OBM

May 11, 2015

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

FROM: Timothy S. Keen, Director TK

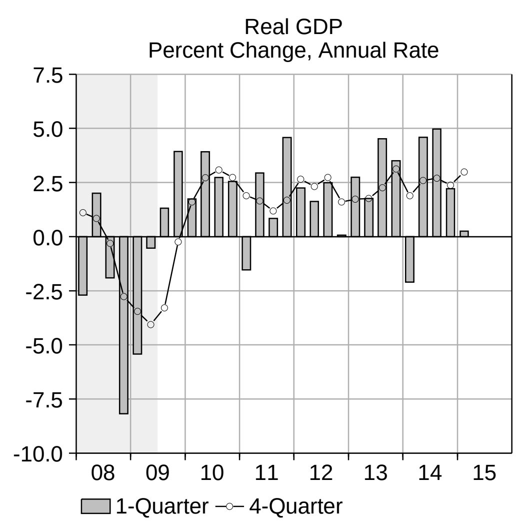
SUBJECT: Monthly Financial Report

ECONOMIC SUMMARY

Economic Performance Overview

- Economic growth almost came to a halt in the first quarter, as real GDP edged higher by only 0.2%. Forecasters still expect a pick-up in growth during the balance of the year.
- U.S. employment growth rebounded to 223,000 jobs in April from a revised growth of only 85,000 in March. April's increase was somewhat below the average of approximately 250,000 during the previous six months. The unemployment rate decreased to 5.4% – the lowest level of this expansion.
- Ohio employment increased by 1,500 jobs in March 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 large decrease in the price of oil, strengthening in the foreign exchange value of the U.S. dollar, and the work disruptions at West Coast ports. However, there are signs that the second quarter and 2015 as a whole will also produce weaker growth than originally expected.

Economic Growth



Economic growth slowed to just above a stall during the first quarter. **Real GDP** increased just 0.2%, following growth of 2.2% in the fourth quarter and approximately 5% during the middle two quarters of last year. Despite the weak quarter, real GDP growth accelerated to 3.0% when measured from the year ago quarter. This is because in the first quarter of 2014, real GDP contracted by 2.1%, so the year to year comparison is with a very weak 2014 quarter.

The year-over-year change of 3.0% was the third fastest of this expansion, behind the 3.1% increases in the third quarter of 2010 and the fourth quarter of 2013. In comparison, the year-over-year growth rate in real GDP peaked at 8.5% in the expansion of the 1980s, 5.3% in the expansion of the 1990s, and 4.4% in the expansion of the 2000s.

More than all of the growth during the first quarter occurred in personal consumption expenditures, which contributed 1.3 percentage points, and the accumulation of nonfarm business inventories, which contributed 0.7 percentage points. The source of growth in personal consumption expenditures was housing and utilities and health care. Other major categories of consumer spending were little changed.

Other factors were subtractions from growth, pulling the net down to 0.2%. Business fixed investment subtracted 0.4 percentage points, as a decline in investment in nonresidential structures more than offset a gain in intellectual property products. Oil rig construction was a significant source of weakness in business investment. A decrease in exports also subtracted 1.0 percentage points, due entirely to goods. Federal government spending was little changed, while state and local government spending subtracted modestly, reflecting a decline in investment.

The slowdown in growth from the fourth quarter to the first quarter reflected a deceleration in personal consumption expenditures and residential fixed investment and outright decreases in exports, nonresidential fixed investment, and state and local spending. The deceleration in imports (which are included in other categories and then subtracted as a separate category), the increase in inventory accumulation, and the slight uptick in federal government spending partially offset the factors that led to slower growth.

Despite some deterioration, leading economic indicators still point to continued expansion. The 6-month smoothed percent change in the **Leading Economic Index** from the Conference Board was 4.2% in March – down from its peak of 7.2% last July, but well above the zero level that would signal potential recession. The **Weekly Leading Index** from the Economic Cycle Research Institute weakened significantly from last May through February, but strengthened throughout March and April.

According to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy expanded through March. The coincident index was 5.3% higher in March than a year earlier, up from a recent low of only a 2.7% year-over-year increase in June 2013. The index has been much closer to or below zero around the times recessions have begun in the past.

The diffusion of changes in the Coincident Economic Index across the states has deteriorated somewhat in recent months over both 1-month and 3-month spans. The index increased from the prior month for 41 states and from three months prior for 46 states, down notably from recent highs but still pointing to a very high likelihood of continued economic growth in the near-term.

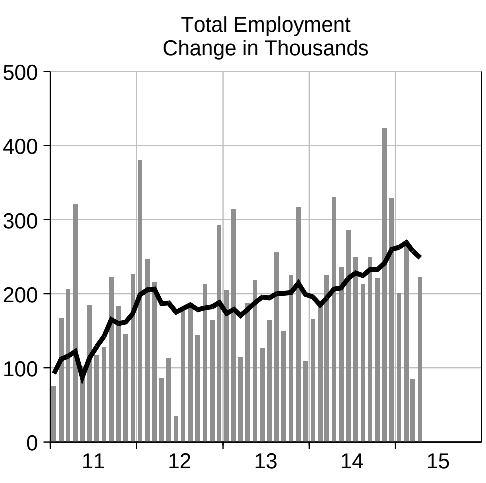
The companion **Ohio Leading Economic Index** has also weakened somewhat in recent months. The index slipped to 1.5% in March from 1.9% in February. The index has been as high as 2.9% in December and 3.4% last May. The index, which also is compiled by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of increase in the coincident index during the next six months. It reached a recent low of 0.6% in May 2013. Index values have been revised significantly on occasion, but the recent pattern is consistent with ongoing expansion of the Ohio economy through the Spring and into the Summer.

The number of state leading indexes from the Philadelphia Fed with positive readings was little changed at 44 in March. All 50 states had positive index numbers in November and December. The recent pattern remains consistent with continued economic expansion, considering that, in contrast, the number of positive state leading indexes fell to an average of 34 three months in advance of the most recent three recessions and to an average of 23 during the first month.

The consensus among economic forecasters is that growth is picking up in the current quarter and will strengthen modestly through year end. The range of forecasts for second quarter growth is quite wide, though. The **Blue Chip Economic Indicators** consensus is for approximately 3.0% to 3.5% real GDP growth in the second quarter. On the other hand, The Atlanta Federal Reserve's evolving projection of real GDP for the second quarter based on monthly data as they are released is currently for approximately 0.5% to 1.0% growth. Global Insight is in between, with a forecast of second quarter GDP of about 2%. Global Insight has reduced its forecast of 2015 GDP growth from 3.1% down to 2.3% based on the weak first quarter and expected modest second quarter.

Factors expected to restrain activity are the high and rising foreign exchange value of the dollar and the ripple effects of cutbacks in investment and hiring in the oil industry. **Monetary policy** is still viewed as supportive of economic activity. The Federal Reserve removed all reference to the timing of a potential increase in its target interest rate following its latest policy setting meeting in April, moving one step closer to a change in policy. Analysts widely expect a small increase in the short-term interest rate between June and September. Since the move would be viewed as occurring in response to a stronger economy, it is not expected to undermine growth, although there is considerable uncertainty about the reaction of financial markets.

Employment



Labor markets across the country picked up strength in April. **Nonfarm payrolls** increased by 223,000 jobs in April. The January and February gains were revised lower by a total of 39,000 jobs, with March being revised down to a gain of 85,000 jobs. Monthly job gains have averaged approximately 250,000 per month during the past six and twelve month periods.

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

279,500 at the beginning of May – the lowest level in fifteen years. The recent pattern remains consistent with a healthy and expanding labor market and overall economy.

The **U.S. unemployment rate** decreased 0.1 percentage points to 5.4% – the lowest level of this expansion. 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 10.8% –the lowest mark since July 2008.

Ohio nonfarm payroll employment increased by 1,500 jobs in March, and the February gain was revised down to 1,100 jobs. Ohio employment increased by 14,000 jobs in January, and is higher by 16,600 jobs year-to-date. Changes were mixed across sectors during the month. The largest increases occurred in educational and health services (+3,500), financial activities (+2,000), and government (+2,000). The largest decreases occurred in construction (-4,500), leisure and hospitality (-1,900), and professional and business services (-1,400).

Compared with a year earlier, Ohio employment is higher by 77,400 jobs. The largest employment gains occurred in leisure and hospitality (+25,100), trade, transportation and utilities (+17,800), manufacturing (+14,000), and education and health services (+11,400). The only employment declines during the year ending in March occurred in construction (-1,400), government (-1,200), and information (-700).

Among the **contiguous states**, year-over-year employment growth was strongest in Michigan (+2.1%), followed by Kentucky (+1.9%), Indiana (+1.7%), Ohio (+1.5%), and Pennsylvania (+0.9%). Employment declined from a year earlier in West Virginia (-0.5%). Year-over-year growth in manufacturing employment was 2.1% in Ohio. Among the contiguous states, manufacturing employment increased 3.1% in Michigan, 2.7% in Indiana, 1.9% in Kentucky and West Virginia, and 0.2% in Pennsylvania.

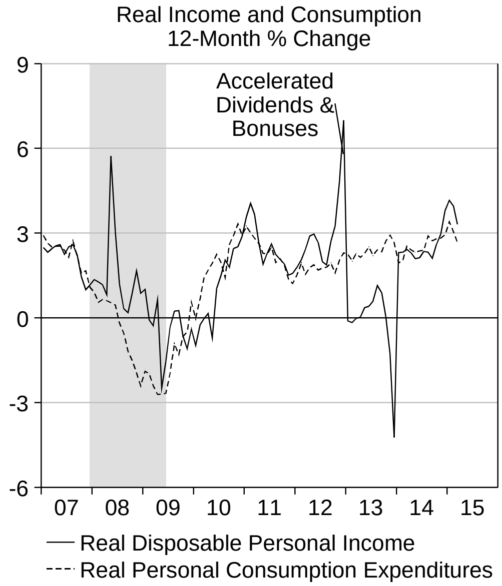
The **Ohio unemployment rate** remained at 5.1% in March for the fourth straight month. The number of unemployed people increased by 4,051 in March, while the number of employed people decreased by 1,621, and the labor force increased by 2,430 people. The unemployment rate is down 0.9 percentage points from a year ago, and is less than one-half its peak level of 11.0% reached in January 2010.

Across the country in March, the unemployment rate decreased by a statistically significant amount in 10 states and increased by a significant margin in only 4 states (Alaska, North Dakota, South Dakota, and West Virginia). The unemployment rate was lower than a year earlier by a statistically significant margin in 27 states and higher in only 2 states (Louisiana and North Dakota).

Consumer Income and Consumption

Personal income stalled in March after a long string of steady increases. **Wage and salary disbursement growth** continued to slow from 0.6% in January to 0.3% in February and 0.2% in March. Compared with a year earlier, both personal income and wage and salary disbursements were up 3.8%, down from recent peaks of 4.8% and 5.3%, respectively.

In comparison, the Consumer Price Index (CPI) was unchanged year-over-year in March. The core CPI was up 1.8% year-over-year, and the Median CPI from the Cleveland Federal Reserve was up 2.2% year-over-year. Both the core CPI and median CPI are used as measures of the underlying inflation rate, being less volatile than the "headline" rate, which includes food and energy prices.



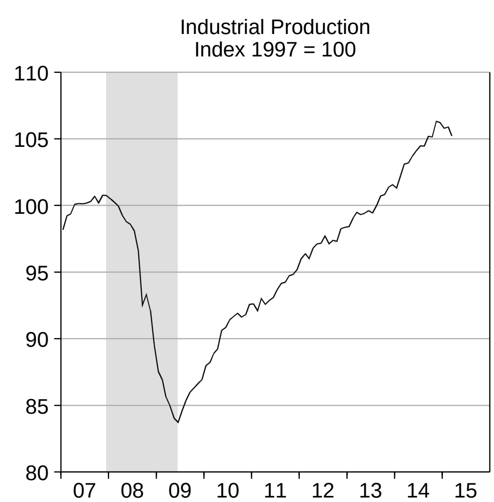
Personal consumption expenditures increased 0.4% in March in the best showing since last August. Spending declined 0.2% in December and 0.3% in January before recovering by 0.2% in February. Spending on durable goods increased 1.8% in March, reflecting a 5.5% increase in unit sales of light motor vehicles. **Sales of light motor vehicles** fell 3.5% in April, however, back to an annual rate of 16.5 million units. Unit sales have now declined in four of the last five months. Spending on non-durable goods increased 0.6% in March and spending on services increased 0.2%.

The recent weakness in reported 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 widely expected 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 fell noticeably in April, yet remained at a relatively high level. Assessments of both current conditions and the future deteriorated during the month, but also remained relatively high in recent historical context. In contrast, the Index of Consumer Sentiment from the University of Michigan improved in April to its best level since January, as both expectations and assessments of current conditions brightened somewhat.

Manufacturing

Industrial production decreased 0.6% in March after increasing 0.1% in February, according to the Federal Reserve Board. Production has decreased in three of the last four months. For the quarter, production decreased 1.0% at an annual rate – the first quarterly decrease since the second quarter of 2009, which marked the end of the last recession.



Manufacturing production increased 0.1% during March, **mining** output decreased 0.7%, and **utility** output fell by 5.9%. Compared with a year earlier, production was higher by only 2.0% overall, 2.4% in manufacturing, and 3.7% in mining. Utility output was 3.6% below the year earlier level.

The increase in manufacturing production in March reflected a strong 3.2% gain in motor vehicles and parts production, which was mostly offset by a 17.7% decrease in oil and gas well drilling and a 3.2% decrease in primary metals production, along with mixed performances across other industries. Mining output decreased 0.7% for the third decrease in as many months. Utility output decreased 5.9%, as weather returned to normal in March from a colder-than-usual February.

Industrial activity has been hampered in recent months by:

- 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.

The recent slower growth in manufacturing has been evident in surveys of activity, including the monthly **Manufacturing ISM *Report on Business***. The PMI® from the Institute for Supply Management stabilized at 51.5 in April, after decreasing on balance during the previous 7-month period. The index remains above the neutral level of 50, and the number of consecutive declines and size of the total decline from last August 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.

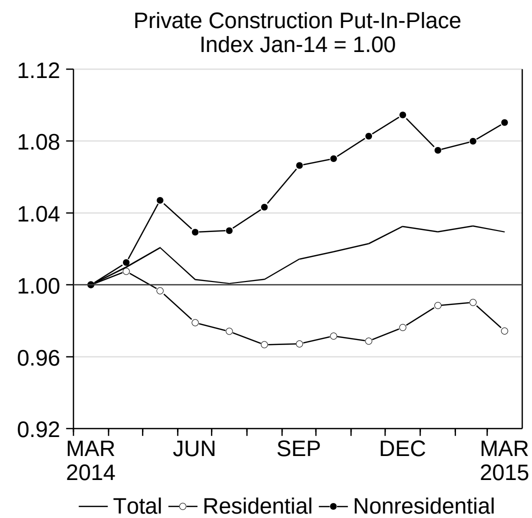
Importantly, the sub-indexes for new orders and production rebounded in April to 53.5 and 56.0, respectively. Both remain well below recent highs, but are also comfortably in positive territory, indicating that increases in manufacturing activity remained broad-based. The sub-indexes for new export orders and imports also both increased, likely due in part to the resolution of delays at West Coast ports.

Factory orders and shipments stabilized in March. New orders for manufactured goods increased 2.1%, following a string of monthly declines. Changes across industries were mixed but generally positive. Excluding defense, aircraft, motor vehicles and oil, new orders increased 0.6%, compared with a 0.9% decrease in February. Shipments were also up in March, rising 0.5% on top of the 0.4% rise in February. Non-defense capital goods orders, excluding aircraft, which is a more stable measure of the underlying trend in activity, edged higher by 0.1%, after six consecutive monthly declines.

Consistent with weakness in other measures of industrial activity, manufacturing employment was relatively flat in April, marking a shift from a period of moderate gains and underscoring the weakness in manufacturing output during the month.

Activity in industries of particular importance to Ohio was weak during March. Production of **primary metal** decreased 3.2%, while production of **fabricated metal** and **machinery** increased 0.2% and was unchanged, 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 still expected to boost manufacturing production overall during 2015. Cheaper energy is expected to add more to demand for consumer-related goods than it subtracts from production of investment and energy-related goods, although cutbacks in oil and gas drilling have been especially swift.

Construction



Construction put-in-place decreased 0.6% in March after no change in Feburary – the third decline in five months. (The February change was originally reported as a decrease of 0.1%.) Compared with a year earlier, construction was higher by 2.0.

Private construction decreased 0.3%, but February was revised up from 0.2% to 0.3% and January was revised up from a decrease of 1.1% to a decrease of 0.3%. Private residential construction put-in-place decreased 1.6%, as both single family and multi-family construction decreased. Private nonresidential construction increased by 1.0%, primarily reflecting increases in the manufacturing, communication, office, and lodging categories, offset to a degree by decreases in construction of commercial and power facilities.

Weakness in private residential construction has partially offset gains in nonresidential construction during the past year. Private construction was higher than a year earlier by 2.9% in March, but residentail and nonresidential construction have varied greatly, as residential decreased by 2.6% while nonresidential increased 9.0%.

Public construction decreased by 1.5%, dragged down by declines in the highway, education, and conservation and development categories. Public residential construction decreased modestly in March, while the February increase was revised higher to 4.1%. The only notable increase occurred in water supply (+4.4%).

Housing starts fell 5.1% in March after a 3.4% decrease in February on a 3-month moving average basis. Single family starts decreased 5.3% and multi-family starts decreased 4.6%. In the Midwest, starts fell 10.7% on a 3-month moving average basis, as both single-family (-13.5%) and multi-family (-2.8%) starts decreased. March marked the second large decrease in Midwest housing starts in a row on a 3-month moving average basis.

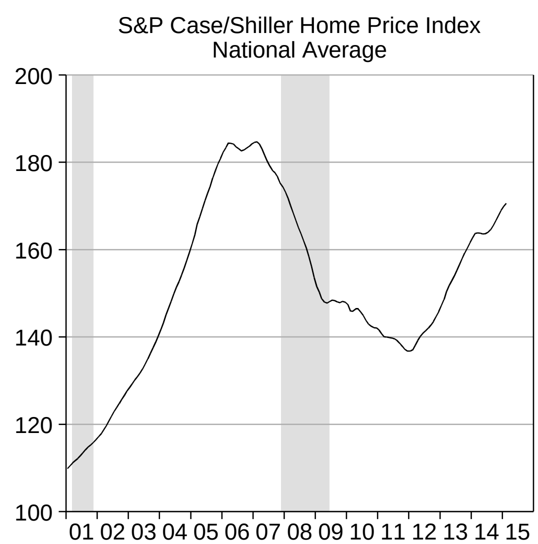
Adverse weather accounts for most of the first-quarter decrease, but probably not all of the weakness. Builders dealt with the lowest "temperatures seen in decades, tying the year 1904 as the seventh coldest February on record (1895-2015) for the Midwestern Region," according to the National Climatic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

The generally more-forward-looking **housing permits** were not quite as weak as starts. Permits decreased 0.7% across the country on a 3-month moving average basis, while Midwest permits decreased 2.1%. Multi-family permits increased 1.4% nationally, offsetting some of the weakness in single family permits. Multi-family permits decreased in the Midwest.

Sales of existing houses increased both across the country (+0.8%) and in the Midwest (+2.7%) in March on a 3-month moving average basis. Inventories of existing homes for sale rose modestly in March but decreased relative to the current pace of sales. 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 2.0% nationally and 2.4% in the Midwest during March on a 3-month moving average basis, pointing to stronger activity in April. Compared with a year earlier, the index was higher by 10.5% nationally and 9.6% in the Midwest.

Sales of newly built homes were mixed, decreasing 1.0% nationally and increasing 0.6% in the Midwest, again on a 3-month moving average basis. New home sales were 19.0% higher than a year earlier across the country. The Midwest increase in March snapped a 3-month string of decreases, but left the level only 1.8% above the year ago level. Inventories of new homes moved modestly higher in March 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 February, rising 0.4% across the country for the ninth straight monthly increase, according to the Case-Shiller national home price index. Home prices in Cleveland increased for the sixth straight month in February, rising by 0.4% during the month to 3.4% above the level of last June. Home prices increased 5.6% across the country from December 2013 to February 2015 to stand 24.7% above the cycle low reached in December 2011, but remained 3.9% 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.

April **GRF receipts totaled $3,106.4 million** and were $469.2 million (17.8%) above the estimate. Monthly tax receipts totaled $2,305.7 million and were $276.1 million (13.6%) above the estimate, while non-tax receipts totaled $798.8 million and were $191.3 million (31.5%) above the estimate. Variances for the fiscal year-to-date by category are provided in the following table ($ 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	$454.1 million	2.6%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($33.2 million)	-0.4%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$17.3 million	246.7%
TOTAL REVENUE VARIANCE:		**$438.2 million**	**1.7%**

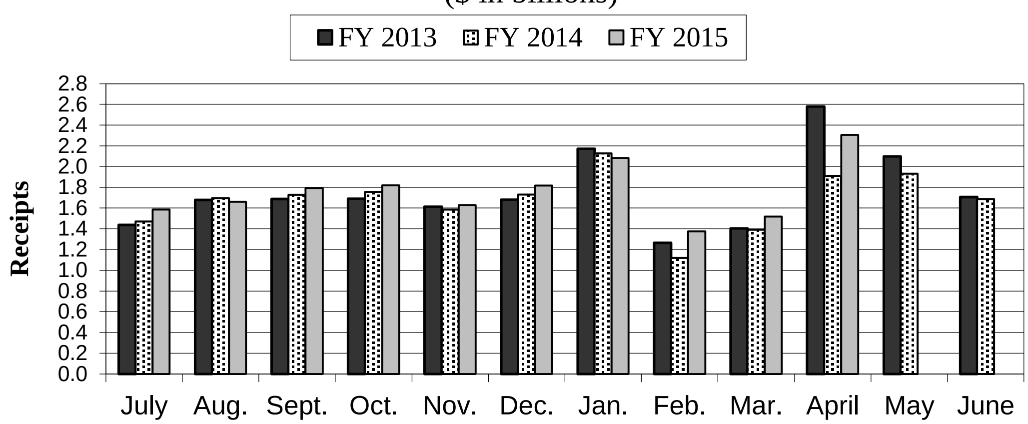
On a year-over-year basis, monthly receipts were $327.9 million (11.8%) higher than in April of the previous fiscal year, mainly due to growth in the personal income tax ($320.1 million, 35.5%), sales and use tax ($66.9 million, 7.9%), and the financial institutions tax ($7.9 million, 33.1%).

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

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Personal Income Tax	$227.9	Auto Sales & Use Tax	($2.8)
Federal Grants	$192.4	Licenses and Fees	($2.5)
Non-Auto Sales & Use Tax	$35.0	Commercial Activity Tax	($1.5)
Financial Institutions Tax	$7.0		
Kilowatt-Hour Tax	$3.7		
Cigarette Tax	$2.8		
Earnings	$1.5		
Corporate Franchise Tax	$1.5		
Foreign Insurance Tax	$1.0		
Transfers In – Other	$1.8		
Other Sources Above Estimate	$1.9	Other Sources Below Estimate	($0.6)
Total above	**$476.5**	**Total below**	**($7.4)**

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

Tax Revenue Comparison by Month
($ in billions)



Non-Auto Sales and Use Tax

April non-auto sales and use tax collections totaled $782.4 million and were $35.0 million (4.7%) above estimate, which was a welcomed positive variance after several months of weak collections. As the first release of annualized GDP growth rates revealed an anemic 0.2% change for the first quarter, some of the explanations analysts have used for the meager growth in the economy, such as the extremely cold weather, most likely also explain why, 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. Following depressed collections in March, the year-to-date variance recovered in April and is now $33.9 million (0.5%) above the estimate.

Total year-to-date tax collections for the sales and use tax (including the auto sales tax) are above the estimate by $65.4 million (0.8%). With only two months left to report in the fiscal year, OBM's estimate for the combined sales tax is very close to the yearly forecast regardless of the variances in the two components. This could indicate some consumer substitution between automobile purchases and those other goods and services taxed under the non-auto sales tax.

On a year-over-year basis, April 2015 receipts were $70.8 million (9.9%) above collections in the same month of the previous fiscal. April comparisons are unaffected by the tax rate increase that took effect last fiscal year, although year-to-date comparisons are 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 $615.4 million (9.4%).

Auto Sales Tax

April auto sales tax collections totaled $128.3 million and were $2.8 million (2.1%) below estimate, which was slightly disappointing considering national light-vehicle sales in March peaked at 17.05 million units (SAAR) and some of that revenue was expected to be realized in April. National demand for light-vehicles slipped slightly in April, reported at 16.5 million units, yet still showing noticeable growth of 4.7% compared to April 2014 levels. Though national sale levels remain strong, Ohio may be disproportionately vulnerable to a year-over-year decline in volume reported for Honda, which sold 1.8% less units than in April of the previous fiscal year. OBM will monitor the volatility in the light-vehicle sales market but does not expect any fundamental changes in the drivers behind demand to affect the overall forecast.

Year-to-date receipts were above the estimate by $31.5 million (3.0%). On a year-over-year basis, monthly receipts were $3.9 million (3.0%) below the amount collected in April of the previous fiscal year. As with the non-auto sales tax, April comparisons are unaffected by the tax rate increase that took effect last fiscal year, although year-to-date comparisons are 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 $76.7 million (7.7%).

Personal Income Tax

April personal income tax receipts totaled $1,222.3 million and were $227.9 million (22.9%) above the estimate. More than the entirety of the excess was attributable to the annual returns component which totaled $734.5 million and exceeded the estimate by $241.0 million (48.8%) – an amount that combined with better than expected withholding and trust receipts, more than offset higher than estimated refunds along with shortfalls in the quarterly estimated payments.

Withholding collections totaled $727.4 million and were $24.9 million (3.5%) above estimate. As a result, withholding collections for the year-to-date were $29.3 million (0.4%) above the estimate. Trust payments totaled $24.3 million and were above the estimate by $6.6 million (37.0%). Quarterly estimated payments and the miscellaneous category were below estimate by $2.1 million and $6.2 million respectively and combined with higher than expected refunds to produce the total monthly overage of $227.9 million.

Year-to-date, GRF income tax collections were $342.2 million (5.0%) above the estimate. Payments associated with annual returns, withholding, quarterly estimated payments, and trust payments combine to account for $371.5 million worth of the overage, while all the other components showed small shortfalls and were collectively $29.3 million below the estimate.

On a year-over-year basis, April personal income tax receipts were $320.1 million (35.5%) above the April 2014 amount. Payments associated with annual returns accounted for the majority of this growth increasing by $215.0 million (41.4%) over the same month in the previous fiscal year. Lower refunds of $76.6 million (-16.9%) and higher withholding payments of $42.9 million (6.3%) also contributed to the growth. Partially offsetting these increases were lower collections in quarterly estimated payments ($2.1 million, 1.6%), trusts ($4.7 million, 16.3%) and the miscellaneous components ($5.3 million, 15.9%).

FY2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	ESTIMATE APR	ACTUAL APR	$ VAR APR	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$702.5	$727.4	$24.9	$6,815.3	$6,844.5	$29.2
Quarterly Est.	$131.2	$129.1	($2.1)	$796.4	$879.6	$83.2
Trust Payments	$17.7	$24.2	$6.5	$46.4	$50.6	$4.2
Annual Returns & 40 P	$493.5	$734.5	$241.0	$687.8	$942.6	$254.8
Other	$16.5	$10.3	($6.2)	$108.7	$88.2	($20.5)
Less: Refunds	($340.4)	($377.2)	($36.8)	($1,347.4)	($1,355.1)	($7.7)
Local Distr.	($26.6)	($26.0)	$0.6	($290.5)	($291.7)	($1.2)
Net to GRF	**$994.4**	**$1,222.3**	**$227.9**	**$6,816.7**	**$7,158.7**	**$342.0**

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. April experienced additional heavy settlement activity as receipts totaled $1.5 million. Year-to-date, receipts were slightly above ($1.7 million) the estimate of zero.

Financial Institutions Tax

Correcting for the timing related shortfall in March, April receipts for the financial institutions tax totaled $31.6 million and were $7.0 million (28.4%) above the $24.6 million estimate. The March negative and April positive monthly variances were largely due to the timing of the payment due date for the tax (March 31st) and a larger portion of payments being received and processed in April as opposed to March as estimated.

For the year, revenues were $25.0 million (16.3%) below estimate with most of that variance due to after-the-fact adjustments to payments received in the previous fiscal year. 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

April commercial activity tax (CAT) receipts deposited in the GRF totaled $25.7 million and were $1.5 million (5.4%) below the estimate of $27.2 million. Year-to-date, GRF CAT receipts totaled $673.1 million and were $67.9 million (11.2%) above estimate. Year-over-year growth in GRF CAT receipts through the first ten months of the fiscal year was $49.2 million (7.9%). The next quarterly due date for CAT payments is May 10th and while the tax was slightly below estimate for the month of April, this may be the result of a greater share of payments being made in early May than estimated. As a result, to assess the true performance of the tax, one must look at collections for the two months combined.

All-funds April CAT receipts (net of refunds, attorney general fees, and deposits to the motor fuel fund), meanwhile totaled $51.9 million and were $2.4 million (4.4%) below the estimate. Year-to-date, all funds receipts totaled $1,358.3 million and were $147.6 million (12.2%) above estimate. Year-over-year growth in all funds CAT receipts through the first ten months of the fiscal year were $37.3 million (2.8%) 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 results in an increase of $89.5 million (7.1%).

Kilowatt-Hour Tax

April kilowatt hour tax receipts totaled $30.2 million and were $3.7 million (14.1%) above the estimate. This variance further decreased the year-to-date shortfall to $2.7 million (1.0%) below estimate. Year-over-year collections were $0.7 million (2.1%) below collections in April 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 $8.9 million (27.7%).

Cigarette and Other Tobacco Tax

The cigarette and other tobacco tax receipts rebounded in April exceeding the estimate after two consecutive monthly shortfalls. April receipts totaled $69.8 million and were $2.8 million (4.2%) above the estimate of $67.0 million. April 2015 cigarette tax receipts were $2.9 million (4.4%) above the level for the same month of the previous fiscal year. Year-to-date receipts were $8.3 million (1.4%) above the estimate, but $8.2 million (1.3%) below the collections in the first ten months of the previous fiscal year.

GRF non-tax receipts totaled $798.8 million in April and were $191.3 million (31.5%) above the estimate. Federal grants are by far the largest share of this category, accounting for more than all of the category overage, coming in $192.4 million (32.3%) above estimate. The federal revenue overage in April was roughly equal to the amount that Medicaid disbursements were over estimate for the month.

License and Fees revenues totaled $3.5 million and were $2.5 million (41.5%) below estimate. Transfers in totaled $2.0 million and were $1.8 million above estimate.

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

REVENUE SOURCE	MONTH ACTUAL APRIL	MONTH ESTIMATE APRIL	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	782,414	747,400	35,014	4.7%	7,185,395	7,151,500	33,895	0.5%
Auto Sales & Use	128,295	131,100	(2,805)	-2.1%	1,071,082	1,039,600	31,482	3.0%
Subtotal Sales & Use	910,709	878,500	32,209	3.7%	8,256,477	8,191,100	65,377	0.8%
Personal Income	1,222,312	994,400	227,912	22.9%	7,158,873	6,816,700	342,173	5.0%
Corporate Franchise	1,503	0	1,503	N/A	1,721	0	1,721	N/A
Financial Institutions Tax	31,593	24,600	6,993	28.4%	128,661	153,700	(25,039)	-16.3%
Commercial Activity Tax	25,729	27,200	(1,471)	-5.4%	673,125	605,200	67,925	11.2%
Petroleum Activity Tax	0	500	(500)	N/A	4,436	14,000	(9,564)	-68.3%
Public Utility	21	0	21	N/A	62,760	73,200	(10,440)	-14.3%
Kilowatt Hour	30,236	26,500	3,736	14.1%	259,345	262,000	(2,655)	-1.0%
Natural Gas Distribution	4,453	3,700	753	20.4%	40,977	32,100	8,877	27.7%
Foreign Insurance	200	(800)	1,000	125.0%	299,421	303,800	(4,379)	-1.4%
Domestic Insurance	0	0	0	N/A	7,537	2,000	5,537	276.9%
Other Business & Property	33	0	33	N/A	113	0	113	N/A
Cigarette and Other Tobacco	69,791	67,000	2,791	4.2%	613,681	605,400	8,281	1.4%
Alcoholic Beverage	5,240	4,600	640	13.9%	46,561	45,100	1,461	3.2%
Liquor Gallonage	3,453	3,400	53	1.6%	35,993	34,100	1,893	5.5%
Estate	406	0	406	N/A	2,812	0	2,812	N/A
Total Tax Receipts	2,305,682	2,029,600	276,082	13.6%	17,592,491	17,138,400	454,091	2.6%
NON-TAX RECEIPTS								
Federal Grants	787,895	595,514	192,381	32.3%	7,955,248	7,985,201	(29,953)	-0.4%
Earnings on Investments	6,504	5,000	1,504	30.1%	17,897	14,500	3,397	23.4%
License & Fees	3,549	6,063	(2,513)	-41.5%	56,487	60,331	(3,843)	-6.4%
Other Income	826	907	(81)	-8.9%	24,615	18,574	6,041	32.5%
ISTV'S	0	0	0	N/A	828	9,622	(8,795)	-91.4%
Total Non-Tax Receipts	798,775	607,483	191,292	31.5%	8,055,075	8,088,228	(33,153)	-0.4%
TOTAL REVENUES	**3,104,457**	**2,637,083**	**467,373**	**17.7%**	**25,647,566**	**25,226,628**	**420,938**	**1.7%**
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	1,989	200	1,789	894.6%	24,272	7,000	17,272	246.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	1,989	200	1,789	894.6%	24,272	7,000	17,272	246.7%
TOTAL SOURCES	**3,106,446**	**2,637,283**	**469,162**	**17.8%**	**25,671,838**	**25,233,628**	**438,210**	**1.7%**

Table 2

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**APRIL FY 2015**	**APRIL FY 2014**	**$ VAR**	**% VAR**	**ACTUAL FY 2015**	**ACTUAL FY 2014**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	782,414	711,629	70,786	9.9%	7,185,395	6,569,998	615,397	9.4%
Auto Sales & Use	128,295	132,218	(3,923)	-3.0%	1,071,082	994,334	76,749	7.7%
Subtotal Sales & Use	910,709	843,846	66,863	7.9%	8,256,477	7,564,331	692,146	9.2%
Personal Income	1,222,312	902,218	320,094	35.5%	7,158,873	6,769,169	389,705	5.8%
Corporate Franchise	1,503	(6,023)	7,526	125.0%	1,721	(11,827)	13,549	114.6%
Financial Institutions Tax	31,593	23,735	7,858	33.1%	128,661	148,347	(19,686)	-13.3%
Commercial Activity Tax	25,729	31,572	(5,843)	N/A	673,125	623,930	49,194	7.9%
Petroleum Activity Tax	0	0	0	N/A	4,436	0	4,436	N/A
Public Utility	21	0	21	N/A	62,760	72,370	(9,610)	-13.3%
Kilowatt Hour	30,236	30,897	(661)	-2.1%	259,345	267,066	(7,721)	-2.9%
Natural Gas Distribution	4,453	4,665	(212)	N/A	40,977	41,345	(368)	-0.9%
Foreign Insurance	200	(3,174)	3,375	106.3%	299,421	301,257	(1,836)	-0.6%
Domestic Insurance	0	0	(0)	N/A	7,537	153	7,384	4822.7%
Other Business & Property	33	18	15	85.2%	113	496	(383)	-77.2%
Cigarette and Other Tobacco	69,791	66,866	2,925	4.4%	613,681	621,855	(8,175)	-1.3%
Alcoholic Beverage	5,240	4,752	489	10.3%	46,561	46,008	553	1.2%
Liquor Gallonage	3,453	3,341	112	3.4%	35,993	34,674	1,319	3.8%
Estate	406	6,484	(6,078)	-93.7%	2,812	37,223	(34,411)	-92.4%
Total Tax Receipts	2,305,682	1,909,196	396,486	20.8%	17,592,491	16,516,395	1,076,095	6.5%
NON-TAX RECEIPTS								
Federal Grants	787,895	844,688	(56,792)	-6.7%	7,955,248	7,680,492	274,755	3.6%
Earnings on Investments	6,504	3,930	2,575	65.5%	17,897	12,350	5,548	44.9%
License & Fee	3,549	7,342	(3,793)	-51.7%	56,487	55,714	773	1.4%
Other Income	826	765	61	7.9%	24,615	15,667	8,948	57.1%
ISTV'S	0	9,619	(9,619)	N/A	828	17,364	(16,536)	-95.2%
Total Non-Tax Receipts	798,775	866,343	(67,569)	-7.8%	8,055,075	7,781,586	273,489	3.5%
TOTAL REVENUES	**3,104,457**	**2,775,540**	**328,917**	**11.9%**	**25,647,566**	**24,297,982**	**1,349,584**	**5.6%**
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	1,989	2,973	(984)	-33.1%	24,272	50,188	(25,916)	-51.6%
Temporary Transfers In	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers	1,989	2,973	(984)	-33.1%	24,272	55,704	(31,432)	-56.4%
TOTAL SOURCES	**3,106,446**	**2,778,513**	**327,933**	**11.8%**	**25,671,838**	**24,353,685**	**1,318,153**	**5.4%**

DISBURSEMENTS

April GRF disbursements, across all uses, totaled $2,524.9 million and were $173.0 million (7.4%) above estimate. This was primarily attributable to higher than estimated disbursements in the Medicaid and Property Tax Reimbursements categories being partially offset by lower than estimated disbursements in the Primary and Secondary Education and Health and Human Services categories. On a year-over-year basis, April total uses were $0.1 million (0.0%) lower than those of the same month in the previous fiscal year, with higher disbursements in the Property Tax Reimbursements category being partially offset by lower disbursements in the Medicaid and Health and Human Services categories. 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)	($57.4 million)	-0.2%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	($10.4 million)	-1.7%
TOTAL DISBURSEMENTS VARIANCE:		**($67.8 million)**	**-0.3%**

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. April disbursements for this category totaled $574.4 million and were $70.0 million (10.9%) below estimate. Expenditures for the school foundation program totaled $521.4 million and were $57.7 million (10.0%) below 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. Districts with calculated increases in their foundation payments receive the increases immediately, whereas districts with calculated decreases will see a gradual reduction in their foundation payments through the end of the fiscal year. The below-estimate April foundation payments are a result of this downward ADM adjustment. The Department estimates that year-end total disbursements will be in line with the estimates.

Year-to-date disbursements were $6,225.8 million, which was $117.9 million (1.9%) above estimate. On a year-over-year basis, disbursements in this category were $10.4 million (1.8%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $377.1 million (6.4%) higher than at the same point in fiscal year 2014.

Higher Education

April disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled $171.2 million and were $3.0 million (1.8%) above estimate for the month. The majority of the monthly variance was due to disbursements in the Ohio National Guard Scholarship Program being above estimate by $4.1 million as a result of higher than expected requests for reimbursement from higher education institutions, which was partially offset by disbursements in the Choose Ohio First and Ohio College Opportunity Grant Scholarship Programs being below estimate by $1.0 million.

Year-to-date disbursements were $1,790.0 million, which was $3.7 million (0.2%) above estimate. On a year-over-year basis, disbursements in this category were $2.9 million (1.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $43.6 million (2.5%) 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.

April disbursements in this category totaled $2.9 million and were $3.6 million (55.8%) below estimate. This variance was primarily attributable to Ohio History Connection subsidy payments estimated for April being made in March instead. Year-to-date disbursements were $48.6 million, which was $3.0 million (5.8%) below estimate. On a year-over-year basis, disbursements in this category were $0.9 million (24.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $2.5 million (5.4%) 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.

Expenditures

April GRF disbursements for the Medicaid Program totaled $1,215.1 million and were $201.3 million (19.9%) above the estimate, and $80.2 million (6.2%) below the same month in the previous fiscal year. Year-to-date GRF disbursements for the Medicaid Program totaled $12,935.6 million and were $158.1 million (1.2%) below the estimate, and $930.0 million (7.7%) above the same point in the previous fiscal year.

April all funds disbursements totaled $1,858.3 million and were $421.1 million (18.5%) below the estimate, and $175.6 million (10.4%) above disbursements in the same month of the previous fiscal year. Year-to-date all funds disbursements totaled $19,126.7 million and were $996.4 million (5.0%) below the estimate, and $2,380.6 million (14.2%) above disbursements in the same point of the previous fiscal year.

The April all funds 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 are expected to be completed before the conclusion of the fiscal year. Other categories with lower than anticipated expenses in April include such fee-for-service categories as hospitals, physicians and prescription drugs, and three groups in the managed care program – Aged, Blind and Disabled (ABD)-Adults, ABD-Children, and MyCare Medicaid/Medicare dually-eligible. These lower than anticipated expenses were offset in part by greater than anticipated spending in the Managed Care-CFC spending category, resulting from enrollment, and in Nursing Facilities as the MyCare managed care program claims for this population have not yet shifted to managed care plans.

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 2014.

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

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

	Apr. Projection	Apr. Actual	Variance	Variance %
GRF	$ 1,013.8	$ 1,215.1	$ 201.3	19.9%
Non-GRF	$ 1,265.6	$ 643.2	$ (622.4)	-49.2%
All Funds	$ 2,279.3	$ 1,858.3	$ (421.1)	-18.5%

Enrollment

Total April enrollment across all categories was 2.93 million. The most significant components are the Covered Families and Children (CFC) category, which decreased by 46,717 persons to an April total of 2.32 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 3,602 persons to an April total of 412,550 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 2.69 million covered persons, including 2.03 million persons in the CFC category and 434,793 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.

April disbursements in this category totaled $92.9 million and were $40.6 million (30.4%) below estimate for the month. Year-to-date disbursements were $1,121.2 million, which was $50.5 million (4.3%) below estimate. On a year-over-year basis, disbursements in this category were $17.1 million (15.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $50.4 million (4.7%) higher than at the same point in fiscal year 2014.

<u>Department of Job and Family Services</u>
April disbursements for the Department of Job and Family Services totaled $48.0 million and were $20.6 million (30.0%) below estimate. This variance was primarily attributable to several lines. First, TANF State/Maintenance of Effort disbursements were $12.6 million (54.5%) below estimate due to $10.0 million in administrative funding anticipated to be disbursed in April being pushed to future months instead, and increased federal share of Ohio Works First cash assistance payments. Second, Family and Children Services disbursements were $11.6 million (96.7%) below estimate due to county payments for the State Child Protective Allocation being made in March instead of April as originally estimated. Third, Information Technology Projects disbursements were $1.7 million (42.6%) below estimate due to invoices not being received in April as anticipated and lower than estimated payroll disbursements. Finally, Early Care and Education disbursements were $6.5 million (120.8%) above estimate due to a change in the child care disbursement schedule in order to meet the TANF MOE requirements.

<u>Department of Health</u>
April disbursements for the Department of Health totaled $6.5 million and were $1.2 million (23.2%) above estimate. This variance was primarily attributable to Federally Qualified Health Centers disbursements being $1.3 million above an estimate of $1,068 due to subsidy payments originally estimated for May being made in April instead.

<u>Department of Mental Health and Addiction Services</u>
April disbursements for the Department of Mental Health and Addiction Services totaled $19.3 million and were $19.8 million (50.6%) below estimate. This variance was primarily attributable

to several lines. First, Community Behavioral Health disbursements were $2.4 million (46.4%) below estimate due to the timing of county draws on block grant supplement funds. Second, Criminal Justice Services disbursements were $1.1 million (88.6%) below estimate and Continuum of Care Services disbursements were $16.9 million (96.3%) below estimate both due to payments being sent out in May that were estimated to be released in April. Finally, Community Innovations disbursements were $1.2 million above an estimate of $0 due to payments estimated to be released in December and March being released in April instead.

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.

April disbursements in this category totaled $173.8 million and were $2.1 million (1.2%) above estimate for the month. Year-to-date disbursements were $1,594.8 million, which was $29.2 million (1.8%) below estimate. On a year-over-year basis, disbursements in this category were $6.6 million (3.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $16.8 million (1.1%) higher than at the same point in fiscal year 2014.

<u>Department of Rehabilitation and Correction</u>
April disbursements for the Department of Rehabilitation and Correction totaled $141.4 million and were $0.6 million (0.4%) above estimate. Disbursements for Community Nonresidential Programs were $1.3 million (15.3%) below estimate due to the timing of payments. This variance was largely offset by $1.0 million (18.1%) in higher than estimated disbursements for Parole and Community Operations due to the purchase of MARCS radios, as well as several other lines totaling $0.9 million. Year-to-date disbursements were $1,233.6 million and were $11.9 million (1.0%) below estimate.

<u>Department of Youth Services</u>
April disbursements for the Department of Youth Services totaled $11.7 million and were $1.8 million (13.6%) below estimate. This variance was primarily attributable to RECLAIM Ohio disbursements being $1.7 million (14.7%) below estimate due to lower than estimated payroll and operational expenditures, and invoices from three Community Correctional Facilities not being received during the month as anticipated. Year-to-date disbursements were $164.4 million and were $14.4 million (8.1%) below 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.

April disbursements in this category totaled $32.9 million and were $2.1 million (6.9%) above estimate. Year-to-date disbursements were $295.9 million, which was $12.1 million (3.9%)

below estimate. On a year-over-year basis, disbursements in this category were $1.1 million (3.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $5.6 million (1.9%) lower than at the same point in fiscal year 2014.

Department of Taxation

April disbursements for Operating Expenses at the Department of Taxation totaled $6.3 million and were $1.3 million (25.5%) above estimate. This variance was primarily attributable to payment of approximately $1.0 million in postage expenses originally estimated in February. Year-to-date disbursements totaled $51.7 million and were $3.0 million (5.5%) below estimate.

Department of Administrative Services

April disbursements for the Department of Administrative Services (DAS) disbursements totaled $4.8 million, and were $2.9 million (158.5%) above the estimate. This variance was primarily attributable to rent payments for GRF-supported state agencies and vacant space in state buildings estimated for May being made in April instead.

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, April disbursements of property tax reimbursements were $191.6 million and were $88.5 million (85.9%) above the estimate of $103.1 million. Year-to-date disbursements totaled $1,128.0 million and were $91.4 million (8.8%) above estimate. It is expected that May and June disbursements should be below the estimate.

Debt Service

April payments for debt service totaled $70.1 million and were $0.8 million (1.2%) below estimate. Year-to-date, debt service payments totaled $1,127.2 million and were $17.5 million (1.4%) below estimate.

Transfers Out

April transfers out of the GRF were less than $0.1 million and were $8.9 million (99.9%) below estimate. The monthly variance was due to a transfer from the GRF to support OAKS upgrades that occurred in March instead of April as originally estimated.

Table 3

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

Functional Reporting Categories Description	MONTH ACTUAL APRIL	MONTH ESTIMATED APRIL	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	574,418	644,462	(70,044)	-10.9%	6,225,762	6,107,890	117,872	1.9%
Higher Education	171,181	168,209	2,972	1.8%	1,789,960	1,786,241	3,719	0.2%
Other Education	2,884	6,525	(3,641)	-55.8%	48,579	51,545	(2,966)	-5.8%
Medicaid	1,215,101	1,013,775	201,326	19.9%	12,935,620	13,093,742	(158,122)	-1.2%
Health and Human Services	92,922	133,480	(40,558)	-30.4%	1,121,172	1,171,718	(50,546)	-4.3%
Justice and Public Protection	173,847	171,793	2,054	1.2%	1,594,780	1,623,996	(29,216)	-1.8%
General Government	32,917	30,799	2,118	6.9%	295,944	308,052	(12,108)	-3.9%
Property Tax Reimbursements	191,551	103,053	88,498	85.9%	1,127,955	1,036,561	91,394	8.8%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	70,062	70,906	(844)	-1.2%	1,227,179	1,244,646	(17,467)	-1.4%
Total Expenditures & ISTV's	**2,524,884**	**2,343,003**	**181,882**	**7.8%**	**26,366,951**	**26,424,391**	**(57,440)**	**-0.2%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	11	8,863	(8,852)	-99.9%	587,846	598,243	(10,397)	-1.7%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**11**	**8,863**	**(8,852)**	**N/A**	**587,846**	**598,243**	**(10,397)**	**-1.7%**
Total Fund Uses	**2,524,896**	**2,351,866**	**173,030**	**7.4%**	**26,954,798**	**27,022,634**	**(67,836)**	**-0.3%**

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

Functional Reporting Categories Description	MONTH APRIL FY 2015	MONTH APRIL FY 2014	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2015	YEAR-TO-DATE ACTUAL FY 2014	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	574,418	584,848	(10,430)	-1.8%	6,225,762	5,848,641	377,120	6.4%
Higher Education	171,181	174,084	(2,903)	-1.7%	1,789,960	1,746,376	43,584	2.5%
Other Education	2,884	3,823	(938)	-24.5%	48,579	46,071	2,508	5.4%
Medicaid	1,215,101	1,295,285	(80,183)	-6.2%	12,935,620	12,005,571	930,049	7.7%
Health and Human Services	92,922	110,039	(17,117)	-15.6%	1,121,172	1,070,792	50,380	4.7%
Justice and Public Protection	173,847	180,440	(6,593)	-3.7%	1,594,780	1,577,974	16,806	1.1%
General Government	32,917	31,846	1,071	3.4%	295,944	301,558	(5,614)	-1.9%
Property Tax Reimbursements	191,551	64,162	127,389	-198.5%	1,127,955	978,827	149,127	15.2%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	70,062	58,171	11,891	20.4%	1,227,179	1,148,394	78,786	6.9%
Total Expenditures & ISTV's	**2,524,884**	**2,502,698**	**22,186**	**0.9%**	**26,366,951**	**24,724,205**	**1,642,746**	**6.6%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	995,930	(995,930)	N/A
Operating Transfer Out	11	22,280	(22,269)	N/A	587,846	233,241	354,606	152.0%
Temporary Transfer Out	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers Out	**11**	**22,280**	**(22,269)**	**N/A**	**587,846**	**1,234,687**	**(646,840)**	**-52.4%**
Total Fund Uses	**2,524,896**	**2,524,978**	**(83)**	**0.0%**	**26,954,798**	**25,958,892**	**995,906**	**3.8%**

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**

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

Jason Akbar, Astrid Arca, Jim Bennett, Frederick Church, Jim Coons, Adam Damin, Paul DiNapoli, Catherine Hookway, Kurt Kauffman, Sári Klepacz, Matthew Martin, Ashley Nelson, Jeff Newman, Katherine Nickey, Steven Peishel, Ben Phillips, Penny Rader, Katja Ryabtseva, Daniel Schreiber, Tara Schuler, Dex Stanger, Chris Whistler, and Andrew White.