OBM

September 10, 2014

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

FROM: Timothy S. Keen, Director TK

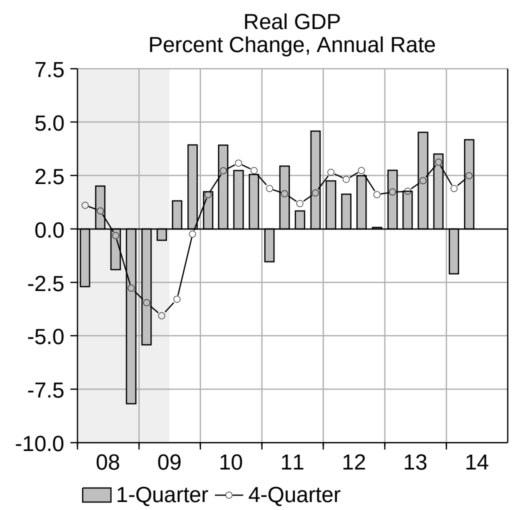
SUBJECT: Monthly Financial Report

## ECONOMIC SUMMARY

**Economic Performance Overview**

- The economy grew at a revised 4.2% annual pace in the second quarter, compared with a first-quarter decline of -2.1%. Growth was 1.0% annualized for the first half.
- U.S. employment growth slowed to 142,000 jobs in August, following six months with gains in excess of 200,000. The unemployment rate ticked back down to 6.1%.
- Ohio employment decreased by 12,400 jobs in July and the unemployment rate increased to 5.7%. Employment is up 24,400 year-to-date and the unemployment rate is down 1.8 points from a year earlier.
- Leading economic indicators remain consistent with uninterrupted growth at a modest pace across the country and in Ohio despite the setback in overall growth during the first quarter.

### Economic Growth




**Real GDP** growth in the second quarter was revised up slightly to 4.2% from the initial report of 4.0% and recent momentum across a broad selection of indicators shows that growth has continued in the third quarter. Compared with a year earlier, real GDP was up 2.5% in the second quarter – among the best year-over-year comparisons during this expansion.

The revision did not alter the broad-based nature of growth during the second quarter. The increase resulted from positive contributions from personal consumption expenditures, inventory accumulation, exports, nonresidential fixed investment, state and local government spending, and residential fixed investment. Imported goods and services, which are first included in the other categories and then later subtracted as a separate category, increased substantially. Imports were thus a drag on GDP. **Consumer spending** accelerated from 1.2% in the first quarter to 2.5% in the second quarter, with the fastest growth occurring in the durable goods segment, as unit sales of light motor vehicles increased 5.4%, or 23.4% at an annual rate. Unit sales dipped in July, but increased substantially to 17.4 million units at an annual rate in August – the fastest since January 2006. Consumers accounted for 1.7 percentage points of the 4.2% increase in real GDP. Fixed business investment was solid across the board, and investment in residential structures made a positive contribution following two straight quarterly declines. Businesses added much more to inventories in the second quarter than in the first, contributing 1.4 percentage points to overall growth. Together, consumer spending and inventory building accounted for 3.1 percentage points, or about three-quarters, of first-quarter growth.

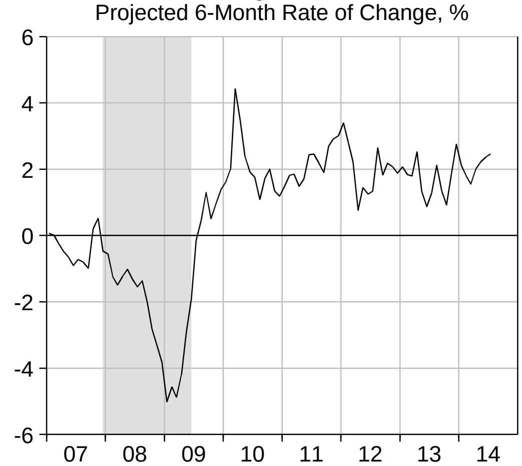
The upward revision to the change in real GDP during the second quarter primarily reflected upward revisions to investment in nonresidential structures, equipment, and intellectual property and exports. A larger sharing of spending than previously reported was for imported goods and inventories increased by less than previously reported, which partially offset the increases in other areas.

The rebound in real GDP during the second quarter is consistent with recent patterns in other major economic indicators, which also point to continued growth during the third quarter. In particular, leading indicators remain consistent with uninterrupted growth at least well into the fall. IHS Global Insight, for example, projects real GDP growth of 3.6% in the current quarter (Global Insight then predicts a deceleration to growth of 2.5% to 3.0% over the ensuing four quarters).

The 4-week moving average of **ECRI's Weekly Leading Index** declined in each of the four weeks ending in late August, reducing the 6-month smoothed annual rate of change to 2.3% from a recent peak of 5.3% in late May. At the same time, however, the composite **Leading Economic Index** from the Conference Board has remained strong, rising 0.9% in July, and at an annual rate of 7.0% during the six months ending in July – an acceleration from 4.0% during the previous twelve months.

According to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy has expanded at a solid pace in recent months. The economy in and around Ohio expanded at a moderate pace during the first part of the third quarter, according to a survey of businesses by the Federal Reserve Bank of Cleveland. The coincident index increased at an annual rate of 5.1% during the six months ending in July, up from 3.2% during the previous twelve months. 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.

Ohio Leading Economic Index
Projected 6-Month Rate of Change, %




Source: Philadelphia Federal Reserve Bank

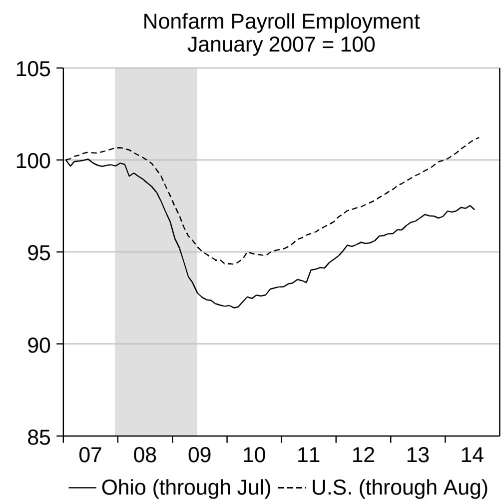
The diffusion of changes in the Coincident Economic Index across the 50 states remained mixed but generally positive in July. The index increased for 41 states compared with the month before, down from 46 states in June. The index increased in 47 states compared with three months earlier, down from 48 states in June. The diffusion of increases and decreases across states in the past has been a reliable and timely indicator of turning points in the business cycle, and continues to suggest uninterrupted growth in the Ohio and national economies.

The picture from the companion **Ohio Leading Economic Index** has strengthened in recent months, rising to 2.5% in July – the fourth straight month above 2.0%. The index, which is calculated by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of increase in the coincident index during the next six months. It reached a recent low of 0.9% in October 2013. 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 summer and into fall.

The diffusion of levels of the individual leading indexes from the Federal Reserve Bank of Philadelphia across states declined slightly in July but remained positive and the number of states with negative readings increased from 2 in June to 5 in July. Nonetheless, the recent pattern remains squarely consistent with continued economic expansion.

## Employment

Labor markets lost a little steam in late summer. Growth in **nonfarm payrolls** slowed to 142,000 jobs in August – the weakest showing since January. The changes in the two previous months were revised lower by a total of 28,000 jobs. The August increase was the first below 200,000 for six months, during which monthly job growth averaged 240,000. Despite the slowdown in August, the 6-month rate of change in employment remains very near the peak for this expansion, not far below the peak reached during the 2001-07 expansion, but well below the peak of the 1990s expansion.




The **unemployment rate** was little changed in August, edging back down by 0.1 percentage point to 6.1%, primarily as job seekers exited the labor force. The broadest measure of unemployment (called “U-6” by BLS), which in part includes people who would like to work but have stopped looking because of poor prospects, declined 0.2 points to 12.0%. This is a new low for this expansion. Average hourly earnings rose a modest 0.2%, up from 0.1% in July, maintaining the year-over-year rate of change at 2.1%. Growth in aggregate hours worked slowed to 0.1% from 0.2% in July. A similar-size increase in September would put the annualized rate of change for the quarter at only 2.1%.

The slowdown in job growth was evident across major sectors. Growth in construction employment slowed from 31,000 to 20,000 and manufacturing employment slowed from 28,000 to no change. Retail employment slipped from 21,000 to a decline of 8,000. Sectors registering modest acceleration were professional and business services (from 36,000 to 47,000), education and health services (33,000 to 37,000) and government (-1,000 to 8,000).

**Ohio employment** decreased by 12,400 jobs in July, and the 12,700 job increase for June was revised to 8,600 jobs. Year-to-date, Ohio employment is higher by 24,400 jobs, with the increases concentrated in professional and business services (+17,700), manufacturing (+11,700), and trade, transportation and hospitality (+7,100). Employment is lower on the year in financial activities and government (-5,500 each), education and health services and leisure and hospitality (-5,500 each), and information (-2,000).

According to the Federal Reserve Bank of Cleveland survey, businesses in and around Ohio want to add workers, but are having difficulty finding qualified candidates. Staffing firms have reported little change in the number of openings and placements.

The **Ohio unemployment rate** increased to 5.7% in July – the first rise since a 9-month string of declines that reduced the level by 2 percentage points to the lowest level since early 2007. The Ohio unemployment rate was 7.1% at the end of last year. The reduction in the rate since August of last year resulted both from a decline in the number of unemployed people (-110,117) and a rise in the number of employed people (+56,694). The difference between those two amounts, or -53,423, is the change in the labor force.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.2%), followed by increases in Kentucky and Michigan (+1.4% each), West Virginia (+1.0%), Pennsylvania (+0.9%), and Ohio (+0.5%). Year-over-year growth in manufacturing was 1.8% in Ohio. Among the contiguous states, manufacturing employment increased 4.6% in Indiana, 3.1% in Michigan, 1.5% in Kentucky, 1.4% in West Virginia, and decreased 0.7% in Pennsylvania.

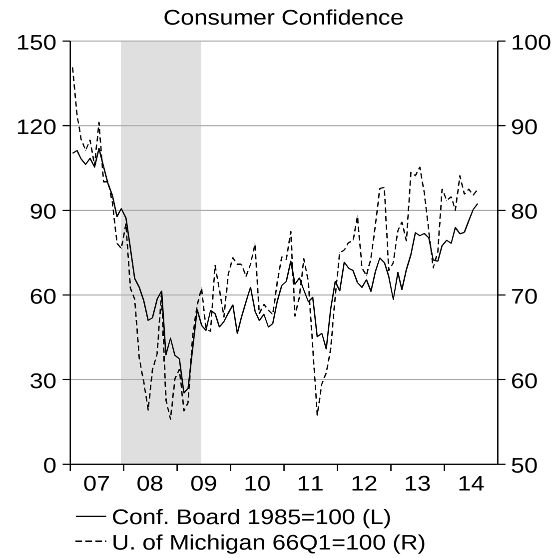
## Consumer Income and Consumption

**Personal income** growth slowed in July to an annual rate of 2.3% following a 6-month increase at an annual rate of 5.6% through June. Wage and salary disbursements, which account for more than one-half of personal income, have followed the same pattern. Compared with a year earlier, personal income was 4.3% higher in July and wage and salary disbursements were 5.3% higher. By comparison, consumer prices were only up 2.0%.

**Ohio personal income** increased 4.3% in the first quarter, compared with an upwardly revised increase of 5.0% nationally, which was followed by a 5.9% increase for the nation in the second quarter. First-quarter personal income was 3.1% higher than a year earlier in Ohio and 3.7% higher nationally. In a sign of the enduring recovery, Ohio first-quarter personal income was 18.3% above the cycle low reached in the third quarter of 2009 and 14.5% above the previous cycle high that was reached in the second quarter of 2008.

**Personal consumption expenditures** weakened even more than income, falling 0.1% in July after rising at an annual rate of 5.2% during the previous five months. July spending was affected in part by a 2.7% decline in unit sales of light motor vehicles, but likely rebounded in August due to strength in auto sales. Spending on nondurables and services also were weak in July. The result of recent patterns in income and spending has been a rise in the **saving rate** from 4.1% last December to 5.7% in July – the highest since December 2012, when tax law changes temporarily boosted income.

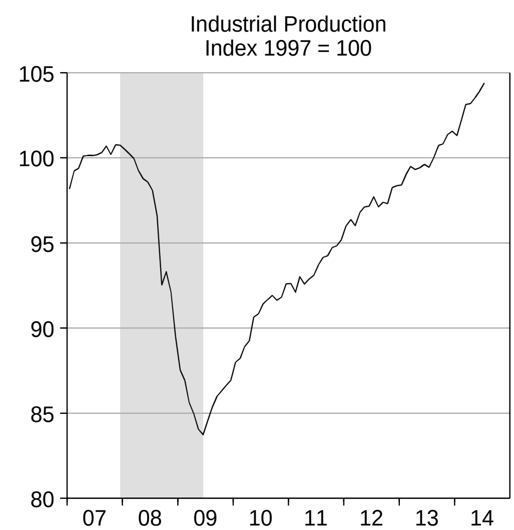
**Consumer confidence** improved during August, as substantially better assessments of current conditions more than outweighed slightly less favorable expectations of future conditions. The Conference Board Consumer Confidence Index increased to 92.4 – the highest mark since before the last recession – reflecting a very large increase in the present situation index. The Reuters/University of Michigan Index of Consumer Sentiment registered a smaller increase, but again reflecting an improvement in the assessment of present conditions that outweighed the deterioration in expectations. The recent pattern in consumer confidence is consistent with an economy that continues to expand at a moderate pace with no indication of a serious near-term setback.




Businesses in and around Ohio have recently reported to the Federal Reserve Bank of Cleveland that consumer discretionary spending is relatively weak, although sales of back-to-school items have been satisfactory. Some retailers report that online sales have risen recently even as sales from physical stores have stalled. Sales of motor vehicles have been brisk in and around Ohio. Recent strength in trucks and SUVs might be related to the pickup in construction activity. Auto dealers report a seasonal increase in inventories related to mode-changeover.

## Manufacturing

**Industrial production** increased 0.4% in July for the third solid gain in a row. Manufacturing production increased a very strong 1.0% reflecting a 13.2% increase in light motor vehicle assemblies. Assemblies were 8.6% higher during the twelve months ended July than in the previous 12-month period. Compared with a year earlier, industrial production was higher by 5.0% and manufacturing output was higher by 4.9%.




The strength in motor vehicle assemblies was of particular importance to the **Ohio economy**. Outside of motor vehicles, production across other industries that are important to Ohio was solid on the month. Production of **primary metal, fabricated metal, and machinery** increased 1.0%, 0.2% (after 1.2% in June), and 0.9% in July. Year-over-year increases in all three industries were greater than 6%.

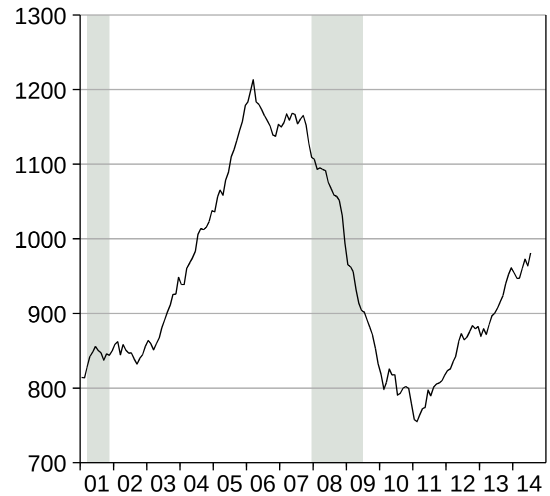
Together with the motor vehicle industry, these three industries account for almost one-half of manufacturing jobs in Ohio and approximately one out of every thirteen private sector jobs in the state.

The Federal Reserve Bank of Cleveland recently reported that new orders and production at factories in and around Ohio grew at a moderate pace in the early part of the third quarter. Companies experiencing the strongest demand have been in the food, motor vehicle and oil and gas industries. Steel shipments have shown normal seasonal weakness. Businesses reported positive outlooks.

Purchasing managers at manufacturing firms reported a very strong improvement in business conditions during August. The **purchasing managers index** increased from 57.1 in July to 59.0 in August – nearly back to the one-month cycle-high of 59.3 in February 2011. Readings near 50.0 are considered neutral, representing a balance between reports of rising and falling activity. The New Orders index jumped to 66.7 in August – its highest mark since December 2003. The Production index increased to 64.5 – its highest mark since early 2010 and before that December 2003. Recent reports from purchasing managers are highly indicative of strengthening manufacturing activity.

## <u>Construction</u>

Construction Put-In-Place
Billions of $, SAAR




**Construction put-in-place** rebounded 1.8% in July, after a 0.9% decline in June, to 8.2% higher than a year earlier. Upward revisions to previous months could lead to a modest further upward adjustment to second quarter real GDP growth. From the low point in February 2011, construction spending has increased 30.0%, or 8.0% annualized during the 41 months ending in July 2014. Despite this gain, the pace of construction remains 19.1% below the peak reached more than eight years ago in March 2006.

**Private construction** increased 1.4% in July and the June decline originally reported as 1.0% was revised up to a decline of 0.6%. The year-over-year comparison improved to a gain of 10.9% – still below the recent peak of 14.7% reached in January. **Residential construction** recovered 0.7% of the 1.5% decline during the previous two months, although much of the gain occurred in the statistically unreliable improvements category. **Nonresidential construction** decreased by 2.1%. Compared with a year earlier, private residential construction was higher by 8.0% and nonresidential construction was higher by 14.1%.

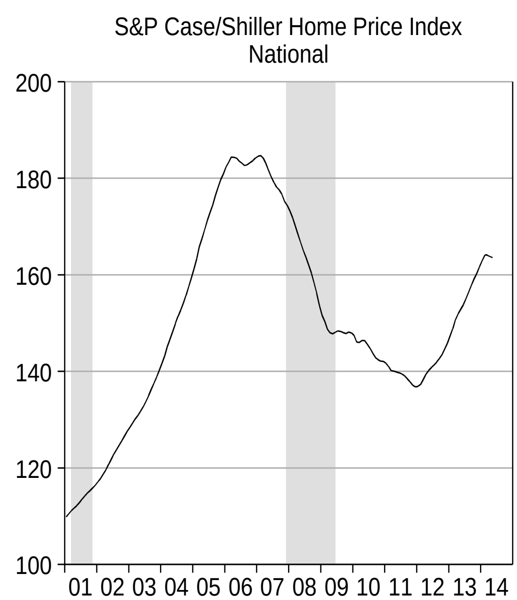
**Housing starts** increased 1.0% across the country on a 3-month moving average basis in July, more than reversing the upwardly revised decline of 0.2% in June. Midwest starts, however, declined 5.4% following a 3-month string of very strong increases totaling more than 75%. The more-forward-looking **housing permits** were down modestly for the third month in a row on a

3-month moving average basis. The June decline was the sixth in the last seventh months. Permits are down 3.1% from the peak seven months ago, but are still 3.6% ahead of the year earlier level. In contrast, Midwest permits increased in July on 3-month moving average basis for the fifth straight month to 16.9% above the year earlier level.

**Existing home sales** continued at advance in July, while **new home sales** stalled on a 3-month moving average basis. Sales of existing homes increased 3.4% nationally and 5.3% in the Midwest, while sales of newly built homes edged down 0.1% nationally and 6.7% in the Midwest. The recent pattern marks a definite shift from the notable weather-related weakness last winter. Continued low mortgage rates, somewhat easier financing terms and stronger job gains should continue to support housing sales through the end of summer and into the fall.

**The inventory of existing homes for sale** increased in July, but the number of houses for sale relative to the most recent monthly selling pace was unchanged at 5.5 months, indicating a healthy supply-demand balance. On the other hand, **the inventory of new homes for sale** increased for the fifth straight month, lifting the months' supply at current sales rate to 6.0 months – the highest mark since September 2011.

**Home prices** decreased on average across the country in June for the third monthly decline in a row. The string of modest declines followed 26 straight monthly increases. The year-over-year rate of change remained positive at 6.2%, down from a recent peak of 10.9% in October. The unexpected string of declines starting in April might be related to the weakening in housing activity generally during the first half of the year. In addition, lower-priced homes reportedly have been rising in price more rapidly than higher-priced homes, which might be related to a greater prevalence of negative equity among lower-priced home owners that is restraining the number of those houses being offered for sale. In any event, the recent softening in new home sales, rise in inventories of unsold new homes, and the weakening in price trends are inconsistent with the consensus for a broad acceleration in overall economic activity.



## *REVENUES*

August **GRF receipts totaled $2,451.1 million** and were $117.4 million (4.6%) below the estimate. Monthly tax receipts totaled $1,659.3 million and were $39.5 million (2.3%) below estimate, while non-tax receipts totaled $791.8 million and were $77.7 million (8.9%) below estimate. Variances for the fiscal year to date by category are provided in the following table ($ in millions).

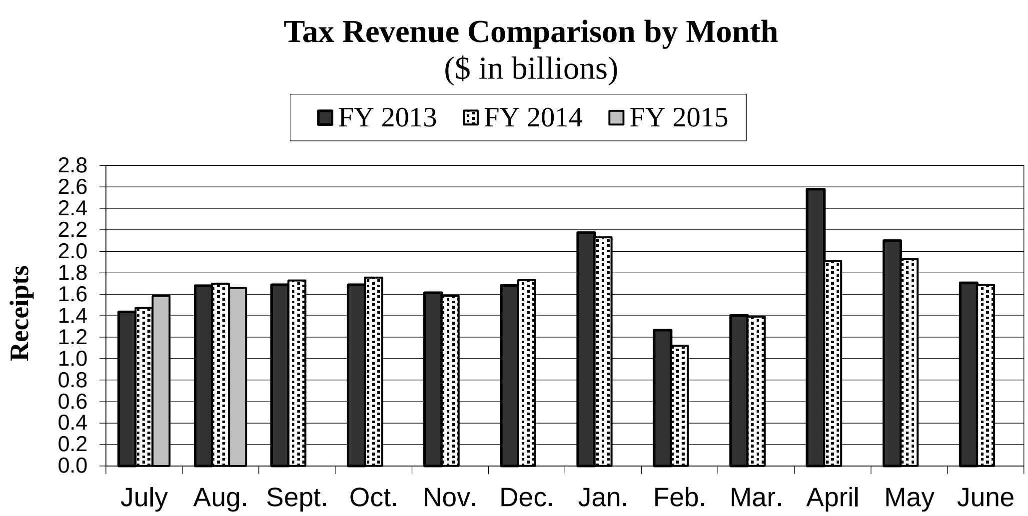
| Category | Includes: | YTD Variance | % Variance |
|---|---|---|---|
| Tax receipts | Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate | $25.9 million | 0.8% |
| Non-tax receipts | Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers | ($224.3 million) | -11.8% |
| Transfers | Budget stabilization, liquor transfers, capital reserve, other | ($0.4 million) | -7.4% |
| **TOTAL REVENUE VARIANCE:** | | **($198.8 million)** | **-3.9%** |

On a year-over-year basis, monthly receipts were $138.7 million (5.4%) lower than in August of the previous fiscal year, mainly due to a combination of lower income tax receipts and decrease in federal grants. A decrease in personal income tax receipts of $91.0 million (13.7%) was a major contributor to this year-over-year decline, offsetting the growth in sales tax receipts of $51.1 million (7.2%). Further adding to this decline was a decrease of $96.4 million (10.9%) in federal grants. The decrease in the income tax was due to several factors; the impact of the 10% cut in withholding rates (9% implemented in September 2013 and 1% in July 2014), the impact of the 2013 tax rate cuts (8.5%) and the small business deduction (50% of business income, up to a cap of $250,000 per taxpayer).

### GRF Revenue Sources Relative to Monthly Estimates – August 2014
### ($ in millions)

| **Individual Revenue Sources Above Estimate** | | **Individual Revenue Sources Below Estimate** | |
|---|---|---|---|
| Commercial Activity Tax | $24.1 | Federal Grants | ($73.4) |
| Natural Gas Distribution Tax | $1.5 | Non-Auto Sales Tax | ($32.8) |
| | | Personal Income Tax | ($19.4) |
| | | Auto Sales Tax | ($6.9) |
| | | License & Fees | ($3.5) |
| | | Alcoholic Beverage Tax | ($2.3) |
| | | Corporate Franchise Tax | ($2.2) |
| | | Kilowatt Hour Tax | ($1.4) |
| | | | |
| Other Sources Above Estimate | $1.6 | Other Sources Below Estimate | ($2.6) |
| | | | |
| **Total above** | **$27.2** | **Total below** | **($144.5)** |

**(Note: Due to rounding of individual sources, the combined sum of sources above and below estimate may differ slightly from the total variance.)**




### Non-Auto Sales and Use Tax

August non-auto sales and use tax collections totaled $658.8 million and were $32.8 million (4.7%) below estimate. The underage for the month can be attributed to a timing issue related to the payment of the Medicaid health insuring corporation (MHIC) sales tax. The August MHIC shortfall should be made up in September.

On a year-over-year basis, August 2014 receipts were $56.4 million (9.4%) above collections in the same month of the previous fiscal year. The positive variance was a function of both growth in the tax base and of the rate change enacted in H.B. 59. (The state tax rate increased from 5.5% to 5.75% in September, which has since boosted collections by approximately 4.5% relative to last year.)

**Auto Sales Tax**

August auto sales and use tax collections totaled $106.2 million and were $6.9 million (6.1%) below the estimate for the month. On a year-over-year basis, monthly receipts were below the amount collected in August of last year by $5.3 million (4.7%). This slow-down in auto sales tax collections is most likely temporary, given national demand for light-vehicles hit its highest level since January 2006, with a total of 17.4 million units sold in August.

**Personal Income Tax**

August personal income tax receipts totaled $573.7 million and were $19.4 million (3.3%) below the estimate. The withholding component was the major contributor to this shortfall, thus reversing its performance in July. This component totaled $601.9 million or $10.6 million (1.7%) below estimate. Considering the fact that the last payment day in July coincided with a Thursday, a normally large withholding collections day, it is a possible that a portion of the collections assumed for August were pulled into July. Withholding collections for the first two months combined totaled $1,265.1 million and were $15.4 million (1.2%) above the combined estimate. Also contributing to the negative variance were payments associated with annual returns which totaled $7.9 million and were $7.2 (48.0%) short of the estimate. August quarterly estimated payments meanwhile totaled $20.0 million and exceeded the estimate by $8.8 million (78.6%).

August refunds totaled $36.5 million and were $8.4 million (30.0%) above the estimate thus adding to the overall shortfall. This seems to fit with the OBM expectation that part of the impact of the various income tax reductions enacted by H.B. 59 might have been delayed from fiscal year 2014 to fiscal year 2015, and thus there will be refunds and reduced tax due payments associated with the extension returns filed in the early months of fiscal year 2015.

On a year-over-year basis, August personal income tax collections were $91.0 million (13.7%) below the August 2013 level. More than two-thirds of this reduction is due to the withholding component that was $67.0 million (10.0%) below the same month a year ago. Similar to the trend observed in July, refunds were up substantially in August also, totaling $36.5 million compared to $19.4 million for August of last fiscal year, an increase of $17.2 million (88.8%). The reason for this increase could be due to late refunds being claimed against the small business deduction. OBM will be closely monitoring this component in the coming months as extension returns for tax year 2014 are filed. Another component adding to this decline was the payments associated with annual returns. These payments totaled $7.9 million in August, and were $9.9 million (55.8%) below the level in August of last year.

| FY2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions) | | | | | | |
|---|---|---|---|---|---|---|
| | ESTIMATE AUG | ACTUAL AUG | $ VAR AUG | ESTIMATE Y-T-D | ACTUAL Y-T-D | $ VAR Y-T-D |
| Withholding | $612.5 | $601.9 | ($10.6) | $1,249.7 | $1,265.1 | $15.4 |
| Quarterly Est. | $11.2 | $20.0 | $8.8 | $25.1 | $33.6 | $8.5 |
| Trust Payments | $0.4 | $0.5 | $0.1 | $0.9 | $2.0 | $1.1 |
| Annual Returns & 40 P | $15.1 | $7.9 | ($7.2) | $24.7 | $17.3 | ($7.4) |
| Other | $8.4 | $7.2 | ($1.2) | $15.3 | $13.2 | ($2.1) |
| Less: Refunds | ($28.1) | ($36.5) | ($8.4) | ($91.8) | ($97.8) | ($6.0) |
| Local Distr. | ($26.4) | ($27.3) | ($0.9) | ($55.6) | ($56.4) | ($0.8) |
| **Net to GRF** | **$593.1** | **$573.7** | **($19.4)** | **$1,168.3** | **$1,177.1** | **$8.8** |

## Corporate Franchise Tax

As noted in previous months' reports, although the corporate franchise tax has been eliminated, prior year settlement activity continues. This results in a small amount of monthly activity for this tax, whether settlement payments or refunds, which by definition create variances, since the estimate for this tax is now zero. August corporate franchise tax receipts totaled -$2.2 million compared to the estimate of zero, and were $3.4 million (278.7%) lower than the collection for August 2013.

## Financial Institutions Tax

August financial institutions tax receipts totaled -$0.2 million against the estimate of zero. As this tax was introduced in January 2014, there is no year-over-over comparison of its performance at this time.

## Commercial Activity Tax

August commercial activity tax (CAT) receipts to the GRF totaled $177.6 million and were $24.1 million (15.7%) above the estimate. On a year-over-year basis, GRF CAT receipts were $7.4 million (4.3%) above the $170.2 million collected in August of the previous fiscal year. All-funds CAT receipts, meanwhile (net of refunds and attorney general fees) totaled $358.1 million and were $51.0 million (16.6%) above the $307.1 million estimate. On a year-over-year basis, August all funds receipts were $17.2 million (5.0%) above the $340.9 million collected in August of the previous fiscal year.

## Public Utility Tax

August public utility tax receipts totaled $28.4 million and were $0.6 million (2.2%) above the estimate of $27.8 million. On a year-over-year basis, August receipts were $2.5 million (9.8%) higher than in the same month of the previous year, due largely to an increase in natural gas prices compared to a year ago.

## Kilowatt-Hour Tax

August kilowatt hour tax receipts totaled $29.2 million and were $1.4 million (4.7%) below estimate for the second month this fiscal year. Year-over-year collections were $0.2 million (1.9%) below the level for the same month of the previous fiscal year, probably due to the milder summer weather and the resulting lower residential electricity consumption.

## Natural Gas Distribution Tax (MCF Tax)

August natural gas distribution tax receipts totaled $11.9 million and were $1.5 million (14.3%) above the monthly estimate. Year-over-year collections were somewhat below last year's total receipts of $12.1 million, or a small 1.9% decline compared to August of 2013.

## Cigarette and Other Tobacco Tax

Cigarette and other tobacco tax receipts for August totaled $68.9 million and were $0.8 million (1.1%) below the estimate of $69.7 million. On a year-over-year basis, August 2014 cigarette tax receipts were $1.0 million (1.4%) below the level for the same month of the previous fiscal year. However, year-to-date tax receipts were $6.7 million (7.9%) above the estimate, and $1.6 million (1.8%) above the level for the same period in fiscal year 2014.

**GRF non-tax receipts** totaled $791.8 million in August and were $77.7 million (8.9%) below the estimate. The majority of this shortfall was due to a $73.4 million (8.5%) negative variance in federal grants that can be primarily attributed to lower than estimated GRF Medicaid spending. In August there were no GRF transfers, an amount marginally below the estimate of $0.2 million.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2015 VS ESTIMATE FY 2015
($ in thousands)

| | MONTH | | | | YEAR-TO-DATE | | | |
|---|---|---|---|---|---|---|---|---|
| REVENUE SOURCE | ACTUAL AUGUST | ESTIMATE AUGUST | $ VAR | % VAR | ACTUAL Y-T-D | ESTIMATE Y-T-D | $ VAR | % VAR |
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 658,760 | 691,600 | (32,840) | -4.7% | 1,423,114 | 1,454,700 | (31,586) | -2.2% |
| Auto Sales & Use | 106,236 | 113,100 | (6,864) | -6.1% | 228,971 | 221,100 | 7,871 | 3.6% |
| Subtotal Sales & Use | 764,996 | 804,700 | (39,704) | -4.9% | 1,652,085 | 1,675,800 | (23,715) | -1.4% |
| Personal Income | 573,665 | 593,100 | (19,435) | -3.3% | 1,177,097 | 1,168,300 | 8,797 | 0.8% |
| Corporate Franchise | (2,179) | 0 | (2,179) | N/A | 1,436 | 0 | 1,436 | N/A |
| Financial Institutions Tax | (222) | 0 | (222) | N/A | (110) | 0 | (110) | N/A |
| Commercial Activity Tax | 177,579 | 153,500 | 24,079 | 15.7% | 204,789 | 178,000 | 26,789 | 15.1% |
| Petroleum Activity Tax | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Public Utility | 28,399 | 27,800 | 599 | 2.2% | 28,399 | 27,800 | 599 | 2.2% |
| Kilowatt Hour | 29,156 | 30,600 | (1,444) | -4.7% | 52,262 | 55,200 | (2,938) | -5.3% |
| Natural Gas Distribution | 11,888 | 10,400 | 1,488 | 14.3% | 13,212 | 11,500 | 1,712 | 14.9% |
| Foreign Insurance | 90 | 700 | (610) | -87.1% | 129 | 700 | (571) | -81.6% |
| Domestic Insurance | 703 | 0 | 703 | N/A | 7,457 | 0 | 7,457 | N/A |
| Other Business & Property | 11 | 0 | 11 | N/A | 11 | 0 | 11 | N/A |
| Cigarette and Other Tobacco | 68,917 | 69,700 | (783) | -1.1% | 91,433 | 84,700 | 6,733 | 7.9% |
| Alcoholic Beverage | 2,495 | 4,800 | (2,305) | -48.0% | 8,415 | 10,200 | (1,785) | -17.5% |
| Liquor Gallonage | 3,792 | 3,500 | 292 | 8.3% | 7,239 | 6,900 | 339 | 4.9% |
| Estate | 0 | 0 | 0 | N/A | 1,153 | 0 | 1,153 | N/A |
| Total Tax Receipts | 1,659,291 | 1,698,800 | (39,509) | -2.3% | 3,245,009 | 3,219,100 | 25,909 | 0.8% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 786,455 | 859,875 | (73,420) | -8.5% | 1,669,478 | 1,889,540 | (220,062) | -11.6% |
| Earnings on Investments | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| License & Fees | 4,270 | 7,752 | (3,482) | -44.9% | 4,910 | 8,392 | (3,482) | -41.5% |
| Other Income | 1,099 | 1,851 | (751) | -40.6% | 1,886 | 2,637 | (751) | -28.5% |
| ISTV'S | 0 | 0 | 0 | N/A | 2 | 2 | 0 | 0.0% |
| Total Non-Tax Receipts | 791,825 | 869,478 | (77,654) | -8.9% | 1,676,276 | 1,900,571 | (224,295) | -11.8% |
| TOTAL REVENUES | 2,451,116 | 2,568,278 | (117,162) | -4.6% | 4,921,285 | 5,119,671 | (198,386) | -3.9% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 0 | 200 | (200) | N/A | 5,003 | 5,400 | (397) | -7.4% |
| Temporary Transfers In | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers | 0 | 200 | (200) | N/A | 5,003 | 5,400 | (397) | -7.4% |
| TOTAL SOURCES | 2,451,116 | 2,568,478 | (117,362) | -4.6% | 4,926,287 | 5,125,071 | (198,784) | -3.9% |

## Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2015 VS ACTUAL FY 2014
($ in thousands)

| | MONTH | | | | YEAR-TO-DATE | | | |
|---|---|---|---|---|---|---|---|---|
| REVENUE SOURCE | AUGUST FY 2015 | AUGUST FY 2014 | $ VAR | % VAR | ACTUAL FY 2015 | ACTUAL FY 2014 | $ VAR | % VAR |
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 658,760 | 602,376 | 56,384 | 9.4% | 1,423,114 | 1,272,984 | 150,131 | 11.8% |
| Auto Sales & Use | 106,236 | 111,503 | (5,267) | -4.7% | 228,971 | 213,333 | 15,638 | 7.3% |
| Subtotal Sales & Use | 764,996 | 713,878 | 51,118 | 7.2% | 1,652,085 | 1,486,317 | 165,768 | 11.2% |
| Personal Income | 573,665 | 664,688 | (91,023) | -13.7% | 1,177,097 | 1,288,363 | (111,266) | -8.6% |
| Corporate Franchise | (2,179) | 1,219 | (3,398) | -278.7% | 1,436 | 2,145 | (708) | -33.0% |
| Financial Institutions Tax | (222) | 0 | (222) | N/A | (110) | 0 | (110) | N/A |
| Commercial Activity Tax | 177,579 | 170,227 | 7,352 | 4.3% | 204,789 | 190,343 | 14,447 | 7.6% |
| Petroleum Activity Tax | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Public Utility | 28,399 | 25,859 | 2,540 | 9.8% | 28,399 | 25,859 | 2,540 | 9.8% |
| Kilowatt Hour | 29,156 | 30,297 | (1,141) | -3.8% | 52,262 | 53,549 | (1,287) | -2.4% |
| Natural Gas Distribution | 11,888 | 12,123 | (235) | -1.9% | 13,212 | 13,541 | (329) | -2.4% |
| Foreign Insurance | 90 | 1,176 | (1,086) | -92.3% | 129 | 1,401 | (1,272) | -90.8% |
| Domestic Insurance | 703 | 5 | 698 | N/A | 7,457 | 54 | 7,403 | N/A |
| Other Business & Property | 11 | 3 | 8 | 282.8% | 11 | 29 | (18) | -63.0% |
| Cigarette and Other Tobacco | 68,917 | 69,900 | (983) | -1.4% | 91,433 | 89,845 | 1,588 | 1.8% |
| Alcoholic Beverage | 2,495 | 4,818 | (2,322) | -48.2% | 8,415 | 9,858 | (1,443) | -14.6% |
| Liquor Gallonage | 3,792 | 3,622 | 170 | 4.7% | 7,239 | 7,023 | 216 | 3.1% |
| Estate | 0 | 23 | (23) | N/A | 1,153 | 802 | 351 | 43.8% |
| Total Tax Receipts | 1,659,291 | 1,697,838 | (38,547) | -2.3% | 3,245,009 | 3,169,128 | 75,881 | 2.4% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 786,455 | 882,861 | (96,406) | -10.9% | 1,669,478 | 1,503,712 | 165,767 | 11.0% |
| Earnings on Investments | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| License & Fee | 4,270 | 7,373 | (3,103) | -42.1% | 4,910 | 7,920 | (3,010) | -38.0% |
| Other Income | 1,099 | 1,721 | (622) | -36.1% | 1,886 | 3,730 | (1,844) | -49.4% |
| ISTV'S | 0 | (2,443) | 2,443 | N/A | 2 | (2,443) | 2,444 | N/A |
| Total Non-Tax Receipts | 791,825 | 889,512 | (97,688) | -11.0% | 1,676,276 | 1,512,919 | 163,357 | 10.8% |
| TOTAL REVENUES | 2,451,116 | 2,587,350 | (136,234) | -5.3% | 4,921,285 | 4,682,047 | 239,238 | 5.1% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 0 | 2,445 | (2,445) | N/A | 5,003 | 7,719 | (2,717) | -35.2% |
| Temporary Transfers In | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers | 0 | 2,445 | (2,445) | N/A | 5,003 | 7,719 | (2,717) | -35.2% |
| TOTAL SOURCES | 2,451,116 | 2,589,795 | (138,679) | -5.4% | 4,926,287 | 4,689,766 | 236,521 | 5.0% |

## ***DISBURSEMENTS***

August GRF disbursements, across all uses, totaled $2,593.6 million and were $606.4 million (19.0%) below estimate. This was primarily attributable to lower than estimated disbursements in the Operating Transfer Out and Medicaid categories. On a year-over-year basis, August total uses were $94.7 million (3.8%) higher than those of the same month in the previous fiscal year, with Primary and Secondary Education responsible for the increase. 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) | ($265.1 million) | -4.6% |
| Transfers | Temporary or permanent transfers out of the GRF that are not agency expenditures | ($521.6 million) | -93.9% |
| **TOTAL DISBURSEMENTS VARIANCE:** | | **($786.8 million)** | **-12.4%** |

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

### Primary and Secondary Education

This category contains GRF spending for the Ohio Department of Education, minus property tax reimbursements. August disbursements for this category totaled $687.8 million and were $95.6 million (16.2%) above the estimate. Expenditures for the school foundation program totaled $626.4 million and were $80.9 million (14.8%) above the estimate. This variance was due to a portion of the school foundation payment, which should have been paid from the Lottery Profits Education Fund, but was instead paid using the General Revenue Fund. This variance will be corrected in September. Additionally, the variance in this category was partially due to the timing of a payment in the Student Assessments line that was originally estimated to occur in July, but occurred in August.

Year-to-date disbursements were $1,394.5 million, which was $74.2 million (5.6%) above the estimate. On a year-over-year basis, disbursements in this category were $131.4 million (23.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $264.0 million (23.4%) higher than at the same point in fiscal year 2014.

### Higher Education

August disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled $179.9 million and were $4.2 million (2.3%) below the estimate for the month. This variance was due to a single line item that was fully encumbered in August, but not actually disbursed as originally reflected in the agency disbursement estimates.

Year-to-date disbursements were $348.0 million, which was $0.4 million (0.1%) below the estimate. On a year-over-year basis, disbursements in this category were $18.7 million (11.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $34.5 million (11.0%) higher than at the same point in fiscal year 2014.

**Other Education**

This category includes non-debt service expenditures made by the Broadcast Education Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations.

August disbursements in this category totaled $5.4 million and were $1.6 million (23.2%) below estimate. Year-to-date disbursements were $12.0 million, which was $1.5 million (10.9%) below the estimate. On a year-over-year basis, disbursements in this category were $0.9 million (19.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $2.0 million (20.1%) higher than at the same point in fiscal year 2014.

**Medicaid**

This category includes all Medicaid disbursements from the H.B. 59-created “650 series” Medicaid line items. Therefore, this category includes all Medicaid spending on services and program support by the following six agencies: the Department of Medicaid (651 prefix), the Department of Mental Health and Addiction Services (652), the Department of Developmental Disabilities (653), the Department of Health (654), the Department of Job and Family Services (655), and the Department of Aging (656).

Please note that the total GRF disbursement estimates in fiscal year 2015 are lower than the original appropriations by $845.6 million. Transfers and other projected lapses account for $148.7 million. The remaining $697.0 million is due to lower than expected caseload. While enrollment steadily increased each month in fiscal year 2014, the rate of growth was lower than initially expected and was a key driver of the lower than expected spending. This spending trend is expected to continue in fiscal year 2015, and the disbursement estimates have been adjusted accordingly.

<u>Expenditures</u>
August GRF disbursements for the Medicaid Program totaled $1,269.4 million and were $164.9 million (11.5%) below the estimate, and $58.8 million (4.4%) below the same point in the previous fiscal year. Year-to-date GRF disbursements for the Medicaid Program totaled $2,756.6 million and were $289.8 million (9.5%) below the estimate, and $81.0 million (3.0%) above the same point in the previous fiscal year.

August all-funds disbursements totaled $1,771.9 million and were $40.3 million (2.2%) below the estimate, and $248.0 million (16.3%) above disbursements in the same month of the previous fiscal year. Year-to-date all-funds disbursements totaled $3,528.3 million and were $362.1

million (9.3%) below the estimate, and $469.6 million (15.4%) above disbursements in the same month of the previous fiscal year.

The August variance was due to a lower caseload in the MyCare managed care program and lower than anticipated cost across fee for service categories including hospitals, physician, and drugs. The year-to-date variance includes these and a managed care payment reconciliation that occurred in July that drove under spending in that month.

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

*(in millions, totals may not add due to rounding)*

| | Aug. Projection | | Aug. Actual | | Variance | | Variance % |
|---|---|---|---|---|---|---|---|
| GRF | $ | 1,434.3 | $ | 1,269.4 | $ | (164.9) | -11.5% |
| Non-GRF | $ | 377.9 | $ | 502.5 | $ | 124.6 | 33.0% |
| All Funds | $ | 1,812.2 | $ | 1,771.9 | $ | (40.3) | -2.2% |

<u>Enrollment</u>

Total August enrollment across all categories was 2.79 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 38,919 persons to an August total of 2.13 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 1,291 people to an August total of 176,577 covered lives. Individuals covered under Medicaid extension (eligibility group VIII) are included as part of the larger CFC category.

Total enrollment across all categories for the same period last year was 2.39 million covered persons, including 1.68 million persons in the CFC category and 183,381 people in the ABD category.

Please note that these data are subject to revision.

**Health and Human Services**

This category includes non-debt service GRF expenditures for the following state agencies: Job and Family Services, Health, Aging, Developmental Disabilities, Mental Health and Addiction Services, and others. Examples of expenditures in this category include: child care, TANF, 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 the previous category.

August disbursements in this category totaled $106.4 million and were $19.0 million (15.1%) below estimate for the month. Year-to-date disbursements were $255.4 million, which was $19.0 million (6.9%) below the estimate. On a year-over-year basis, disbursements in this category were $17.6 million (14.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $2.9 million (1.1%) lower than at the same point in fiscal year 2014.

Department of Job and Family Services

August disbursements for the Department of Job and Family Services totaled $58.0 million and were $4.9 million (7.8%) below estimate. This variance was primarily attributable to three lines. First, Program Support was $1.2 million (31.6%) below estimate due to rent and other payments not being made during the month as previously anticipated. Second, Early Care and Education was $2.0 million (37.6%) below estimate due to lower than estimated eligible children receiving subsidized child care during the month. Finally, Disability Financial Assistance was $1.4 million (82.2%) below estimate due to the timing of the quarterly county closeout process for the program.

Department of Mental Health and Addiction Services

August disbursements for the Department of Mental Health and Addiction Services totaled $32.0 million and were $9.8 million (23.5%) below estimate. This variance was attributable to payments in the Continuum of Care Services, Community Innovations, and Criminal Justice Services lines being made in July instead of August as expected. In addition, the Hospital Services line was $7.5 million (46.3%) over estimate in August due to purchases planned for July that were made in August instead.

Department of Health

August disbursements for the Department of Health totaled $9.5 million and were $3.9 million (29.2%) below estimate. This was primarily attributable to Help Me Grow disbursements being $1.8 million (33.8%) below estimate. A portion of this variance occurred as subsidy payments originally planned for August were instead paid in July. The remainder of the variance will be offset in future months as some subsidy payments will be paid later than planned.

**Justice and Public Protection**

This category includes non-debt service GRF expenditures by the Department of Rehabilitation & Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities.

August disbursements in this category totaled $173.5 million and were $34.5 million (24.9%) above estimate for the month. Year-to-date disbursements were $360.2 million, which was at estimate. On a year-over-year basis, disbursements in this category were $11.4 million (7.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $15.6 million (4.1%) lower than at the same point in fiscal year 2014.

Department of Rehabilitation and Correction

Department of Rehabilitation and Correction disbursements totaled $137.3 million in August, and were $35.7 million (35.2%) above the estimate. This variance was attributable to the timing of a third payroll in August, which was estimated to process in September. As a result, September disbursements will be lower by a proportional amount. Department disbursements year-to-date were $259.1 million, and were $6.4 million (2.5%) above estimate. This variance was within the normal range of agency disbursements during the fiscal year.

## General Government

This category includes non-debt service GRF expenditures by the Department of Natural Resources, Development Services Agency, Department of Agriculture, Department of Taxation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others.

August disbursements in this category totaled $37.4 million and were $4.9 million (11.6%) below the estimate. Year-to-date disbursements were $63.5 million, which was $7.4 million (10.4%) below the estimate. On a year-over-year basis, disbursements in this category were $0.8 million (2.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $5.5 million (8.0%) lower than at the same point in fiscal year 2014.

<u>Department of Administrative Services</u>
The Department of Administrative Services (DAS) disbursements totaled $2.2 million during the month of August and were $3.0 million (57.6%) below the estimate. This occurred chiefly because fiscal year 2015 building rental rates for state buildings managed by DAS are being finalized. As a result, August rent payments for GRF-supported agencies and vacant space were $2.4 million below the estimate and will occur later in the year. The remaining variance under the estimate stems from the timing of other invoice payments internal to DAS for Ohio Business Gateway and equal opportunity services. These will also occur after August.

## Property Tax Reimbursements

Payments from the property tax reimbursement 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. August disbursements of property tax reimbursements totaled $17.6 million and were $20.4 million (53.6%) below the estimate for the month. Year-to-date disbursements were $19.3 million and were $19.1 million (49.7%) below estimate. Both the monthly and year-to-date variances are due to reimbursement requests being received from counties slower than anticipated. The heaviest months for these payments in the first half of the fiscal year tend to be September through November and OBM expects that this variance will decrease over that time.

## Debt Service

August payments for debt service totaled $108.8 million, falling only $0.04 million shy of the estimate of $108.8 million. August disbursements were comprised of payments on certificates of participation for the STARS, OAKS, and MARCS projects, as well as general obligation bonds for the Public Works Commission’s conservation and state capital improvement debt.

## Transfers Out

August transfers out of the GRF totaled $7.4 million and were $521.7 million (98.6%) below estimate. This variance was due to the assumption that both the Medicaid Reserve Fund and

Small Business Deduction transfers would occur in August. However, neither of these transfers occurred. Due to the timing issue on these two large transfers, transfers out will be above estimate by approximately that amount in future months.

## Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2015 VS ESTIMATE FY 2015
($ in thousands)

| Functional Reporting Categories Description | MONTH ACTUAL AUGUST | MONTH ESTIMATED AUGUST | MONTH $ VAR | MONTH % VAR | YEAR-TO-DATE YTD ACTUAL | YEAR-TO-DATE YTD ESTIMATE | YEAR-TO-DATE $ VAR | YEAR-TO-DATE % VAR |
|---|---|---|---|---|---|---|---|---|
| Primary and Secondary Education | 687,775 | 592,143 | 95,632 | 16.2% | 1,394,478 | 1,320,282 | 74,197 | 5.6% |
| Higher Education | 179,917 | 184,100 | (4,183) | -2.3% | 348,014 | 348,452 | (438) | -0.1% |
| Other Education | 5,382 | 7,012 | (1,630) | -23.2% | 12,015 | 13,481 | (1,466) | -10.9% |
| Medicaid | 1,269,440 | 1,434,296 | (164,856) | -11.5% | 2,756,557 | 3,046,356 | (289,799) | -9.5% |
| Health and Human Services | 106,395 | 125,372 | (18,977) | -15.1% | 255,371 | 274,322 | (18,950) | -6.9% |
| Justice and Public Protection | 173,524 | 138,986 | 34,538 | 24.9% | 360,204 | 360,236 | (32) | 0.0% |
| General Government | 37,381 | 42,266 | (4,885) | -11.6% | 63,495 | 70,870 | (7,375) | -10.4% |
| Property Tax Reimbursements | 17,640 | 38,044 | (20,405) | -53.6% | 19,339 | 38,444 | (19,105) | -49.7% |
| Capital Outlay | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Debt Service | 108,754 | 108,793 | (39) | 0.0% | 340,221 | 342,375 | (2,154) | -0.6% |
| Total Expenditures & ISTV's | 2,586,207 | 2,671,011 | (84,805) | -3.2% | 5,549,695 | 5,814,818 | (265,123) | -4.6% |
| Transfers Out: | | | | | | | | |
| BSF Transfer Out | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Operating Transfer Out | 7,360 | 529,000 | (521,640) | -98.6% | 34,007 | 555,641 | (521,634) | -93.9% |
| Temporary Transfer Out | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers Out | 7,360 | 529,000 | (521,640) | -98.6% | 34,007 | 555,641 | (521,634) | -93.9% |
| Total Fund Uses | 2,593,567 | 3,200,011 | (606,445) | -19.0% | 5,583,702 | 6,370,459 | (786,757) | -12.4% |

## Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2015 VS ACTUAL FY 2014
($ in thousands)

| | MONTH | | | | YEAR-TO-DATE | | | |
|---|---|---|---|---|---|---|---|---|
| Functional Reporting Categories Description | AUGUST FY 2015 | AUGUST FY 2014 | $ VAR | % VAR | ACTUAL FY 2015 | ACTUAL FY 2014 | $ VAR | % VAR |
| Primary and Secondary Education | 687,775 | 556,364 | 131,411 | 23.6% | 1,394,478 | 1,130,481 | 263,998 | 23.4% |
| Higher Education | 179,917 | 161,227 | 18,690 | 11.6% | 348,014 | 313,507 | 34,508 | 11.0% |
| Other Education | 5,382 | 4,510 | 872 | 19.3% | 12,015 | 10,006 | 2,008 | 20.1% |
| Medicaid | 1,269,440 | 1,328,196 | (58,756) | -4.4% | 2,756,557 | 2,675,513 | 81,045 | 3.0% |
| Health and Human Services | 106,395 | 123,949 | (17,554) | -14.2% | 255,371 | 258,281 | (2,910) | -1.1% |
| Justice and Public Protection | 173,524 | 162,110 | 11,414 | 7.0% | 360,204 | 375,792 | (15,588) | -4.1% |
| General Government | 37,381 | 36,579 | 802 | 2.2% | 63,495 | 68,996 | (5,501) | -8.0% |
| Property Tax Reimbursements | 17,640 | 57,684 | (40,045) | -69.4% | 19,339 | 58,338 | (38,998) | -66.8% |
| Capital Outlay | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Debt Service | 108,754 | 61,321 | 47,433 | 77.4% | 340,221 | 313,143 | 27,079 | 8.6% |
| Total Expenditures & ISTV's | 2,586,207 | 2,491,940 | 94,267 | 3.8% | 5,549,695 | 5,204,056 | 345,639 | 6.6% |
| Transfers Out: | | | | | | | | |
| BSF Transfer | 0 | 0 | 0 | N/A | 0 | 995,930 | (995,930) | N/A |
| Operating Transfer Out | 7,360 | 6,945 | 415 | 6.0% | 34,007 | 196,995 | (162,988) | -82.7% |
| Temporary Transfer Out | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Transfers Out | 7,360 | 6,945 | 415 | 6.0% | 34,007 | 1,192,925 | (1,158,918) | -97.1% |
| Total Fund Uses | 2,593,567 | 2,498,885 | 94,682 | 3.8% | 5,583,702 | 6,396,981 | (813,279) | -12.7% |

## *FUND BALANCE*

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2015. Based on the estimated revenue sources for FY 2015 and the estimated FY 2015 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2015 is an estimated $631.6 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2015 nor should it be considered as equivalent to the FY 2015 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF unencumbered 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.

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2015
($ in thousands)

| | |
|---|---|
| **July 1, 2014 Beginning Cash Balance** | **$ 1,700,065** |
| Plus FY 2015 Estimated Revenues | 21,139,610 |
| Plus FY 2015 Estimated Federal Revenues | 8,990,764 |
| Plus FY 2015 Estimated Transfers to GRF | 648,386 |
| **Total Sources Available for Expenditure & Transfer** | **32,478,825** |
| Less FY 2015 Estimated Disbursements | 30,912,356 |
| Less FY 2015 Estimated Total Encumbrances as of June 30, 2015 | 328,448 |
| Less FY 2015 Estimated Transfers Out | 606,390 |
| **Total Estimated Uses** | **31,847,193** |
| **FY 2015 UNENCUMBERED ENDING FUND BALANCE** | **631,632** |

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

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