-than-expected capitation payments, delivery payments, and caseload.

Department of Aging Waivers – Another negative variance was observed in the Aging Waivers category. In November, PACE and PASSPORT/Choices experienced lower-than-expected caseload volume. In addition, the service cost per consumer enrolled in PASSORT/Choices was lower than projected.

Hospitals – The monthly disbursement estimate had assumed spending above trend for payments remaining following the implementation of MITS in August 2011. Thus far, the increase in payments has not been realized, which helps to drive the $13.6 million negative monthly variance observed within the hospital category.

Caseload

Total November enrollment across all categories was 2.3 million. The most significant components are the Covered Families and Children (CFC) category, which decreased by 98,678 persons to a November total of 1.70 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 5,355 people to a November total of 374.2 thousand covered lives.

Total enrollment across all categories for the same period last year was 2.18 million covered persons, including 1.66 million persons in the CFC category and 404.9 thousand people in the ABD category. Please note that these data are subject to revision.

The drop in covered lives most visible in the CFC category is primarily driven by a correction to an eligibility issue caused by interfacing problems between systems. This issue led to high caseload, and when it was corrected, a large drop in covered lives was observed. The effects of the drop can be seen in caseload as well as the managed care expenditure categories.

Health and Human Services

This category includes GRF expenditures for the following state agencies: Health, Aging, Mental Health, Developmental Disabilities, and ODADAS. Examples of expenditures in this category include: administration of the state's psychiatric hospitals; operating subsidies to county boards of developmental disabilities; various immunization programs; and Ohio's long term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in this category instead of the previous category.

November disbursements in this category totaled $71.5 million and were $4.1 million (5.4%) below the estimate. On a year-over-year basis, this category was $17.3 million (31.8%) lower than the same month in the previous fiscal year. Year-to-date disbursements are $21.0 million (4.5%) below the estimate.

<u>Department of Health</u>
November 2012 disbursements for the Department of Health totaled $5.2 million and were $2.4 million (31.5%) below estimate. Year-to-date expenditures are $34.4 million, which is $14.5 million (29.7%) below the estimate for the year. Major monthly variances within individual line items were attributable to the following:

- Immunizations disbursements for the year continue to fall below estimate due to of delays in purchases. The department received approval for several waivers of competitive selection to move forward with several large vaccine purchases. It is expected that the purchases will be completed in the next few months and this program will not lapse funding over the full fiscal year.
- Mothers and Children Safety Net Services disbursements were $1.2 million below estimate for the month due to the department waiting for sub-grantees to complete all

compliance requirements prior to distributing funding to them. Spending in future months should exceed original monthly estimates, which will ensure that year-to-date spending will align with final year-to-date estimates.

- Help Me Grow disbursements were $1.2 million below the estimate due to a new funding distribution model where the department disburses funds to providers directly instead of the previous model where funds were disbursed to Family and Children First councils, who then disbursed the funds to providers. Claims for funds to the State have been delayed as providers adjust to this new methodology.

Department of Aging

November 2012 disbursements for the Department of Aging totaled $0.8 million and were $0.2 million (18.3%) below the estimate. This is primarily attributable to variances in payroll spending because a greater than planned share of this category is coming from non-GRF sources. Year-to-date expenditures are $5.3 million, which is $0.4 million (6.5%) below the estimate.

Department of Mental Health

November disbursements for the Department of Mental Health totaled $21.8 million and were $0.3 million (1.2%) above estimate. Year-to-date expenditures for the Department of Mental Health are $146.7 million, which is $8.9 million (5.7%) below the estimate. Major monthly variances within individual line items were attributable to the following:

- Expenditures within the Central Administration line item were $0.2 million (12.3%) above estimate due to higher-than-anticipated payroll costs.
- Preadmission Screening Expenses were also $0.1 million (100.0%) above estimate. Contract funds were not encumbered until late August and as a result, disbursements anticipated in the beginning of the fiscal year were instead made in October and November.

Department of Developmental Disabilities

November disbursements for the Department of Developmental Disabilities totaled $40.5 million and were $1.4 million (3.3%) below the estimate. The variance is primarily attributable to lower-than-anticipated spending in the Medicaid State Match line item, which was $1.4 million (3.6%) below the estimate as a result of below projection Transitions Waiver and ICF/IID expenditures. Medicaid State Match line item disbursements are $2.3 million (1.3%) below estimate for the year. Year-to-date expenditures for the department as a whole are $229.2 million, which is $3.7 million (1.6%) below estimate.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Correction and the Department of Youth Services. During the month of November, disbursements in this category totaled $125.4 million and were $0.8 million (0.6%) below the estimate. On a year-over-year basis, this category was $1.0 million (0.8%) below the same month in the previous fiscal year. Year-to-date disbursements of $898.1 million are $17.2 million (1.9%) below the estimate.

Department of Youth Services

November disbursements for the Department of Youth Services totaled $9.4 million and were $1.4 million (13.1%) below the estimate. This variance was largely caused by canceled encumbrances and subsidies planned for in November being paid in December.

General Government

November disbursements for the General Government category totaled $15.9 million and were $2.2 million (12.1%) below the estimate. On a year-over-year basis, this category was $1.0 million (6.1%) lower than the same month in the previous fiscal year. Year-to-date disbursements are $20.5 million (11.5%) below the estimate.

Tax Relief and Other

Payments from the tax relief category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. November disbursements for tax relief totaled $178.6 million and were $33.5 million (15.8%) below the monthly estimate of $212.1 million. For the year-to-date, tax relief payments are $881.7 million, which is $8.7 million (1.0%) above estimate. While the timing of tax relief payments are dictated by when counties submit their requests and it is common for this category to have sizable monthly variances, OBM expects this category to trend closer to estimate in the months ahead.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2013 VS ESTIMATE FY 2013
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL NOVEMBER**	**ESTIMATED NOVEMBER**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary, Secondary and Other Education	583,098	557,975	25,124	4.5%	3,009,047	3,042,797	(33,750)	-1.1%
Higher Education	183,231	191,990	(8,759)	-4.6%	908,435	921,845	(13,410)	-1.5%
Public Assistance and Medicaid	1,042,851	1,143,343	(100,492)	-8.8%	5,958,130	6,224,081	(265,951)	-4.3%
Health and Human Services	71,451	75,546	(4,095)	-5.4%	447,476	468,473	(20,997)	-4.5%
Justice and Public Protection	125,395	126,202	(806)	-0.6%	898,079	915,235	(17,156)	-1.9%
Environmental Protection and Natural Resources	13,729	13,950	(221)	-1.6%	38,476	39,281	(806)	-2.1%
Transportation	1,200	884	316	35.7%	3,752	4,998	(1,246)	-24.9%
General Government	15,921	18,103	(2,182)	-12.1%	157,399	177,916	(20,517)	-11.5%
Community and Economic Development	3,690	6,653	(2,962)	-44.5%	43,008	50,305	(7,297)	-14.5%
Tax Relief and Other	178,606	212,087	(33,481)	-15.8%	881,711	873,058	8,653	1.0%
Capital Outlay	0	0	0	N/A	137	0	137	N/A
Debt Service	10	0	10	N/A	428,020	430,803	(2,784)	-0.6%
Total Expenditures & ISTV's	**2,219,183**	**2,346,733**	**(127,550)**	**-5.4%**	**12,773,669**	**13,148,793**	**(375,124)**	**-2.9%**
Transfers Out:								
Operating Transfer Out	0	0	0	N/A	327,208	314,098	13,110	4.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**0**	**0**	**N/A**	**327,208**	**314,098**	**13,110**	**4.2%**
Total Fund Uses	**2,219,183**	**2,346,733**	**(127,550)**	**-5.4%**	**13,100,878**	**13,462,892**	**(362,014)**	**-2.7%**

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2013 VS ACTUAL FY 2012
($ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	NOVEMBER FY 2013	NOVEMBER FY 2012	$ VAR	% VAR	ACTUAL FY 2013	ACTUAL FY 2012	$ VAR	% VAR
Primary, Secondary and Other Education	583,098	563,328	19,770	3.5%	3,009,047	3,015,079	(6,032)	-0.2%
Higher Education	183,231	218,678	(35,447)	-16.2%	908,435	930,231	(21,796)	-2.3%
Public Assistance and Medicaid	1,042,851	1,006,369	36,482	3.6%	5,958,130	5,855,702	102,428	1.7%
Health and Human Services	71,451	54,196	17,255	31.8%	447,476	505,502	(58,026)	-11.5%
Justice and Public Protection	125,395	126,381	(986)	-0.8%	898,079	828,066	70,012	8.5%
Environmental Protection and Natural Resources	13,729	15,668	(1,939)	-12.4%	38,476	39,908	(1,432)	-3.6%
Transportation	1,200	804	396	49.3%	3,752	4,522	(770)	-17.0%
General Government	15,921	16,948	(1,027)	-6.1%	157,399	142,627	14,771	10.4%
Community and Economic Development	3,690	5,130	(1,439)	-28.1%	43,008	42,423	585	1.4%
Tax Relief and Other	178,606	241,068	(62,461)	-25.9%	881,711	864,645	17,067	2.0%
Capital Outlay	0	0	0	N/A	137	120	17	14.4%
Debt Service	10	0	10	N/A	428,020	180,056	247,964	137.7%
Total Expenditures & ISTV's	**2,219,183**	**2,248,569**	**(29,386)**	**-1.3%**	**12,773,669**	**12,408,881**	**364,789**	**2.9%**
Transfers Out:								
Operating Transfer Out	0	164	(164)	N/A	327,208	319,982	7,226	2.3%
Temporary Transfer Out	0	225,338	(225,338)	N/A	0	237,356	(237,356)	N/A
Total Transfers Out	**0**	**225,502**	**(225,502)**	**N/A**	**327,208**	**557,338**	**(230,129)**	**-41.3%**
Total Fund Uses	**2,219,183**	**2,474,071**	**(254,888)**	**-10.3%**	**13,100,878**	**12,966,218**	**134,659**	**1.0%**

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2013. Based on the estimated revenue sources for FY 2013 and the estimated FY 2012 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2013 is an estimated $552.0 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2013 nor should it be considered as equivalent to the FY 2013 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

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

FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2013
($ in thousands)

July 1, 2012 Beginning Cash Balance	**$ 973,446**
Plus FY 2013 Actual Revenues	20,443,500
Plus FY 2013 Actual Federal Revenues	8,151,329
Plus FY 2013 Actual Transfers to GRF	187,500
Total Sources Available for Expenditure & Transfer	**29,755,775**
Less FY 2013 Actual Disbursements	28,574,011
Less FY 2013 Actual Total Encumbrances as of June 30, 2013	236,790
Less FY 2013 Actual Transfers Out	392,981
Total Actual Uses	**29,203,782**
FY 2013 UNENCUMBERED ENDING FUND BALANCE*	**551,993**

*Note: Targeted one half of one percent year-end carryover balance is $143.9 million

OBM staff that contributed to the development of this report were:

Astrid Arca, Jason Akbar, Jim Bennett, Benjamin Boettcher, Frederick Church, Jim Coons, Paul DiNapoli, Rebecca Gray, Catherine Hookway, Joshua Hope, Kurt Kauffman, Deanna Kimball, Sári Klepacz, Isabel Louis, Matthew Martin, Jeff Newman, Katherine Nickey, Lawrence Parson, Steven Peishel, Leslie Piatt, Penny Rader, Aaron Rausch, Daniel Schreiber, Lillian Stockell, and Chris Whistler.