OBM

April 13, 2015

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

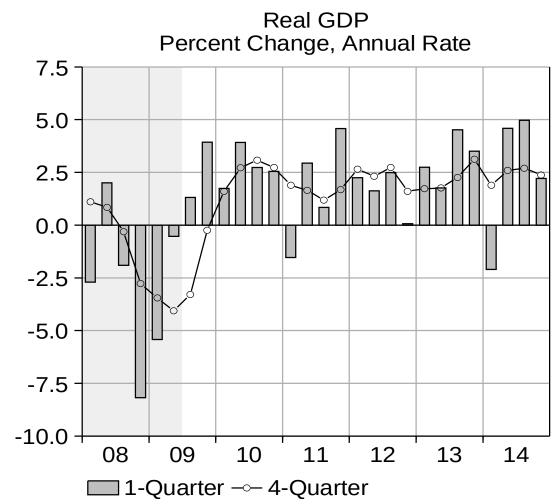
ECONOMIC SUMMARY

Economic Performance Overview

- Economic growth appears to have slowed from the 2.2% fourth-quarter pace during the first quarter. Forecasters still expect a pick-up in growth during the balance of the year.
- U.S. employment growth slowed to 126,000 jobs in March from an average of 281,000 during the previous six months. The unemployment rate was unchanged at 5.5% – the low for the expansion.
- Ohio employment increased by 3,300 jobs in February and the unemployment rate was unchanged at 5.1%.
- The recent weakening in many measures of economic activity is likely the result of temporary factors, including unusually severe winter weather, the unprecedented drop in the price of oil, strengthening in the foreign exchange value of the U.S. dollar, and the work disruptions at West Coast ports.

Economic Growth

Economic growth appears to have slowed further during the first quarter. **Real GDP** increased 2.2% in the fourth quarter. This figure has been revised downward from the initially reported 2.6%, and is a large deceleration from the 4.6% and 5.0% growth during the previous two quarters. More than all of the fourth quarter increase came from personal consumption expenditures, as all other categories combined subtracted from overall growth. Increases in fixed investment were modest, business inventories declined slightly, net exports subtracted from growth as imports outpaced exports, and government spending declined.



Consumers have benefited from lower prices for gasoline and import prices, which have been suppressed by the substantial increase in the foreign exchange value of the dollar. Fixed investment has been negatively affected by cutbacks in capital spending among companies in the oil and gas industry.

A number of economic measures weakened notably during the winter – from retail sales to manufacturing activity to construction put-in-place. The broader evidence, however, remains consistent with uninterrupted economic expansion throughout 2015, after what is likely to have been a lackluster first quarter. The unusually severe winter weather, the unprecedented drop in the price of oil, the strengthening in the foreign exchange value of the U.S. dollar, and the work disruptions at West Coast ports combined to temporarily knock growth down a notch or two for the quarter. The consensus among economists is that the drop in oil and gasoline prices is a net benefit for the U.S. economy, but the drop may have had a negative impact in the short term since the decrease in oil-related investment may have happened quicker than the predicted increase in household consumption or business production due to lower costs.

The leading indicators still point to continued economic growth. The 6-month smoothed percent change in the **Leading Economic Index** from the Conference Board was 5.2% in February – down from its peak of 7.2% last July, but well above the zero level that would signal potential recession. After weakening significantly starting last May, the **Weekly Leading Index** from the Economic Cycle Research Institute strengthened throughout March.

One of the simplest and most reliable indicators of recession, namely the change in the unemployment rate, remains highly consistent with continued growth. The monthly unemployment rate has increased at least 0.5 percentage points from its lowest level during the previous twelve months around the beginning of each business cycle recession since the 1940s (see the graph below). In contrast, the unemployment rate has been declining over the past twelve months. The rate would have to rise from the current level of 5.5% to 6.0% during the next twelve months to spark real concern about imminent recession.

The consensus among economic forecasters is that growth will pick up during the balance of 2015 after a first-quarter lull. IHS Global Insight predicts a 3.0% increase in real GDP in 2015, up from 2.4% in 2014. If realized, that would be the fastest growth for a full year since 2005. The primary source of the projected acceleration in activity is the effect of lower gasoline prices, which have added an estimated $1,100 to the spending power of the average household. Foreign trade is expected to remain a drag on growth, as the strong dollar prompts U.S. consumers and businesses to shift purchases from domestic-made to foreign-made goods. Somewhat faster growth in overseas economies could partly offset the effect of the stronger dollar.

Federal Reserve monetary policy remains a wild card. The Fed ended its monthly bond purchases last fall and, following the most recent meeting in March, indicated a greater likelihood that a higher level of short-term interest rates will be appropriate before the end of 2015. The exact timing and size of a move is uncertain, but if economic growth strengthens as anticipated the Fed may well lift short-term interest rates before year-end. Increases in interest rates arising from stronger economic growth should not themselves be an impediment to continued economic growth.

Employment

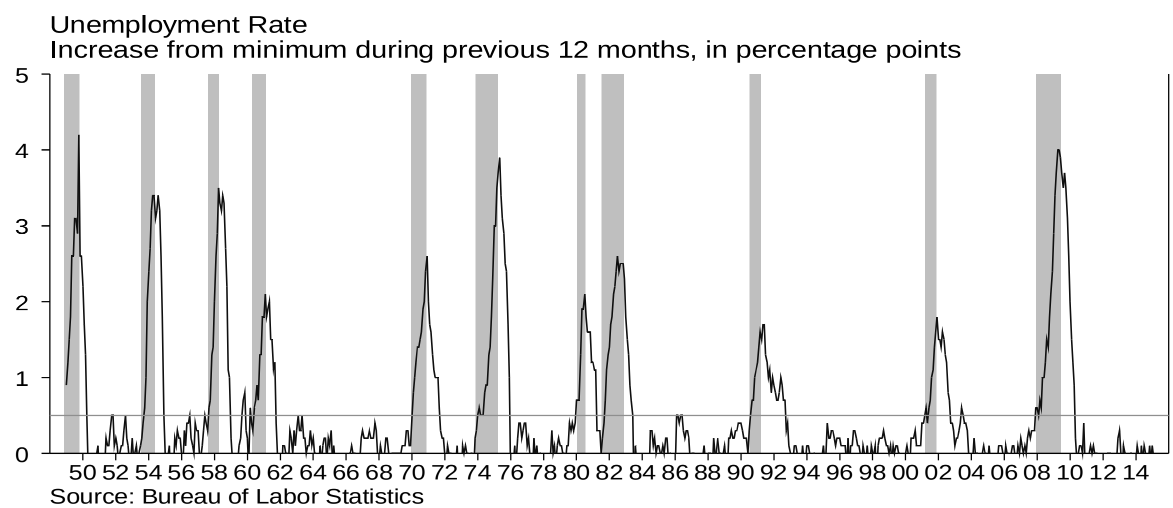
Labor markets across the country softened in March. **Nonfarm payrolls** increased by 126,000 jobs in March. The January and February gains were revised lower by a total of 69,000 jobs, although the February gain was still 264,000 jobs. Monthly job gains averaged 281,000 during the previous six months and 269,000 jobs during the previous twelve months.

At the same time, however, the recent pattern in **initial claims** for unemployment compensation remains consistent with sound labor market fundamentals. The 4-week average was 284,750 at the end of March. That is just about the middle of the 279,000 to 309,000 range since last July and 7% below the recent high of 307,000 reached in mid-January. The recent pattern in initial jobless claims remains consistent with a healthy and expanding labor market and overall economy.

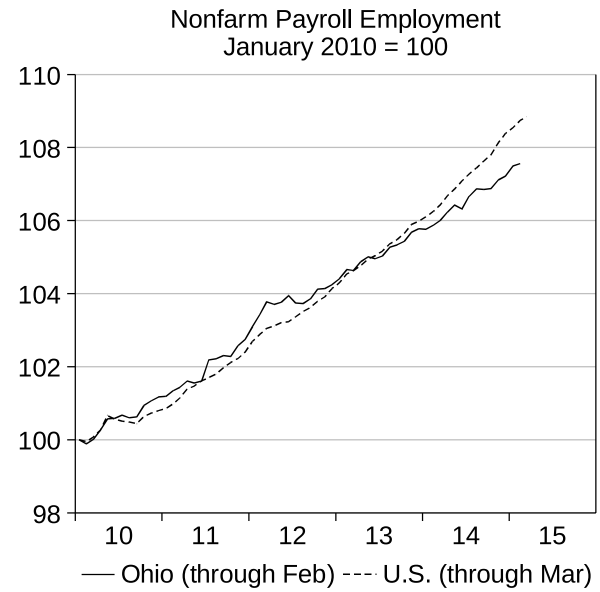
The pattern of job gains and losses across sectors during March in part reflected the major factors driving overall economic activity. Construction employment declined by 1,000 jobs after rising by an average of 36,000 jobs per month during the previous four months, partly reflecting the more severe than usual winter weather. Mining employment fell by 11,000 jobs for the second month in a row after having risen for many months through last December, reflecting the drop in energy prices. Manufacturing employment declined by 1,000 jobs – the second weak month in a row – after rising by an average of 26,000 jobs during October-January.

Employment increases were concentrated in professional and business services (+40,000), education and health services (+38,000), retail trade (+26,000), and leisure and hospitality (+13,000).

The **unemployment rate** was unchanged at 5.5% in March. In addition, the broadest measure of unemployment – the so-called U-6 rate – which includes people who want to work but have stopped looking because of poor perceived prospects, decreased 0.1 percentage point to 10.9% – down 1.7 percentage points from a year earlier and the lowest mark since August 2008.



Ohio nonfarm payroll employment increased by 3,300 jobs in February after a downwardly revised gain of 14,000 jobs in January. Employment was mixed across sectors during February. Government payrolls increased by 6,100 jobs, followed by leisure and hospitality (+3,200), construction (+2,900), trade, transportation and utilities (+2,200), and manufacturing (+1,500). Gains were partly offset by employment declines in professional and business services (-6,400), education and health services (-3,100), other services (-1,400), and financial activities (-1,300).



Compared with a year earlier, Ohio employment is higher by 84,400 jobs. The largest employment gains occurred in trade, transportation and utilities (+9,800), manufacturing (+5,700), education and health services (+5,200), and leisure and hospitality (+5,200). The only notable employment declines during the year ending in February occurred in professional and business services (-6,600) and government (-3,600).

Among the **contiguous states**, year-over-year employment growth was strongest in Michigan (+2.3%), followed by Indiana (+2.2%), Kentucky (+2.1%), Ohio (+1.6%), Pennsylvania (+1.0%) and West Virginia (+0.4%). Year-over-year growth in manufacturing was 2.0% in Ohio. Among the contiguous states, manufacturing employment increased 4.2% in Michigan, 3.8% in Kentucky, 2.9% in Indiana, 0.6% in Pennsylvania, and 0.4% in West Virginia.

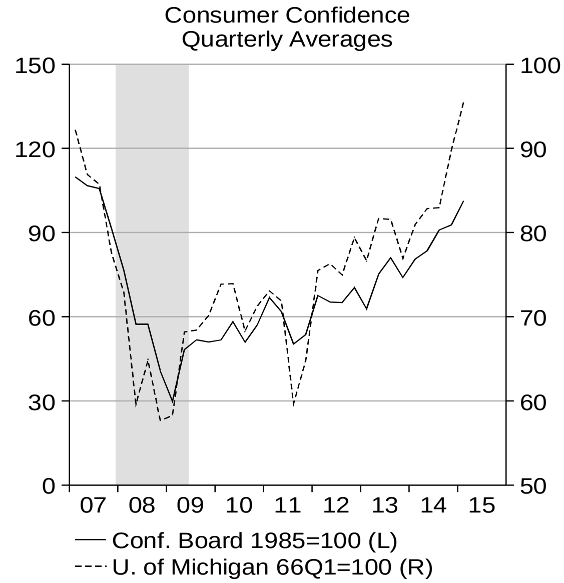
The **Ohio unemployment rate** was unchanged at a revised level of 5.1% in February, the same as in December and January. The number of unemployed people declined by 1,991 in February, while the number of employed people increased by 7,762 and the labor force increased by 5,771 people. The unemployment rate is down 1.1 percentage points from a year ago, and is less than one-half its peak level of 11.0% reached in January 2010.

Across the country in February, the unemployment rate in nine states decreased by a statistically significant margin. The unemployment rate increased by a significant margin in only one state – North Dakota, presumably reflecting the slowdown in energy-related activities. The unemployment rate in the other forty states, including Ohio, and the District of Columbia was not significantly different from the January level.

<u>Consumer Income and Consumption</u>

Personal income increased 0.4% in February after an upwardly revised rise of 0.4% in January. **Wage and salary disbursements** decelerated from 0.6% in January to 0.3% in February. Disposable personal income growth slowed from 0.5% in January to 0.4% in February, reflecting in part a slowdown in **personal current transfer receipts** that had temporarily jumped in

January due to cost of living increases in social security benefits and other federal transfer payment programs. Compared with a year earlier, both personal income and wage and salary disbursements were up 4.5%.



In comparison, the Consumer Price Index (CPI) was down 0.1% year-over-year in February. The core CPI was up 1.7% year-over-year, and the Median CPI from the Cleveland Federal Reserve was up 2.2% year-over-year.

Personal consumption expenditures increased 0.1% in February following back-to-back monthly declines of 0.2%. Spending on durable goods fell 1.0% after a 0.4% increase in January and a 1.4% decline in December. **Sales of light motor vehicles** fell 2.5% in February to an annual rate of 16.2 million units after modest declines in December and January. Vehicle sales turned around in March, rising 5.5% to an annual rate of 17.1 million units – the best since November and, before that, last August. Spending on non-durable goods recovered 0.4% in February from a 2.5% decline in January that was preceded by a weak string during August-December. Spending on services increased 0.2%.

The recent weakness in consumer spending despite continued growth in incomes reflects the sharply lower price of gasoline, the unusually harsh winter weather, the likely temporary pullback in spending on motor vehicles, and possibly a natural ebbing from the burst in spending last fall.

Income and spending are likely to pick up in coming months, reflecting continued gains in employment and earnings and the better level of **consumer confidence**. The Consumer Confidence Index from the Conference Board improved in March after dipping in February from its high for this expansion, which was reached in January. The increase was entirely the result of improved expectations, as the assessment of current conditions deteriorated modestly for a second straight month.

The Index of Consumer Sentiment from the University of Michigan trailed off for a second month in March, but the average for the first quarter was the highest since 2004. Falling gasoline prices were an important factor boosting confidence early in the winter, and the harsh weather was a factor eroding confidence in the most recent two months.

Manufacturing

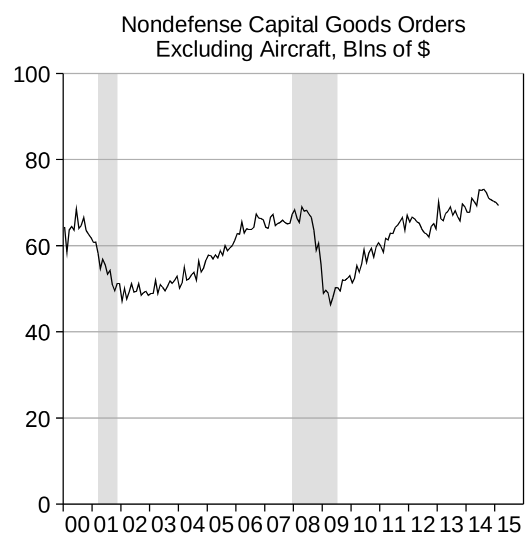
Manufacturing activity has been declining in recent months, raising questions about the sustainability of the economic expansion. The weakness is most likely the temporary result of:

- the combination of more-severe-than-usual **winter weather**, which was not picked up by normal seasonal adjustment factors,
- the cumulative effects of the strengthening of the foreign exchange **value of the U.S. dollar**, which has disadvantaged U.S.-produced goods and services overseas by making them more expensive in foreign currencies, adding to the negative effects of slower economic growth in many overseas markets,
- the unprecedented **drop in the price of oil**, which might have undercut capital investment and hiring by oil-related businesses before fully boosting other spending by consumers and businesses, and
- the labor dispute (resolved in February) at **West Coast ports** that disrupted imports and exports during the winter, thereby affecting production at a variety of businesses throughout the country, including at least four auto-related plants in Ohio.

Industrial production managed only a 0.1% increase in February despite a 7.3% increase in utility output. The small increase followed declines of 0.2% in December and 0.3% in January. Compared with a year earlier, industrial production was still higher by 3.5% and manufacturing production was higher by 3.4%, although the year-over-year rates of change are down from approximately 5% last summer.

Mining output was down 2.5%, reflecting drops in coal mining and oil and gas well drilling and servicing, after a 1.3% decline in January. The sharp rise in utility output was weather-related.

Manufacturing production decreased 0.2% in February for the third monthly decline in a row. The January change in manufacturing output, which was originally reported as an increase of 0.2%, was revised down to a decrease of 0.3%. Production of non-durable goods increased slightly, while production of durable goods decreased. The largest decline among durable goods industries occurred in motor vehicles and parts, which decreased by 3.0%, but most industry groups posted declines during the month. Key factors for the weakness are believed to be the strong dollar and disruptions at West Coast ports.



The recent slower growth in manufacturing has been evident in surveys of activity, including the monthly purchasing managers' report. The **Purchasing Managers Index** from the Institute for Supply Management declined for the fifth straight month in

March to 51.5. The index remains above the neutral level of 50, and the number of consecutive declines and size of the total decline are well within the historical range of normal fluctuations during economic expansions since 1948, particularly in light of the special factors believed to be temporarily holding back activity currently.

The sub-index for new orders declined in March, but remained above neutral, and the sub-index for production was stable at 53.8. The most notable area of weakness remained new export orders, which fell to 47.5 for the third consecutive reading below neutral. The export index was as high as 55.0 last November. The decline since then most likely reflects the increase in the foreign exchange value of the dollar, slower growth abroad, and the bottlenecks at West Coast ports.

Factory orders and shipments have weakened in recent months in sync with other measures of industrial activity. Shipments and new orders both posted modest gains in February, but the increases followed declines during the previous six months at annual rates of 11.6% and 29.8%, respectively. In both cases, the level is lower than a year ago. New orders for non-defense capital goods excluding aircraft, which often present a more reliable picture of the underlying trend of factory orders, have weakened in recent months but much less severely.

Consistent with weakness in other measures of industrial activity, manufacturing employment declined slightly in March and the February gain was revised lower, marking a shift from a period of moderate gains and indicating that weakness in manufacturing output extended into March.

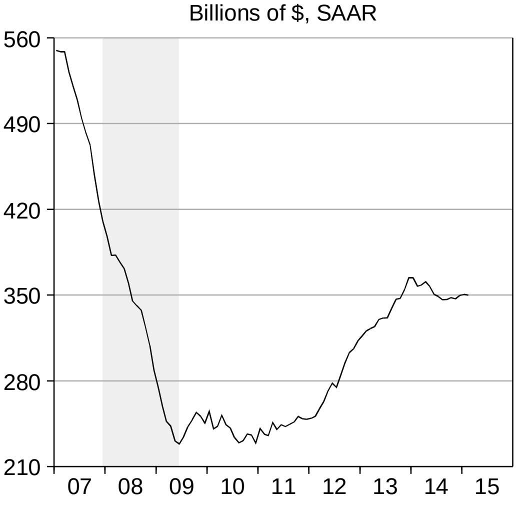
Production in industries of particular importance to Ohio fell during February. Production of **primary metal, fabricated metal,** and **machinery** decreased 1.4%, 0.7%, and 0.4%, respectively. Together with the motor vehicle industry, these three industries account for almost one-half of manufacturing jobs in Ohio and approximately one out of every thirteen private sector jobs in the state. The large decline in the price of oil is expected to boost manufacturing production overall during 2015. Cheaper energy should add more to demand for consumer-related goods than it subtracts from production of investment and energy-related goods.

Construction

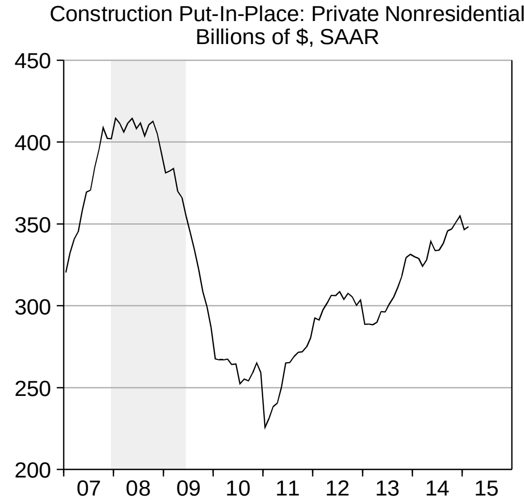
Construction put-in-place edged down by 0.1% in February – the third decline in four months. The January change, which was originally reported as -1.1% was revised down to -1.7% and the December change was revised up from 0.8% to 1.0%. Compared with a year earlier, construction was higher by 2.1%, but the February level was 1.4% below the level of last October.

Private construction increased by 0.2%, only partly recouping the 1.1% decline from January. A 1.4% decline in private residential building more than offset a 4.1% increase in multi-family construction. Private

Construction Put-In-Place: Private Residential
Billions of $, SAAR



nonresidential construction increased by 0.5%, reflecting large increases in construction of manufacturing facilities and office buildings, offset to a degree by large declines in construction of power, commercial, and communications facilities.



Public construction decreased by 0.8%, dragged down by declines in the power and water supply categories. Public residential construction increased modestly. The only large increase occurred in conservation and development.

Housing starts fell 3.7% in February after a 0.3% decline in January on a 3-month moving average basis. Single family starts decreased 3.9% and multi-family starts decreased 3.4%. In the Midwest, starts fell 15.6% on a 3-month moving average basis, as both single-family (-12.5%) and multi-family (-22.4%) starts decreased.

Adverse weather accounts for most, but probably not all, of the weakness. Builders dealt with the lowest "temperatures seen in decades, tying the year 1904 as the seventh coldest February on record (1895-2015) for the Midwestern Region," according to the National Climatic Data Center. Temperatures in the Northeast were the second lowest on record.

The generally more-forward-looking **housing permits** were stronger. Permits increased 1.3% across the country on a 3-month moving average basis, while Midwest permits increased 4.2%. In both cases, increases in permits for multi-family dwellings more than offset declines in permits for single-family structures.

Sales of existing houses fell for the fourth month in a row across the country and in the Midwest during February on a 3-month moving average basis. Inventories of existing homes for sale rose modestly in February but were unchanged relative to the current pace of sales, which remained at a normal level. The Pending Homes Sales Index, which measures housing contract activity for single-family homes, condos and co-ops and usually leads existing home sales by a month or two, increased nationally and in the Midwest during February on a 3-month moving average basis.

Sales of newly built homes were somewhat stronger, rising 6.4% nationally but falling 2.3% in the Midwest, again on a 3-month moving average basis. The Midwest decline was the third in a row. Inventories of new homes fell in February both in absolute terms and relative to the current pace of sales, which was at a normal level.

Home prices continued their recent rebound in January, rising 0.6% across the country for the eighth straight monthly increase, according to the Case-Shiller national home price index. Home prices in Cleveland increased for the fifth straight month in January, rising by 0.8% during the month to 3.0% above the level of last June. Home prices increased 4.5% across the country from December 2013 to January 2015 to stand 24.3% above the cycle low reached in December 2011, but remained 4.8% below the all-time high set in February 2007.

REVENUES

NOTE: Estimates in the revenue tables are based on July 2014 OBM revisions and do not include or reflect updated fiscal year 2015 annual estimates contained in the Executive Budget for fiscal years 2016-2017.

March **GRF receipts totaled $2,329.3 million** and were $20.6 million (0.9%) below the estimate. Monthly tax receipts totaled $1,519.3 million and were $25.6 million (1.7%) below estimate, while non-tax receipts totaled $805.5 million and were $0.7 million (0.1%) above estimate. Variances for the fiscal year-to-date by category are provided in the following table ($ in millions).

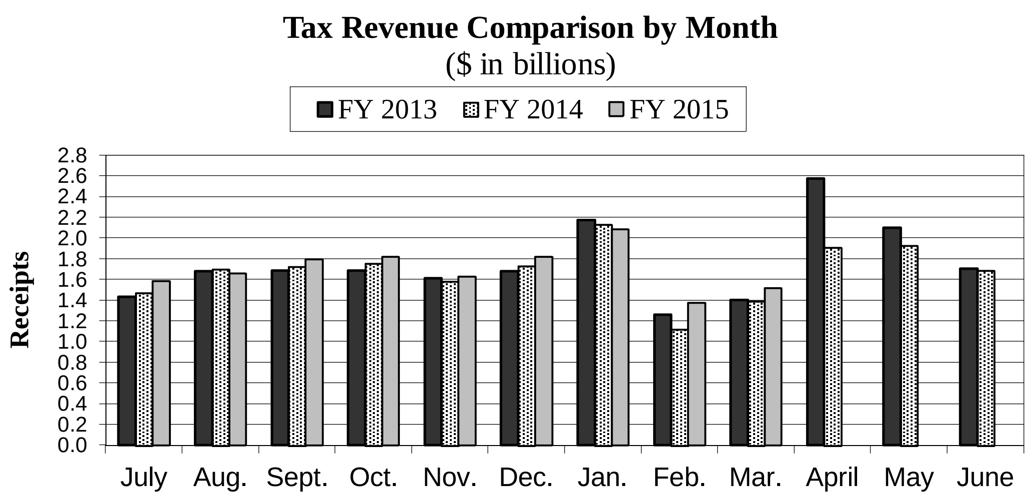
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$178.0 million	1.2%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($224.4 million)	-3.0%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$15.5 million	227.7%
TOTAL REVENUE VARIANCE:		**($31.0 million)**	**-0.1%**

On a year-over-year basis, monthly receipts were $273.0 million (13.3%) higher than in March of the previous fiscal year, mainly due to growth in the personal income tax ($115.4 million, 30.2%), corporate franchise tax ($20.6 million, 479.7%) and federal grants ($133.4 million, 21.0%).

GRF Revenue Sources Relative to Monthly Estimates – March 2015
($ in millions)

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Corporate Franchise Tax	$24.9	Non-Auto Sales Tax	($19.7)
Petroleum Activity Tax	$2.3	Auto Sales Tax	($3.6)
Kilowatt Hour Tax	$1.1	Personal Income Tax	($21.6)
Foreign Insurance Tax	$1.1	Financial Institutions Tax	($7.5)
License and Fees	$5.5	Cigarette and Other Tobacco Tax	($2.8)
Transfers In - Other	$4.3	Alcoholic Beverage Tax	($1.2)
		Federal Grants	($4.0)
		Other Income	($1.3)
Other Sources Above Estimate	$1.9	Other Sources Below Estimate	($0.1)
Total above	**$41.1**	**Total below**	**($61.8)**

(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

March non-auto sales and use tax collections totaled $613.2 million and were $19.7 million (3.1%) below estimate. With the March performance, this tax source has fallen short of the estimate in three of the last four months. Despite improving economic conditions and consumer confidence in the nation and in Ohio, the growth trend for the non-auto sales tax has not accelerated from its pace earlier in the year and in fact, this month's performance represents a year-over-year decline. As a result, OBM will continue to monitor this tax source closely and analyze the underlying fundamentals. Due to the March variance, the year-to-date overage of this tax source was wiped out and it is now essentially even ($1.1 million below) with the estimate.

Despite that, total year-to-date tax collections for the sales and use tax (including the auto sales tax) were still above the estimate by $33.2 million (0.5%).

On a year-over-year basis, March 2015 receipts were $1.3 million (0.2%) below collections in the same month of the previous fiscal year despite $22 million in growth in receipts from Medicaid health insuring corporations (MHICs) managed care premiums. Without the MHIC growth, receipts would have decreased by 4.1%. While a portion of this might be attributable to the unusually cold weather in February, the general trend of lackluster growth suggests other issues are also at work.

As in February, March comparisons were unaffected by the tax rate increase that took effect last fiscal year, although year-to-date comparisons were still influenced by the rate increase because of its impact on July through October results. Year-to-date collections were above the same point of the previous fiscal year by $544.6 million (9.3%).

Auto Sales Tax

March auto sales tax collections totaled $113.5 million and were $3.6 million (3.1%) below estimate. The March variance was attributed to the unusually cold weather in February and early March. Since national demand for light-vehicles rebounded from slight declines in February, OBM expects this tax source to bounce back in April. Year-to-date receipts were above the estimate by $34.3 million (3.8%). On a year-over-year basis, monthly receipts were $1.9 million (1.7%) above the amount collected in March of the previous fiscal year.

Personal Income Tax

March personal income tax receipts totaled $497.9 million and were $21.6 million (4.2%) below the estimate. More than the entirety of the monthly shortfall was attributable to larger than expected refunds, which exceeded the estimate by $41.0 million (14.7%) and offset better than expected performance in the withholding, annual returns, and trust payment components of the tax.

Withholding collections totaled $738.6 million and were $8.9 million (1.2%) above estimate. As a result, withholding collections for the year-to-date were $4.4 million (0.1%) above the estimate. Payments associated with annual returns totaled $72.1 million and were $13.9 million (23.8%) higher than the estimate of $58.2 million. Trust payments totaled $1.4 million and were above the estimate by $0.4 million (38.8%). Quarterly estimated payments and the miscellaneous category were below estimate by $1.6 million and $2.5 million respectively and combined with the higher than expected refunds to produce the negative monthly variance.

Year-to-date, GRF income tax collections were $114.3 million (2.0%) above the estimate. Withholding, quarterly estimated payments, payments associated with annual returns, and refunds combine to account for $132.7 million worth of the overage, while all the other components showed small shortfalls and were collectively $16.7 million below the estimate.

On a year-over-year basis, March personal income tax receipts were $115.4 million (30.2%) above the March 2014 amount. Higher withholding payments and lower refunds accounted for the majority of the increase. Withholding increased by $52.5 million (7.8%), while refunds were $52.3 million (14.0%) lower than for the same month in the previous fiscal year. Partially offsetting these increases were lower collections in quarterly estimated payments ($1.6 million, 9.6%) and the miscellaneous categories ($3.0 million, 15.9%).

FY2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	ESTIMATE MAR	**ACTUAL MAR**	**$ VAR MAR**	**ESTIMATE Y-T-D**	**ACTUAL Y-T-D**	**$ VAR Y-T-D**
Withholding	$729.7	$738.6	$8.9	$6,112.8	$6,117.2	$4.4
Quarterly Est.	$16.4	$14.8	($1.6)	$665.2	$750.5	$85.3
Trust Payments	$1.0	$1.4	$0.4	$28.7	$26.4	($2.3)
Annual Returns & 40 P	$58.2	$72.1	$13.9	$194.3	$208.2	$13.9
Other	$18.3	$15.8	($2.5)	$92.2	$77.9	($14.3)
Less: Refunds	($279.7)	($320.7)	($41.0)	($1,007.0)	($977.9)	$29.1
Local Distr.	($24.4)	($24.0)	$0.4	($263.9)	($265.7)	($1.8)
Net to GRF	**$519.5**	**$498.0**	**($21.5)**	**$5,822.3**	**$5,936.6**	**$114.3**

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 some 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. Although these monthly variances have generally been small, readers of this report will recall that November was an exception due to considerable refund activity. March saw unusually heavy settlement activity as receipts totaled $24.9 million. Year-to-date, receipts were slightly above ($0.2 million) the estimate of zero.

Financial Institutions Tax

March receipts for the financial institutions tax totaled $35.1 million and were $7.5 million (17.5%) below the $42.6 million estimate. The monthly variance was largely due to the timing of the due date for the tax (March 31st) and a larger portion of payments being received and processed in April as opposed to March. Specifically, through the first few days of April, FIT receipts totaled in excess of $30.0 million (compared to an April estimate of $24.6 million) erasing almost the entirety of the March shortfall.

For the year, revenues were $32.0 million below estimate, but that was almost all due to either the March timing-related issue discussed above or after-the-fact adjustments to payments received in fiscal year 2014. Credits and deductions claimed on returns, after estimated payments were made, led to revenues being $22.8 million below estimate for the July-December period.

Commercial Activity Tax

March commercial activity tax (CAT) receipts continued their fiscal year 2015 rebound as the GRF share of the tax totaled $3.3 million and was $0.5 million (19.1%) above the estimate of $2.8 million. Year-to-date, GRF CAT receipts totaled $647.4 million and were $69.4 million (12.0%) above estimate. Year-over-year growth in GRF CAT receipts through the first three quarters of the fiscal year was $55.0 million (9.3%).

All-funds March CAT receipts (net of refunds, attorney general fees, and deposits to the motor fuel fund), meanwhile totaled $6.7 million and were $1.2 million (21.3%) above the estimate. Year-to-date, all funds receipts totaled $1,306.4 million and were $149.9 million (13.0%) above estimate. Year-over-year growth in all funds CAT receipts through the first three quarters of the fiscal year were $43.9 million (3.5%) above the same period in the previous fiscal year. Once one adjusts fiscal year 2014 collections to remove $52.2 million in motor fuel deposit amounts (which are now subject to the petroleum activity tax) an apples-to-apples comparison of year-over-year performance revealed an increase of $96.2 million (7.9%).

Petroleum Activity Tax

As expected, the $2.5 million in March petroleum activity tax receipts deposited in the GRF exceeded the estimate of zero due to the correction of a timing issue with the monthly estimates. Specifically, this variance was due to estimates that assumed deposits to the GRF in February as opposed to March.

Kilowatt-Hour Tax

March kilowatt hour tax receipts totaled $30.9 million and were $1.1 million (3.8%) above the estimate. This variance decreased the year-to-date shortfall to $6.4 million (2.7%) below estimate. Year-over-year collections were $3.2 million (9.3%) below collections in March of the previous fiscal year. Given the ease of access to natural gas and its declining cost, it is possible there is some consumer substitution reflected in tax collections for this source compared to other energy taxes, such as the natural gas distribution tax, which was ahead of the year-to-date estimate by $8.1 million (28.6%).

Foreign Insurance Tax

March foreign insurance tax receipts totaled $126.4 million and were $1.1 million (3.8%) above the estimate. While OBM believed that a portion of the February variance in this tax was the result of the due date of the foreign insurance tax payment being March 1st and a smaller than expected portion of receipts being deposited in late February, the March overage was not as great as OBM had expected and did not fully offset the February shortfall. Most of the activity for the rest of the year is expected to be refunds. While refunds could be lower than estimated, OBM expects that this tax should end the fiscal year about where it is now – $5.4 million shy of the estimate.

Cigarette and Other Tobacco Tax

The cigarette and other tobacco tax receipts for March were slightly lower than estimated for the second month in a row as receipts totaled $61.9 million and were $2.8 million (4.3%) below the estimate of $64.7 million. March 2015 cigarette tax receipts were $2.2 million (3.4%) below the level for the same month of the previous fiscal year. Year-to-date receipts were $5.5 million (1.0%) above the estimate, but $11.1 million (2.0%) below the collections in the first three quarters of the previous fiscal year.

GRF non-tax receipts totaled $805.5 million in March and were $0.7 million (0.1%) above the estimate. Federal grants are by far the largest share of this category, but in March they accounted for only a small share of the variance, coming in $4.0 million (0.5%) below estimate. License and Fees revenues totaled $35.4 million and were $5.5 million (18.3%) above estimate. Transfers in totaled $4.5 million and were $4.3 million above estimate. This was the result of a loan repayment to the GRF being made in March rather than in June, as originally expected.

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

REVENUE SOURCE	MONTH ACTUAL MARCH	MONTH ESTIMATE MARCH	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	613,193	632,900	(19,707)	-3.1%	6,402,980	6,404,100	(1,120)	0.0%
Auto Sales & Use	113,458	117,100	(3,642)	-3.1%	942,787	908,500	34,287	3.8%
Subtotal Sales & Use	726,651	750,000	(23,349)	-3.1%	7,345,768	7,312,600	33,168	0.5%
Personal Income	497,889	519,500	(21,611)	-4.2%	5,936,561	5,822,300	114,261	2.0%
Corporate Franchise	24,904	0	24,904	N/A	218	0	218	N/A
Financial Institutions Tax	35,145	42,600	(7,455)	-17.5%	97,067	129,100	(32,033)	-24.8%
Commercial Activity Tax	3,335	2,800	535	19.1%	647,395	578,000	69,395	12.0%
Petroleum Activity Tax	2,492	200	2,292	1146.0%	4,436	13,500	(9,064)	-67.1%
Public Utility	2,104	1,500	604	40.3%	62,738	73,200	(10,462)	-14.3%
Kilowatt Hour	30,929	29,800	1,129	3.8%	229,109	235,500	(6,391)	-2.7%
Natural Gas Distribution	115	0	115	N/A	36,524	28,400	8,124	28.6%
Foreign Insurance	126,441	125,300	1,141	0.9%	299,221	304,600	(5,379)	-1.8%
Domestic Insurance	123	200	(77)	-38.6%	7,537	2,000	5,537	276.9%
Other Business & Property	33	0	33	N/A	80	0	80	N/A
Cigarette and Other Tobacco	61,932	64,700	(2,768)	-4.3%	543,890	538,400	5,490	1.0%
Alcoholic Beverage	3,970	5,200	(1,230)	-23.7%	41,320	40,500	820	2.0%
Liquor Gallonage	3,152	3,100	52	1.7%	32,539	30,700	1,839	6.0%
Estate	49	0	49	N/A	2,406	0	2,406	N/A
Total Tax Receipts	1,519,263	1,544,900	(25,637)	-1.7%	15,286,809	15,108,800	178,009	1.2%
NON-TAX RECEIPTS								
Federal Grants	768,856	772,878	(4,022)	-0.5%	7,167,352	7,389,687	(222,335)	-3.0%
Earnings on Investments	0	0	0	N/A	11,393	9,500	1,893	19.9%
License & Fees	35,359	29,894	5,465	18.3%	52,938	54,268	(1,330)	-2.5%
Other Income	725	2,047	(1,322)	-64.6%	23,789	17,667	6,122	34.7%
ISTV'S	564	4	560	N/A	828	9,622	(8,795)	-91.4%
Total Non-Tax Receipts	805,504	804,823	681	0.1%	7,256,300	7,480,744	(224,444)	-3.0%
TOTAL REVENUES	**2,324,767**	**2,349,723**	**(24,956)**	**-1.1%**	**22,543,109**	**22,589,544**	**(46,435)**	**-0.2%**
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	4,509	200	4,309	2154.3%	22,283	6,800	15,483	227.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	4,509	200	4,309	2154.3%	22,283	6,800	15,483	227.7%
TOTAL SOURCES	**2,329,275**	**2,349,923**	**(20,648)**	**-0.9%**	**22,565,392**	**22,596,344**	**(30,952)**	**-0.1%**

Table 2

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	MARCH FY 2015	MARCH FY 2014	$ VAR	% VAR	ACTUAL FY 2015	ACTUAL FY 2014	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	613,193	614,519	(1,326)	-0.2%	6,402,980	5,858,369	544,611	9.3%
Auto Sales & Use	113,458	111,527	1,930	1.7%	942,787	862,116	80,672	9.4%
Subtotal Sales & Use	726,651	726,046	605	0.1%	7,345,768	6,720,485	625,283	9.3%
Personal Income	497,889	382,501	115,388	30.2%	5,936,561	5,866,951	69,611	1.2%
Corporate Franchise	24,904	4,296	20,608	479.7%	218	(5,804)	6,022	103.8%
Financial Institutions Tax	35,145	41,098	(5,953)	-14.5%	97,067	124,611	(27,544)	-22.1%
Commercial Activity Tax	3,335	0	3,335	N/A	647,395	592,359	55,037	9.3%
Petroleum Activity Tax	2,492	0	2,492	N/A	4,436	0	4,436	N/A
Public Utility	2,104	2,201	(97)	-4.4%	62,738	72,370	(9,632)	-13.3%
Kilowatt Hour	30,929	34,116	(3,187)	-9.3%	229,109	236,169	(7,060)	-3.0%
Natural Gas Distribution	115	0	115	N/A	36,524	36,680	(156)	-0.4%
Foreign Insurance	126,441	128,597	(2,156)	-1.7%	299,221	304,431	(5,211)	-1.7%
Domestic Insurance	123	4	119	3235.0%	7,537	153	7,384	N/A
Other Business & Property	33	2	31	1686.7%	80	478	(398)	-83.3%
Cigarette and Other Tobacco	61,932	64,098	(2,166)	-3.4%	543,890	554,989	(11,100)	-2.0%
Alcoholic Beverage	3,970	4,535	(565)	-12.5%	41,320	41,256	64	0.2%
Liquor Gallonage	3,152	3,091	61	2.0%	32,539	31,333	1,207	3.9%
Estate	49	609	(560)	-91.9%	2,406	30,739	(28,333)	-92.2%
Total Tax Receipts	1,519,263	1,391,193	128,070	9.2%	15,286,809	14,607,199	679,610	4.7%
NON-TAX RECEIPTS								
Federal Grants	768,856	635,413	133,443	21.0%	7,167,352	6,835,804	331,548	4.9%
Earnings on Investments	0	0	0	N/A	11,393	8,420	2,973	35.3%
License & Fee	35,359	27,830	7,529	27.1%	52,938	48,372	4,566	9.4%
Other Income	725	1,871	(1,146)	-61.3%	23,789	14,902	8,887	59.6%
ISTV'S	564	4	560	13662.2%	828	7,745	(6,917)	-89.3%
Total Non-Tax Receipts	805,504	665,117	140,386	21.1%	7,256,300	6,915,243	341,057	4.9%
TOTAL REVENUES	**2,324,767**	**2,056,311**	**268,456**	**13.1%**	**22,543,109**	**21,522,442**	**1,020,667**	**4.7%**
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	4,509	0	4,509	N/A	22,283	47,215	(24,932)	-52.8%
Temporary Transfers In	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers	4,509	0	4,509	N/A	22,283	52,730	(30,448)	-57.7%
TOTAL SOURCES	**2,329,275**	**2,056,311**	**272,965**	**13.3%**	**22,565,392**	**21,575,172**	**990,220**	**4.6%**

DISBURSEMENTS

March GRF disbursements, across all uses, totaled $2,548.1 million and were $132.8 million (5.5%) above estimate. This was primarily attributable to higher than estimated disbursements in the Primary and Secondary Education category. On a year-over-year basis, March total uses were $637.8 million (33.4%) higher than those of the same month in the previous fiscal year, with the Primary and Secondary Education and Medicaid categories largely 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)	($239.3 million)	-1.0%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	($1.5 million)	-0.3%
TOTAL DISBURSEMENTS VARIANCE:		**($240.9 million)**	**-1.0%**

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. March disbursements for this category totaled $668.4 million and were $116.4 million (21.1%) above estimate. Expenditures for the school foundation program totaled $652.0 million and were $112.9 million (21.0%) above estimate. This variance was primarily attributable to the recent availability of current year average daily membership (ADM) beginning with the second school foundation payment in March. The Department of Education adjusts foundation payments as current year ADM data becomes available. Some schools saw a significant change in their student enrollment as well as in the number of special education students, which resulted in adjustments to their foundation payments. Additionally, when the Department calculates a funding increase on an annual basis, increases include retroactive payments for the already completed portion of the fiscal year. In the remaining months of the fiscal year, the Department estimates that disbursements will be less than planned, ensuring that year-end total disbursements are in line with the estimates.

Year-to-date disbursements were $5,651.3 million, which was $187.9 million (3.4%) above estimate. On a year-over-year basis, disbursements in this category were $371.5 million (125.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $387.6 million (7.4%) higher than at the same point in fiscal year 2014.

Higher Education

March disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled $179.2 million and were $8.1 million (4.7%) above estimate for the month. The majority of the monthly variance was due to spending in the Choose

Ohio First and Ohio College Opportunity Grant Scholarship Programs being above estimate by $8.9 million as a result of higher than expected requests for reimbursement from higher education institutions, which was partially offset by spending in the Ohio National Guard Scholarship Program being below estimate by $0.9 million.

Year-to-date disbursements were $1,618.8 million, which was $0.7 million (0.0%) above estimate. On a year-over-year basis, disbursements in this category were $10.8 million (6.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $46.5 million (3.0%) 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.

March disbursements in this category totaled $4.8 million and were $2.5 million (108.2%) above estimate. This variance was primarily attributable to $2.6 million in Ohio History Connection subsidy payments estimated for April being made in March instead. Year-to-date disbursements were $45.7 million, which was $0.7 million (1.5%) above estimate. On a year-over-year basis, disbursements in this category were $2.7 million (36.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $3.4 million (8.2%) 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, which were established in July 2014, are lower than the original appropriations by $845.6 million. Budgeted transfers and other projected lapses account for $148.7 million. The remaining $697.0 million is due to an adjustment for 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>
March GRF disbursements for the Medicaid Program totaled $1,263.0 million and were $1.9 million (0.2%) below the estimate, and $228.5 million (22.1%) above the same month in the previous fiscal year. Year-to-date GRF disbursements for the Medicaid Program totaled

$11,720.5 million and were $359.4 million (3.0%) below the estimate, and $1,010.2 million (9.4%) above the same point in the previous fiscal year.

March all-funds disbursements totaled $2,007.6 million and were $385.1 million (16.1%) below the estimate, and $23.6 million (1.2%) above disbursements in the same point of the previous fiscal year. Year-to-date all-funds disbursements totaled $17,268.4 million and were $575.4 million (3.2%) below the estimate, and $2,205.0 million (14.6%) above disbursements at the same point of the previous fiscal year.

The March variance was due primarily to a delay in the payment of expenses for two programs – Hospital Upper Payment Limits and Hospital Care Assurance. These payments will be completed before the conclusion of the fiscal year. In addition, greater than anticipated enrollment in the Covered Families and Children (CFC) eligibility category resulted in over-estimated spending in the Managed Care-CFC spending category. Fee-for-service costs for Nursing Facilities were also greater than anticipated in March due to lower costs for the MyCare managed care program as claims for this population have not yet shifted to managed care plans. These greater than anticipated costs were offset, in part, by lower-than-anticipated costs in the other fee-for-service categories, which include hospitals, physicians and prescription drugs.

Year-to-date disbursements were below the estimate. This was due to lower-than-anticipated costs in the fee-for-service categories, along with lower-than-anticipated costs for the Health Homes program, and a managed care payment reconciliation that occurred in July.

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

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

	Mar. Projection	Mar. Actual	Variance	Variance %
GRF	$ 1,264.9	$ 1,263.0	$ (1.9)	-0.2%
Non-GRF	$ 1,127.9	$ 744.6	$ (383.2)	-34.0%
All Funds	$ 2,392.8	$ 2,007.6	$ (385.2)	-16.1%

<u>Enrollment</u>

Total March enrollment across all categories was 2.99 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 8,549 persons to a March total of 2.37 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 1,973 persons to a March total of 416,152 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 2.64 million covered persons, including 1.97 million persons in the CFC category and 435,652 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.

March disbursements in this category totaled $91.4 million and were $15.0 million (19.7%) above estimate for the month. Year-to-date disbursements were $1,028.3 million, which was $10.0 million (1.0%) below estimate. On a year-over-year basis, disbursements in this category were $1.8 million (2.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $67.5 million (7.0%) higher than at the same point in fiscal year 2014.

<u>Department of Job and Family Services</u>
March disbursements for the Department of Job and Family Services totaled $58.5 million and were $10.9 million (23.0%) above estimate. This variance was primarily attributable to several lines. First, Family and Children Services disbursements were $11.4 million (4,268.7%) above estimate due to State Child Protective Allocation disbursements being made in March instead of April as originally estimated. Second, Child Care State/Maintenance of Effort disbursements were $3.4 million above an estimate of zero dollars due to a change in the child care disbursement schedule in order to meet the Child Care Development Fund matching grant requirement before the end of the grant year. Third, TANF State/Maintenance of Effort disbursements were $2.0 million (8.6%) below estimate due to lower than estimated cash assistance disbursements. Finally, Child, Family, and Adult Community & Protective Services disbursements were $1.5 million (84.9%) below estimate due to county draws estimated for April being made in March instead.

<u>Department of Mental Health and Addiction Services</u>
March disbursements for the Department of Mental Health and Addiction Services totaled $25.7 million and were $5.1 million (24.9%) above estimate. This variance was primarily attributable to Continuum of Care Services disbursements being $3.3 million above an estimate of $0 due to the timing of collaborative projects disbursements, and Community Behavioral Health disbursements being $1.9 million (46.0%) above estimate due to the timing of county draws on block grant supplement funds.

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.

March disbursements in this category totaled $122.1 million and were $9.3 million (7.1%) below estimate for the month. Year-to-date disbursements were $1,420.9 million, which was $31.3

million (2.2%) below estimate. On a year-over-year basis, disbursements in this category were $44.3 million (26.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $23.4 million (1.7%) higher than at the same point in fiscal year 2014.

Department of Rehabilitation and Correction
March disbursements for the Department of Rehabilitation and Correction totaled $91.7 million and were $8.5 million (8.5%) below estimate. This variance was primarily attributable to Institutional Operations disbursements being $6.4 million (8.9%) below estimate, and Institutional Medical Services disbursements being $1.1 million (6.0%) below estimate. Year-to-date disbursements were $1,092.2 million and were $12.5 million (1.1%) below estimate.

Department of Youth Services
March disbursements for the Department of Youth Services totaled $8.7 million and were $4.1 million (31.7%) below estimate. This variance was primarily attributable to a payroll disbursement at the end of February instead of March as originally estimated. Year-to-date disbursements were $152.7 million and were $12.6 million (7.6%) below estimate.

Public Defender Commission
March disbursements for the Public Defender Commission totaled $4.4 million, and were $4.1 million (1,088.9%) above estimate. This variance was primarily attributable to county reimbursement disbursements being made in March instead of February as originally estimated. Year-to-date disbursements were $11.7 million and were $0.05 million (0.4%) above estimate.

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.

March disbursements in this category totaled $22.2 million and were $2.4 million (9.8%) below estimate. Year-to-date disbursements were $263.0 million, which was $14.2 million (5.1%) below estimate. On a year-over-year basis, disbursements in this category were $7.0 million (23.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $6.7 million (2.5%) lower than at the same point in fiscal year 2014.

Department of Transportation
March disbursements for the Department of Transportation totaled $0.4 million and were $1.2 million (75.0%) below estimate. This variance was primarily attributable to Public Transportation–State disbursements being $1.2 million (86.1%) below estimate due to transit program grant awards estimated for February and March being disbursed in December and January instead. Year-to-date disbursements were $7.7 million and were $1.2 million (13.8%) below estimate.

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. Due to earlier than expected requests for payment, March disbursements of property tax reimbursements were $28.3 million and were $8.1 million (40.3%) above the estimate of $20.2 million for the month. Year-to-date disbursements totaled $936.4 million and were $2.9 million (0.3%) above estimate.

Debt Service

March payments for debt service totaled $163.8 million and were slightly (0.4%) below the estimate of $164.4 million. Year-to-date, debt service payments totaled $1,157.1 million and were $16.6 million (1.4%) below estimate.

Transfers Out

March transfers out of the GRF were $5.0 million and were $3.1 million (38.6%) below the estimate of $8.1 million. The monthly variance was due to a lower than expected transfer from the GRF to support OAKS upgrades.

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

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL MARCH**	**ESTIMATED MARCH**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary and Secondary Education	668,443	551,996	116,447	21.1%	5,651,344	5,463,428	187,916	3.4%
Higher Education	179,171	171,050	8,120	4.7%	1,618,779	1,618,032	747	0.0%
Other Education	4,799	2,306	2,494	108.2%	45,695	45,019	676	1.5%
Medicaid	1,262,976	1,264,913	(1,937)	-0.2%	11,720,518	12,079,967	(359,449)	-3.0%
Health and Human Services	91,377	76,338	15,039	19.7%	1,028,250	1,038,238	(9,988)	-1.0%
Justice and Public Protection	122,137	131,459	(9,322)	-7.1%	1,420,933	1,452,203	(31,271)	-2.2%
General Government	22,195	24,596	(2,401)	-9.8%	263,027	277,253	(14,226)	-5.1%
Property Tax Reimbursements	28,270	20,156	8,114	40.3%	936,404	933,507	2,896	0.3%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	163,763	164,355	(592)	-0.4%	1,157,118	1,173,740	(16,622)	-1.4%
Total Expenditures & ISTV's	**2,543,130**	**2,407,168**	**135,963**	**5.6%**	**23,842,067**	**24,081,388**	**(239,321)**	**-1.0%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	5,000	8,146	(3,146)	-38.6%	587,835	589,380	(1,545)	-0.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**5,000**	**8,146**	**(3,146)**	**N/A**	**587,835**	**589,380**	**(1,545)**	**-0.3%**
Total Fund Uses	**2,548,130**	**2,415,314**	**132,816**	**5.5%**	**24,429,902**	**24,670,768**	**(240,866)**	**-1.0%**

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2015 VS ACTUAL FY 2014
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**MARCH FY 2015**	**MARCH FY 2014**	**$ VAR**	**% VAR**	**ACTUAL FY 2015**	**ACTUAL FY 2014**	**$ VAR**	**% VAR**
Primary and Secondary Education	668,443	296,948	371,495	125.1%	5,651,344	5,263,794	387,550	7.4%
Higher Education	179,171	168,349	10,822	6.4%	1,618,779	1,572,292	46,487	3.0%
Other Education	4,799	7,504	(2,704)	-36.0%	45,695	42,249	3,446	8.2%
Medicaid	1,262,976	1,034,484	228,492	22.1%	11,720,518	10,710,286	1,010,232	9.4%
Health and Human Services	91,377	89,529	1,847	2.1%	1,028,250	960,752	67,498	7.0%
Justice and Public Protection	122,137	166,476	(44,339)	-26.6%	1,420,933	1,397,534	23,399	1.7%
General Government	22,195	29,175	(6,980)	-23.9%	263,027	269,712	(6,685)	-2.5%
Property Tax Reimbursements	28,270	21,611	6,658	-30.8%	936,404	914,665	21,739	2.4%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	163,763	95,848	67,914	70.9%	1,157,118	1,090,222	66,895	6.1%
Total Expenditures & ISTV's	**2,543,130**	**1,909,924**	**633,206**	**33.2%**	**23,842,067**	**22,221,507**	**1,620,560**	**7.3%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	995,930	(995,930)	N/A
Operating Transfer Out	5,000	447	4,553	N/A	587,835	210,961	376,875	178.6%
Temporary Transfer Out	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers Out	**5,000**	**447**	**4,553**	**N/A**	**587,835**	**1,212,407**	**(624,572)**	**-51.5%**
Total Fund Uses	**2,548,130**	**1,910,372**	**637,759**	**33.4%**	**24,429,902**	**23,433,914**	**995,989**	**4.3%**

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	30,912,502
Less FY 2015 Estimated Total Encumbrances as of June 30, 2015	328,448
Less FY 2015 Estimated Transfers Out	606,390
Total Estimated Uses	**31,847,339**
FY 2015 UNENCUMBERED ENDING FUND BALANCE	**631,486**

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