OBM

June 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

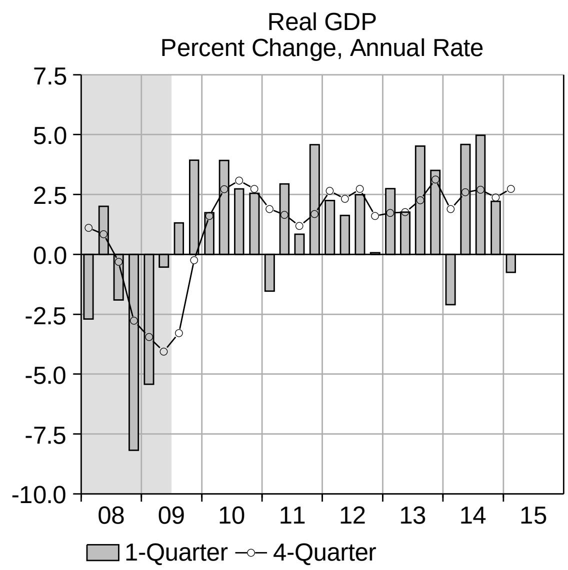
ECONOMIC SUMMARY

Economic Performance Overview

- The economy contracted in the first quarter for the third time during this expansion, as real GDP decreased 0.7% at an annual rate.
- U.S. employment increased by 280,000 jobs in May, above the average of 251,000 during the previous twelve months. The unemployment rate inched up to 5.5%, as job seekers entered the labor force faster than jobs were created.
- Ohio employment increased by 6,400 jobs in April and the unemployment rate ticked up to 5.2%.
- The recent weakening in many measures of economic activity is likely the result of temporary factors. Forecasters anticipate a return to 2% to 3% growth beginning in the current quarter.

Economic Growth

The economy contracted in the first quarter for the third time during this expansion. The change in **real GDP** was revised down from the advance estimate of +0.2% to -0.7%. Real GDP declined 2.1% in the first quarter of 2014 and 1.5% in the first quarter of 2011. In addition to those three negative quarters, the change was barely positive in the fourth quarter of 2012. However, despite the quarterly change being negative, compared with a year earlier, real GDP was up by 2.7%.



A number of analyses strongly suggest that the weakness in first-quarter real GDP in recent years reflects residual seasonality – regular seasonal fluctuations that have not been removed by the standard seasonal adjustment process. The Federal Reserve Bank of San Francisco estimated that the change in real GDP in the first quarter of 2015 was 1.6 percentage points higher than reported, after removal of the residual seasonality.

The decrease in first-quarter real GDP primarily reflected decreases in exports, investment in nonresidential structures, and state and local government gross investment. These decreases were partly offset by positive contributions from personal consumption expenditures, the change in nonfarm inventories, and investment in residential structures.

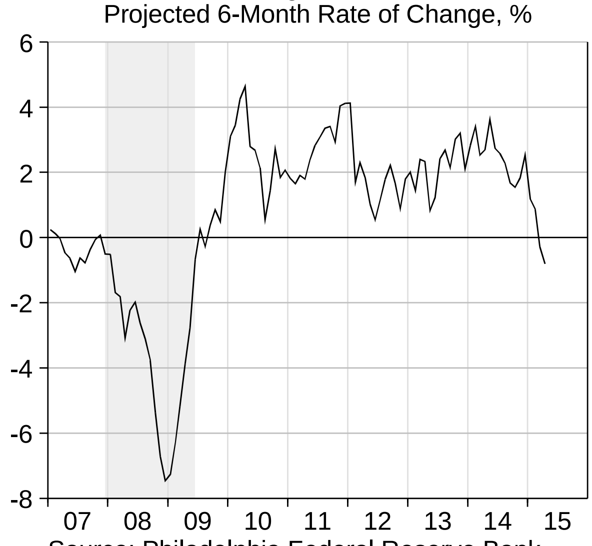
The swing from growth in the fourth quarter to contraction in the first quarter reflected a deceleration in personal consumption expenditures and shifts from modest growth in exports of goods and in investment in nonresidential structures to substantial decreases. State and local government spending also contributed to the reversal by contracting modestly after a modest increase in the fourth quarter.

Apart from apparent difficulties with seasonal adjustment, the weakness during the first quarter appears to have resulted in large part from temporary factors. These factors include the somewhat more-harsh-than-usual weather, West Coast port disruptions, and the strength in the foreign exchange value of the dollar that clearly affected exports, and cutbacks in energy-related investment due to the large and rapid drop in the price of oil since mid-2014.

Despite some deterioration over the winter, leading economic indicators still point to continued expansion. The 6-month smoothed percent change in the **Leading Economic Index** from the Conference Board was 4.8% in April – 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 and into May.

Judging by the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy expanded through March, but paused in April. Still, the coincident index was 4.3% higher in April than a year earlier, up from a 2.7% year-over-year increase in June 2013. In contrast, the change in the index typically has been near or below zero around the times recessions have begun in the past.

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



Source: Philadelphia Federal Reserve Bank

The diffusion of changes in the Coincident Economic Index across the states has deteriorated somewhat in recent months over both 1-month and 3-month spans. The index increased from the prior month for 40 states and from three months prior for 45 states, down notably from recent highs and the weakest since the summer of 2013 but still pointing to a very high likelihood of continued economic growth in the near-term.

After weakening in recent months, the companion **Ohio Leading Economic Index** fell into negative territory in March (-0.3%) and April (-0.8%). The index had been as high as 3.6% as recently as May of last year. 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. However, the index numbers are sometimes revised after the fact, so for that and other reasons it is too early to interpret the index numbers as signaling a downturn in future activity,

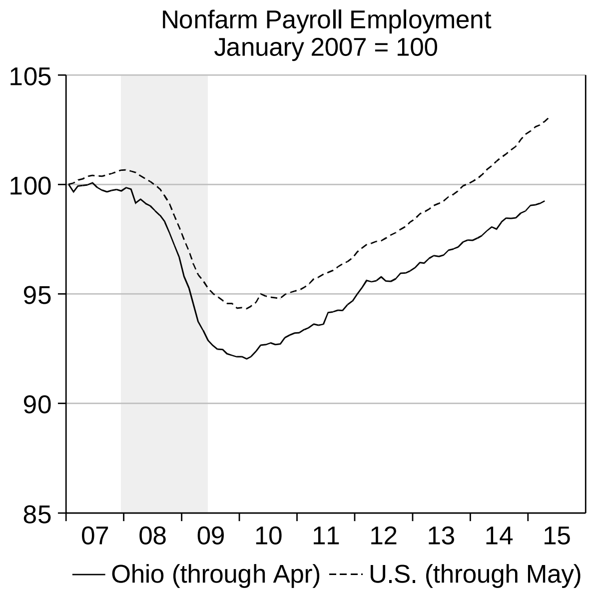
The number of state leading indexes from the Philadelphia Fed with positive readings has declined notably this year, from 50 last December to 42 in April. Although depressed, the number of positive state leading indexes remains above the threshold that has coincided with the onset of recession in the past. The number of states with positive readings fell to an average of 34 three months in advance of the most recent three recessions and to an average of 24 during the first month of those recessions.

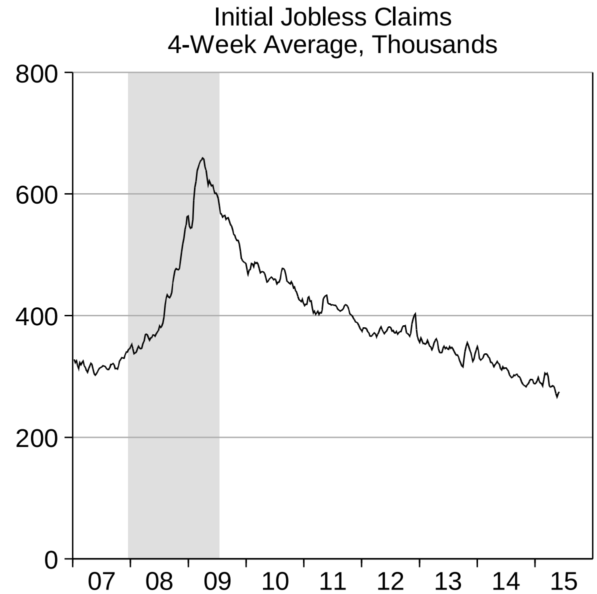
The consensus among economic forecasters is that the economy has been growing in the current quarter and will strengthen modestly through year end. The **Blue Chip Economic Indicators** consensus is for approximately 2.5% real GDP growth in the second quarter. The Atlanta Federal Reserve's evolving projection of real GDP for the quarter, based on monthly data as they are released, is currently for approximately 1.0% growth. The Blue Chip forecast has been lowered from the 3.0% to 3.5% range since early April.

Employment

Labor markets across the country continued to pick up strength in May, as **nonfarm payrolls** increased by 280,000 jobs. The April gain was revised down by 2,000 jobs to 221,000 jobs, but the March gain was revised higher by 34,000 jobs to 119,000 jobs. The increase in employment in May was larger than the 260,000 average during the previous six months and the 251,000 average during the previous twelve months.

At the same time, the recent pattern in **initial claims** for unemployment compensation remains consistent with sound labor market fundamentals. The 4-week average was 274,750 at the end of May – near the 15-year low of 266,500 reached in the middle of the month. The recent pattern and current level are consistent with a healthy and expanding labor market and overall economy.
The **unemployment rate** increased 0.1 percentage points back to 5.5%, where it stood in February and 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 was unchanged at 10.8% – the lowest mark since July 2008. The uptick in the unemployment rate resulted from an increase of 397,000 in the labor force, not all of whom found work right away. The number of people working part time because they have been unable to secure full time employment was little changed at 6.7 million in May, near recent levels.





Employment gains in May were concentrated in education and health services (+74,000), professional and business services (+63,000), and leisure and hospitality (+57,000). New employment in health care accounted for 46,800 of the gain in education and health services. Temporary help services accounted for about one-third of the new employment in professional and business services. Employment decreased by 17,200 jobs in mining and logging, due to energy-related declines in support activities for mining, and by 3,000 jobs in information.

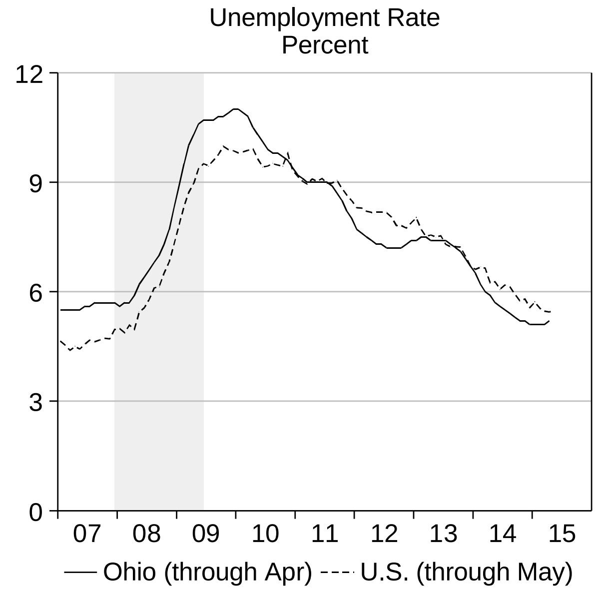
Ohio nonfarm payroll employment increased by 6,400 jobs in April, and the March gain was revised up to 3,600 jobs. Ohio employment is higher by 25,100 jobs year-to-date. Changes were mixed across sectors during the month. The largest increases occurred in manufacturing (+5,200), professional and business services (+4,700), educational and health services (+2,700), and information (+1,100). The largest decreases occurred in government (-2,200), trade, transportation and utilities (-1,800), and leisure and hospitality (-1,300).

Compared with a year earlier, Ohio employment is higher by 74,300 jobs. The largest employment gains occurred in leisure and hospitality (+22,900), manufacturing (+19,100), trade, transportation and utilities (+13,800), and education and health services (+10,400). The only employment declines during the year ending in April occurred in construction (-3,000), government (-2,400), and information (-100).

Among the **contiguous states**, year-over-year employment growth was strongest in Michigan (+2.1%), followed by Indiana (+2.0%), Kentucky (+1.8%), Ohio (+1.4%), and Pennsylvania (+1.1%). Employment declined from a year earlier in West Virginia (-0.7%). Year-over-year growth in manufacturing employment was 2.8% in Ohio. Among the contiguous states, manufacturing employment increased 4.4% in Michigan, 2.7% in Indiana, 2.0% in Kentucky, 0.8% in Pennsylvania, and 0.6% in West Virginia.

The **Ohio unemployment rate** increased 0.1 percentage points to 5.2% in April. The rate has been below 5.3% for seven consecutive months. The number of unemployed people increased by 6,669 in April, while the number of employed people decreased by 8,588, and the labor force increased by 1,919 people. From December 2013, unemployment is down by 87,545 people, the number of employed people is up by 97,920, and the labor force is up by 10,375 people. The

unemployment rate is down 0.7 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 April, the unemployment rate decreased by a statistically significant amount in 8 states and increased by a significant margin in only 2 states (Alaska and West Virginia). The unemployment rate was lower than a year earlier by a statistically significant margin in 28 states and higher in only 1 state (North Dakota).

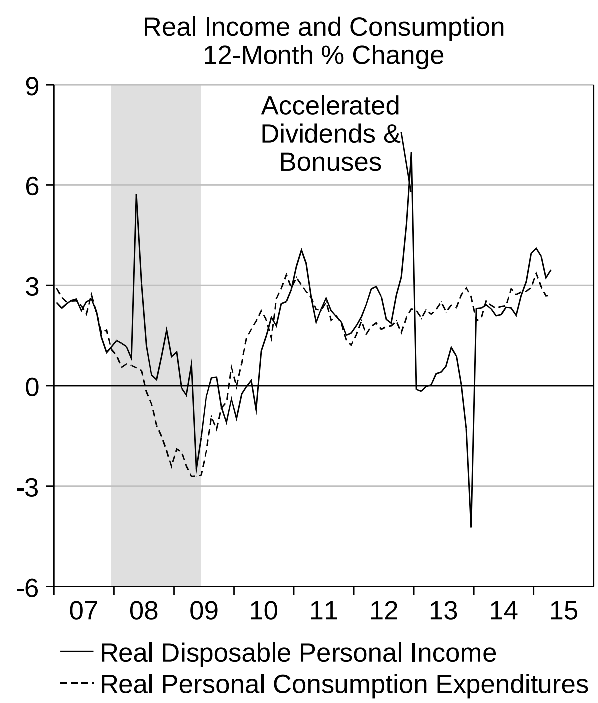


Consumer Income and Consumption

Households continued to save much of the windfall from lower energy costs in early spring. **Personal income** resumed growth in April, rising 0.4%, after no change in March. In part, the strengthening in income during April reflected the swing from a large decrease in personal dividend income in March to an increase in April. **Wage and salary disbursements** increased 0.2% in April after a 0.1% rise in March. Compared with a year earlier, personal income was up 4.1% and wage and salary disbursements were up 4.6%, both down a bit from recent peak rates.

In comparison, the Consumer Price Index (CPI) was lower by 0.1% year-over-year in April, extending a string of flat or lower year-over-year readings that began in January when sharply lower energy costs took hold. 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, and suggest that the recent weakness in the overall price level is the temporary result of the energy price shift.

In contrast, **personal consumption expenditures** were unchanged in April after rising an upwardly revised 0.5% in March. Spending on durable goods decreased 0.7% after a 1.9% rise in March, which reflected a 5.6% increase in unit sales of light motor vehicles. **Sales of light motor vehicles** fell 3.6% in April, back to an annual rate of 16.5 million units, but then rebounded sharply in May to 17.7 million units at an annual rate – the best monthly pace in almost 10 years. Spending on non-durable goods also decreased, falling by 0.5% in April, while spending on services increased 0.2%.



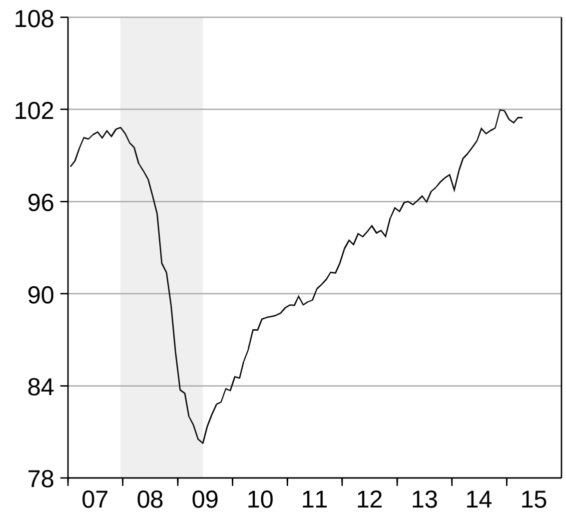
The recent weakness in consumer spending despite continued growth in incomes reflects the large decrease in the price of gasoline, the unusually harsh winter weather, the pullback in spending on motor vehicles, which appears to have been temporary, and possibly a natural ebbing from the burst in spending last fall.

IHS Global Insight projects only a 2.5% increase in real consumer spending during the current quarter, because the recovery in spending from the harsh winter has been lackluster and households have used the extra spending power afforded by lower gasoline prices to pay back debt or increase savings.

C**onsumer confidence** has retreated from the expansion highs reached in January, but remains elevated. The Conference Board measure recovered some of the January-April decrease in May due to better assessments of current conditions and essentially unchanged views of the future. In contrast, the Index of Consumer Sentiment from the University of Michigan decreased to its lowest level of the year in April, as assessments about both current and future conditions eroded.

Manufacturing

Industrial Production - Manufacturing
Index 1997 = 100



Manufacturing activity broadened in May, according to the **Manufacturing ISM** *Report on Business*. The important PMI® Index for New Orders increased 1.3 points to 52.8 – its best level since December. The PMI® Production Index declined 1.5 points to a still-healthy 54.5. Of the 18 manufacturing industries tracked by the survey, 14 reported growth in May, with the largest improvements in apparel, furniture, and paper industries. Respondents noted relief from the West Coast port issues, but continuing headwinds from the oil and gas industries and the strong dollar.

Manufacturing production, as reported by the Federal Reserve, was unchanged in April, following a 0.3% increase in March that was preceded by two straight monthly declines. An upward revision to the March increase improved the annualized rate of decrease in the first-quarter from 1.2% to 1.0%. Output remains under pressure from the strong dollar and slow inventory building, both of which are expected to restrain activity through the summer. Utility output fell 1.3% and mining output fell 0.8%. Total industrial production fell 0.3% for the fifth straight monthly decline.

Factory orders and shipments were weak again in April. Shipments were unchanged after a 0.5% increase in March. New orders slipped 0.4% after a 2.2% increase in March. Orders for non-defense capital goods, excluding aircraft, decreased 0.3% after a 1.6% rise in March, but the recent trend remains down. The *Full Report on Manufacturers' Shipments, Inventories and Orders* for April indicates that lackluster activity in the manufacturing sector spilled into the second quarter. If in fact, much of the weakness reflects temporary factors, as expected, then activity should build over the balance of the year.

Consistent with weakness in other measures of industrial activity, manufacturing employment growth was weak again in May. Employment increased by 7,000 jobs, up from an increase of only 1,000 jobs in April but the fourth consecutive month of gains of less than 10,000 jobs and well below the average of 20,000 new jobs per month during the previous nine months.

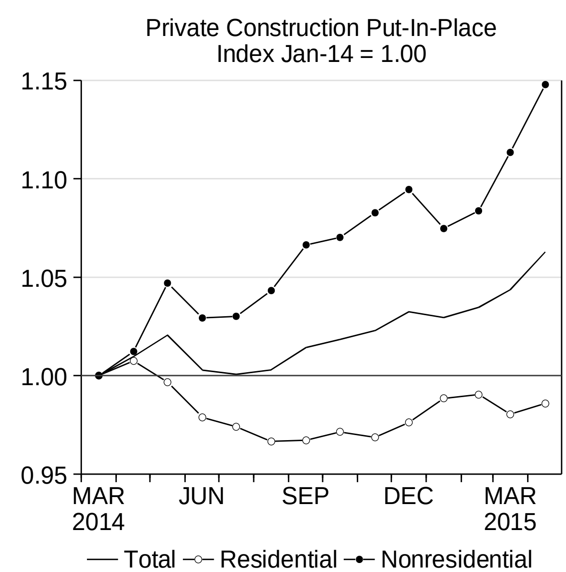
Activity in industries of particular importance to Ohio was mixed during March. Production of **primary metal** increased 0.5%, while production of **fabricated metal** was unchanged and **production of machinery** decreased 0.9%. Together with the motor vehicle industry, these three industries account 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 production in other sectors during 2015, as cheaper energy adds more to demand for consumer-related goods than it subtracts from production of investment and energy-related goods.

Construction

Construction put-in-place bounded higher by 2.2% in April following moderate increases in February and March and reflecting widespread increases across market segments, excluding only communications, where activity was down 5.9% on the month. For total construction, the April level was 4.8% higher than a year earlier.

Private construction increased 1.8% in April and the March change was revised higher, going from -0.3% to +0.9. Private residential construction put-in-place increased 0.6% and the previously reported decline of 1.6% for March was revised up to a decline of only 1.0%. Both single family and multi-family construction increased in April. Private nonresidential construction increased by 3.1% and the March increase was revised up from 1.0% to 2.7%. Gains were widespread across market segments, led by gains in power, manufacturing, and commercial construction.

Public construction increased by 3.3% and, again, the March decline was revised up from -1.0% to -0.4%. Public residential construction increased 3.3% in April and the March decline was revised up to a 3.2% gain, which followed a 5.4% rise in February. Highway and education made the largest contributions to the April increase. Power, which extended its string of substantial declines, made the only large negative contribution.



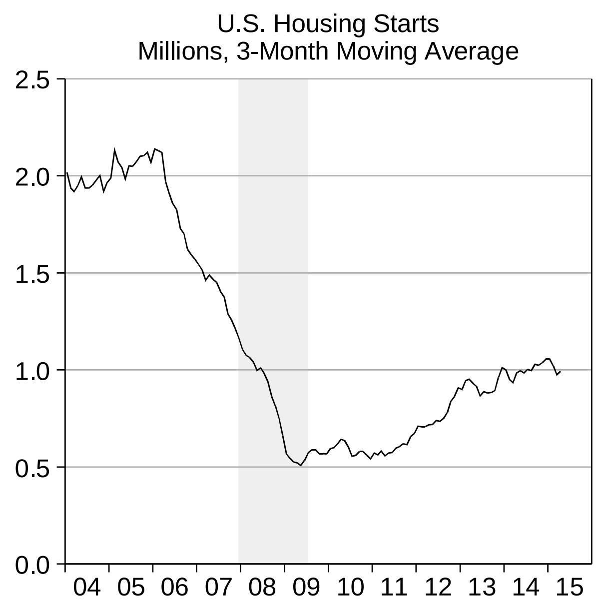
Housing activity finally showed some life in April. **Housing starts** rebounded a modest 1.9% on a 3-month moving average basis after back-to-back decreases in the prior two months. Single family starts increased 1.4% and multi-family starts increased 2.8%. In the Midwest, starts rose

2.8% on a 3-month moving average basis, as both single-family (+6.6%) and multi-family (+8.5%) starts increased. The increases across the Midwest followed sizable decreases in the prior two months.

Adverse weather accounts for most of the first-quarter decrease, which was concentrated in February. Activity improved in March, but not by enough to offset the sharp pullbacks in February. April numbers were approximately as strong as the February numbers were weak, suggesting the likelihood of an end to the weakness experienced over the winter.
The generally more-forward-looking **housing permits** also rebounded in April. Permits increased 2.5% across the country on a 3-month moving average basis, while Midwest permits slipped by 0.2% due to a lack of strength in single-family and some weakness in multi-family.

Sales of existing houses increased both across the country (+8.5%) and in the Midwest (+1.9%) in April on a 3-month moving average basis. Inventories of existing homes for sale rose again in April in both absolute terms and relative to the recent pace of sales. Even so, the inventory-to-sales ratio remained moderate at 5.3 months.

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, slipped modestly for the second month in a row on a 3-month moving average basis. Pending Home Sales in the Midwest, in contrast, increased 7.3% on top of a 1.7% rise in March.



Sales of newly built homes improved both across the country and across the Midwest, rising 1.5% and 4.2%, respectively, on a 3-month moving average basis. New home sales were 7.3% higher than a year earlier across the country and 10.4% higher across the Midwest. Inventories of new homes were little changed in April 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 March, rising 0.1% across the country for the tenth straight monthly increase, according to the Case-Shiller national home price index. Home prices in Cleveland increased for the seventh straight month in March, rising by 0.1% during the month to 3.5% above the level of last June. Home prices increased 5.6% across the country from December 2013 to March 2015 to stand 24.7% above the cycle low reached in December 2011, but remained 7.6% 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.

May **GRF receipts totaled $2,687.4 million** and were $10.3 million (0.4%) below the estimate. Monthly tax receipts totaled $2,008.2 million and were $51.0 million (2.5%) below the estimate, while non-tax receipts totaled $679.3 million and were $40.9 million (6.4%) above the estimate. Variances for the fiscal year-to-date by category are provided in the following table ($ in millions).

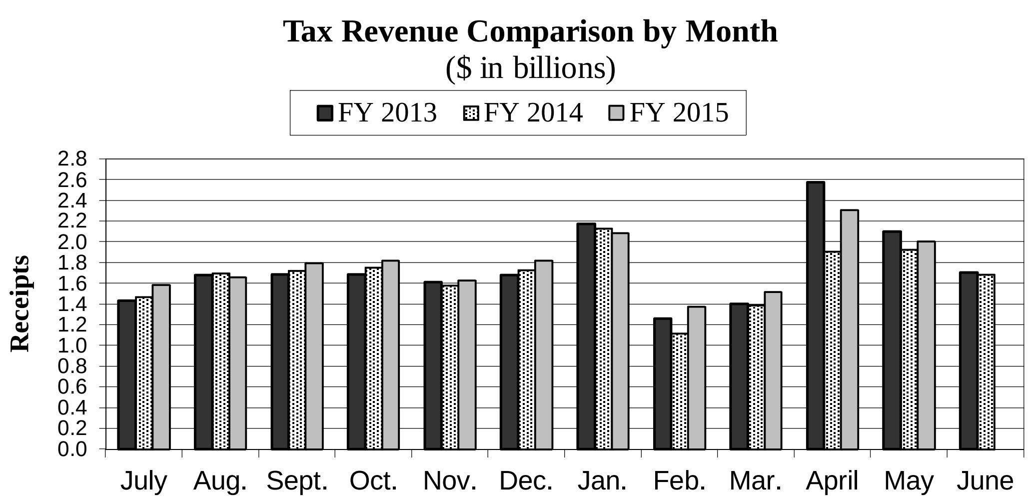
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$403.0 million	2.1%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$7.8 million	0.1%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$17.1 million	237.1%
TOTAL REVENUE VARIANCE:		**$427.9 million**	**1.5%**

On a year-over-year basis, monthly receipts were $277.7 million (11.5%) higher than in May of the previous fiscal year, mainly due to growth in federal grants revenue ($193.1 million, 40.6%), sales and use tax ($92.0 million, 11.6%), and the commercial activity tax ($14.7 million, 9.1%).

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

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Federal Grants	$32.3	Domestic Insurance Tax	($52.3)
Non-Auto Sales & Use Tax	$28.3	Personal Income Tax	($37.6)
Commercial Activity Tax	$10.0	Cigarette Tax	($7.3)
ISTV's	$9.3	Petroleum Activity Tax	($5.8)
Natural Gas Distribution Tax (MCF)	$6.7	Kilowatt-Hour Tax	($2.3)
Auto Sales & Use Tax	$5.2	Foreign Insurance Tax	($2.1)
Financial Institutions Tax	$2.9		
Public Utility Tax	$2.4		
Other Sources Above Estimate	$1.2	Other Sources Below Estimate	($1.2)
Total above	**$98.3**	**Total below**	**($108.6)**

(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

May non-auto sales and use tax collections totaled $767.9 million and were $28.3 million (3.8%) above estimate. This was the second consecutive monthly overage, easing concerns over weaker non-auto sales tax collections in the earlier part of the year. As the first quarter GDP growth rate was revised downward to negative 0.7%, Ohio's weak sales tax revenue performance for January – March seems in line with national performance, and may have a common factor – extremely cold weather. Performance has improved significantly in April and May. The year-to-date variance now totals $62.2 million (0.8%) above the estimate.

On a year-over-year basis, May 2015 receipts were $82.1 million (12.0%) above collections in the same month of the previous fiscal year. May 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 $697.5 million (9.6%). Both monthly and year-to-date comparisons were affected by increases in collections from Medicaid managed care companies, also known as MHICs. Once one adjusts the May revenues for increases in MHIC collections, non-auto sales tax grew by 8.1% from last May. That is the best growth of the year, but well shy of the unadjusted 12.0% change. Similarly, when one adjusts collections from the entire fiscal year for the impact of the tax rate change and MHIC collection growth, one finds that revenues have grown by 3.9%, well below the unadjusted 9.6% change.

Total year-to-date tax collections for the sales and use tax (including the auto sales tax) are above the estimate by $98.9 million (1.1%). With only one month left to report in the fiscal year, OBM's estimate for the combined sales tax is very close to the revised yearly forecast that was published with the executive budget for FY 2016-2017.

Earlier in the year, there appeared to be a pattern of negative correlations between non-auto sales tax revenues and auto sales tax revenues (when auto revenue was above estimate non-auto fell below). This suggests that there could be consumer substitution between automobile purchases and those other goods and services taxed under the non-auto sales tax. Whether this pattern will persist beyond FY 2015 is uncertain.

Auto Sales Tax

May auto sales tax collections totaled $120.6 million and were $5.2 million (4.5%) above estimate. Auto sale tax is remitted weekly through the county clerks of courts, so that a given month's collections are largely based on activity within that month. National light vehicle sales in May surged to their highest level in 10 years at 17.7 million units (SAAR), so it is not surprising that May revenues were above estimate. There may also be so positive spillover into June collections from late May sales.

Year-to-date receipts are now above the estimate by $36.7 million (3.2%). On a year-over-year basis, monthly receipts were $9.9 million (9.0%) above the amount collected in May of the previous fiscal year. As with the non-auto sales tax, May 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 $86.7 million (7.8%).

Personal Income Tax

After a strong April performance ($227.9 million, 22.9%), May personal income tax receipts totaled $551.5 million and were $37.6 million (6.4%) below the estimate. Larger than expected refunds ($38.2 million, 50.3%), lower withholding collections ($26.8 million, 4.1%), and lower miscellaneous revenues ($3.7 million, 24.6%) more than offset overages in annual returns ($32.2

million, 300.7%), quarterly estimated payments ($1.6 million, 16.9%), and trust payments ($1.7 million, 13.7%).

Year-to-date, GRF income tax collections total $7,710.3 million and are $304.5 million (4.1%) above the estimate. Payments associated with annual returns, quarterly estimated payments, withholding, and trust payments combine to account for $381.9 million worth of the overage, while all the other components, particularly refunds, produced collective shortfalls of $75.5 million.

FY2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	ESTIMATE MAY	**ACTUAL MAY**	**$ VAR MAY**	**ESTIMATE Y-T-D**	**ACTUAL Y-T-D**	**$ VAR Y-T-D**
Withholding	$652.4	$625.6	($26.8)	$7,467.7	$7,470.1	$2.4
Quarterly Est.	$9.3	$10.9	$1.6	$805.7	$890.5	$84.8
Trust Payments	$12.1	$13.8	$1.7	$58.5	$64.4	$5.9
Annual Returns & 40 P	$10.7	$42.9	$32.2	$698.5	$985.5	$287.0
Other	$15.2	$11.5	($3.7)	$123.9	$99.7	($24.2)
Less: Refunds	($75.8)	($114.0)	($38.2)	($1,423.2)	($1,469.0)	($45.8)
Local Distr.	($34.8)	($39.1)	($4.3)	($325.3)	($330.8)	($5.5)
Net to GRF	**$589.1**	**$551.5**	**($37.6)**	**$7,405.8**	**$7,710.3**	**$304.5**

The basic income tax story for FY 2015 remains unchanged through May. Withholding is very close to the estimate, while revenues associated with non-wage income are well above the estimate. Although refunds are above the estimate, it makes more sense to look at annual returns and refunds together, commonly called “net settlements,” rather than to just view refunds in isolation. Net settlements are $281.0 million above estimate through May.

On a year-over-year basis, May personal income tax receipts were $11.2 million (2.1%) above the May 2014 amount. Trust payments ($11.3 million, 462.1%), payments associated with annual returns ($31.6 million, 279.6%), quarterly estimated payments ($1.6 million, 16.7%), and the miscellaneous component ($25.0 million, 0.2%) accounted for the majority of this growth over the same month in the previous fiscal year. Higher refunds of $12.9 million (12.7%) and lower withholding payments of $13.8 million (2.2%) offset some of these increases.

Through May, year-to-date GRF income tax collections were $400.9 million (5.5%) above the same point of the previous fiscal year. Withholding collections ($160.1 million, 2.2%), payments associated with returns ($194.0 million, 24.5%), trust payments ($6.6 million, 11.4%), and lower refunds ($184.3 million, 11.1%) represent the majority of this growth. Lower collections from quarterly estimated payments ($112.0 million, 11.2%) and the miscellaneous component ($15.5 million, 13.5%) counteracted some of the increase.

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. May experienced some light refund activity as receipts totaled -$0.4 million. Year-to-date, receipts are slightly above ($1.4 million) the estimate of zero.

Financial Institutions Tax

May receipts for the financial institutions tax totaled $24.7 million and were $2.9 million (13.4%) above the $21.8 million estimate. For the year, revenues are $22.1 million (12.6%) below estimate, but most of that variance is due to after-the-fact adjustments to payments received in the previous fiscal year (FY 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

The commercial activity tax (CAT) continued its strong performance as May receipts deposited in the GRF totaled $176.9 million and were $10.0 million (6.0%) above the estimate of $166.9 million. Year-to-date, GRF CAT receipts total $850.1 million and are $78.0 million (10.1%) above estimate. Year-over-year growth in GRF CAT receipts through the first eleven months of the fiscal year was $63.9 million (8.1%).

All-funds May CAT receipts (net of refunds, attorney general fees, and deposits to the motor fuel fund), meanwhile totaled $356.9 million and were $23.0 million (6.9%) above the estimate. Year-to-date, all funds receipts total $1,715.2 million and are $170.6 million (11.0%) above estimate. Year-over-year growth in all funds CAT receipts through the first eleven months of the fiscal year were $30.0 million (1.8%) above the same period in the previous fiscal year. Once one adjusts fiscal year 2014 collections to remove $80.9 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 $110.9 million (6.9%).

Energy Taxes

May kilowatt hour tax receipts totaled $16.6 million and were $2.3 million (12.2%) below the estimate. The negative variance in the kilowatt hour tax was about the same amount as the positive variance of $2.4 million (7.4%) in public utility tax collections, which totaled $34.2 million in May. Both taxes are showing year-to-date collections lagging behind the estimate: the kilowatt hour tax shortfall increased to $5.0 million (1.8%), whereas public utility tax collections are behind year-to-date estimates by $8.1 million (7.7%).

In contrast, collections for the natural gas distribution tax were above the monthly estimate of $27.0 million by $6.7 million (24.7%). The year-to-date overage for this tax source is $15.6

million (26.3%), which is $2.5 million larger than the shortfall for both the kilowatt hour and public utility taxes. 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 kilowatt hour tax.

Year-over-year collections were negative for both the kilowatt hour tax ($4.5 million, 21.2%) and the natural gas distribution tax ($1.1 million, 3.1%). Even though the public utility tax gained about $0.6 million (1.9%) above May collections of the previous fiscal year, year-to-date collections for all three energy taxes trailed behind the same point last fiscal year, by $22.6 million collectively.

Domestic Insurance Tax

May domestic insurance tax receipts totaled $172.1 million and were $52.3 million (23.3%) below the $224.4 million estimate. For the year-to-date, total collections are $179.7 million and are $46.7 million (20.6%) below the estimate. Both the monthly and year-to-date variances are attributable to timing, as billings for the tax are sent out in May and have historically been received in either late May or June. As a result, the distribution of payments between the two months will vary from year-to-year and one must view the combined collections for the two months to assess the performance of the tax.

Cigarette and Other Tobacco Tax

The cigarette and other tobacco tax receipts fell short of the May estimate, marking the third monthly shortfall in the last four months. May receipts totaled $116.7 million and were $7.3 million (5.9%) below the estimate of $124.0 million. May 2015 cigarette tax receipts were $11.0 million (8.7%) below the level for the same month of the previous fiscal year. Year-to-date receipts are $0.9 million (0.1%) above the estimate, but $19.2 million (2.6%) below that of the same period in the previous fiscal year.

GRF non-tax receipts totaled $679.3 million in May and were $40.9 million (6.4%) above the estimate. Federal grants are by far the largest share of this category, accounting for most of the category overage, coming in $32.3 million (5.1%) above estimate. The federal revenue overage in May is due to reimbursement for a mix of Medicaid services that in the aggregate contained a higher than estimated federal match.

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

REVENUE SOURCE	MONTH ACTUAL MAY	MONTH ESTIMATE MAY	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	767,930	739,600	28,330	3.8%	7,953,324	7,891,100	62,224	0.8%
Auto Sales & Use	120,575	115,400	5,175	4.5%	1,191,658	1,155,000	36,658	3.2%
Subtotal Sales & Use	888,505	855,000	33,505	3.9%	9,144,982	9,046,100	98,882	1.1%
Personal Income	551,473	589,100	(37,627)	-6.4%	7,710,347	7,405,800	304,547	4.1%
Corporate Franchise	(351)	0	(351)	N/A	1,370	0	1,370	N/A
Financial Institutions Tax	24,718	21,800	2,918	13.4%	153,378	175,500	(22,122)	-12.6%
Commercial Activity Tax	176,936	166,900	10,036	6.0%	850,061	772,100	77,961	10.1%
Petroleum Activity Tax	0	5,800	(5,800)	N/A	4,436	19,800	(15,364)	-77.6%
Public Utility	34,154	31,800	2,354	7.4%	96,914	105,000	(8,086)	-7.7%
Kilowatt Hour	16,594	18,900	(2,306)	-12.2%	275,939	280,900	(4,961)	-1.8%
Natural Gas Distribution	33,676	27,000	6,676	24.7%	74,653	59,100	15,553	26.3%
Foreign Insurance	(14,882)	(12,800)	(2,082)	-16.3%	284,538	291,000	(6,462)	-2.2%
Domestic Insurance	172,130	224,400	(52,270)	-23.3%	179,668	226,400	(46,732)	-20.6%
Other Business & Property	388	0	388	N/A	501	0	501	N/A
Cigarette and Other Tobacco	116,668	124,000	(7,332)	-5.9%	730,349	729,400	949	0.1%
Alcoholic Beverage	4,415	4,100	315	7.7%	50,976	49,200	1,776	3.6%
Liquor Gallonage	3,518	3,200	318	9.9%	39,510	37,300	2,210	5.9%
Estate	216	0	216	N/A	3,028	0	3,028	N/A
Total Tax Receipts	2,008,158	2,059,200	(51,042)	-2.5%	19,600,649	19,197,600	403,049	2.1%
NON-TAX RECEIPTS								
Federal Grants	668,932	636,588	32,343	5.1%	8,624,179	8,621,789	2,390	0.0%
Earnings on Investments	0	0	0	N/A	17,897	14,500	3,397	23.4%
License & Fees	527	945	(417)	-44.2%	57,015	61,275	(4,260)	-7.0%
Other Income	572	807	(236)	-29.2%	25,187	19,381	5,806	30.0%
ISTV'S	9,256	1	9,255	N/A	10,084	9,623	461	4.8%
Total Non-Tax Receipts	679,287	638,341	40,946	6.4%	8,734,361	8,726,568	7,793	0.1%
TOTAL REVENUES	**2,687,444**	**2,697,541**	**(10,097)**	**-0.4%**	**28,335,010**	**27,924,168**	**410,842**	**1.5%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	200	(200)	N/A	24,272	7,200	17,072	237.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	200	(200)	N/A	24,272	7,200	17,072	237.1%
TOTAL SOURCES	**2,687,444**	**2,697,741**	**(10,297)**	**-0.4%**	**28,359,282**	**27,931,368**	**427,914**	**1.5%**

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	MAY FY 2015	MAY FY 2014	$ VAR	% VAR	ACTUAL FY 2015	ACTUAL FY 2014	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	767,930	685,797	82,133	12.0%	7,953,324	7,255,795	697,530	9.6%
Auto Sales & Use	120,575	110,665	9,911	9.0%	1,191,658	1,104,998	86,659	7.8%
Subtotal Sales & Use	888,505	796,462	92,043	11.6%	9,144,982	8,360,793	784,189	9.4%
Personal Income	551,473	540,322	11,152	2.1%	7,710,347	7,309,490	400,856	5.5%
Corporate Franchise	(351)	59	(410)	-696.6%	1,370	(11,768)	13,138	111.6%
Financial Institutions Tax	24,718	22,994	1,724	7.5%	153,378	171,341	(17,962)	-10.5%
Commercial Activity Tax	176,936	162,229	14,707	9.1%	850,061	786,160	63,901	8.1%
Petroleum Activity Tax	0	0	0	N/A	4,436	0	4,436	N/A
Public Utility	34,154	33,518	637	1.9%	96,914	105,887	(8,974)	-8.5%
Kilowatt Hour	16,594	21,064	(4,470)	-21.2%	275,939	288,130	(12,190)	-4.2%
Natural Gas Distribution	33,676	34,765	(1,089)	-3.1%	74,653	76,110	(1,457)	-1.9%
Foreign Insurance	(14,882)	(13,105)	(1,778)	-13.6%	284,538	288,152	(3,614)	-1.3%
Domestic Insurance	172,130	195,981	(23,850)	-12.2%	179,668	196,134	(16,466)	-8.4%
Other Business & Property	388	123	265	215.6%	501	619	(118)	-19.0%
Cigarette and Other Tobacco	116,668	127,717	(11,049)	-8.7%	730,349	749,573	(19,224)	-2.6%
Alcoholic Beverage	4,415	4,741	(325)	-6.9%	50,976	50,748	227	0.4%
Liquor Gallonage	3,518	3,356	161	4.8%	39,510	38,030	1,480	3.9%
Estate	216	1,201	(985)	-82.0%	3,028	38,424	(35,396)	-92.1%
Total Tax Receipts	2,008,158	1,931,426	76,731	4.0%	19,600,649	18,447,822	1,152,827	6.2%
NON-TAX RECEIPTS								
Federal Grants	668,932	475,881	193,051	40.6%	8,624,179	8,156,373	467,806	5.7%
Earnings on Investments	0	0	0	N/A	17,897	12,350	5,548	44.9%
License & Fee	527	958	(430)	-44.9%	57,015	56,672	343	0.6%
Other Income	572	725	(153)	-21.1%	25,187	16,391	8,795	53.7%
ISTV'S	9,256	1	9,255	N/A	10,084	17,364	(7,281)	-41.9%
Total Non-Tax Receipts	679,287	477,564	201,723	42.2%	8,734,361	8,259,150	475,212	5.8%
TOTAL REVENUES	**2,687,444**	**2,408,990**	**278,454**	**11.6%**	**28,335,010**	**26,706,971**	**1,628,039**	**6.1%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	708	(708)	N/A	24,272	50,896	(26,625)	-52.3%
Temporary Transfers In	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers	0	708	(708)	N/A	24,272	56,412	(32,140)	-57.0%
TOTAL SOURCES	**2,687,444**	**2,409,698**	**277,746**	**11.5%**	**28,359,282**	**26,763,383**	**1,595,899**	**6.0%**

DISBURSEMENTS

May GRF disbursements, across all uses, totaled $2,674.4 million and were $113.9 million (4.1%) below estimate. This was primarily attributable to lower than estimated disbursements in the Primary and Secondary Education category being partially offset by higher than estimated disbursements in the Operating Transfer Out and Health and Human Services categories. On a year-over-year basis, May total uses were $428.3 million (19.1%) higher than those of the same month in the previous fiscal year, with higher disbursements in the Primary and Secondary Education and Medicaid categories being partially offset by lower disbursements in the Health and Human Services category. 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)	($208.8 million)	-0.7%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$27.0 million	4.5%
TOTAL DISBURSEMENTS VARIANCE:		**($181.8 million)**	**-0.6%**

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. May disbursements for this category totaled $695.9 million and were $168.0 million (19.4%) below estimate. Expenditures for the school foundation program totaled $682.6 million and were $169.6 million (19.9%) 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 May foundation payments are a result of this ADM adjustment. Additionally, a portion of this variance was attributable to scholarship program payments being disbursed in April rather than in May, as originally anticipated. The Department estimates that year-end total disbursements will be in line with the estimates.

Year-to-date disbursements were $6,921.6 million, which was $50.1 million (0.7%) below estimate. On a year-over-year basis, disbursements in this category were $226.3 million (48.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $603.4 million (9.6%) higher than at the same point in fiscal year 2014.

Higher Education

May disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled $178.9 million and were $6.4 million (3.4%) below estimate for the month. The majority of the monthly variance was due to spending in the Ohio National Guard Scholarship, Choose Ohio First, and Ohio College Opportunity Programs being below the monthly estimates by a total of $6.7 million as a result of lower than expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were $1,968.9 million, which was $2.6 million (0.1%) below the estimate. On a year-over-year basis, disbursements in this category were $3.4 million (1.9%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $47.0 million (2.4%) 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.

May disbursements in this category totaled $2.1 million and were $0.5 million (19.3%) below estimate. Year-to-date disbursements were $50.7 million, which was $3.5 million (6.4%) below estimate. On a year-over-year basis, disbursements in this category were $0.4 million (16.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $2.1 million (4.3%) 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

May GRF disbursements for the Medicaid Program totaled $1,060.9 million and were $12.4 million (1.2%) below the estimate, and $224.0 million (26.8%) above the same month in the previous fiscal year. Year-to-date GRF disbursements for the Medicaid Program totaled $13,996.5 million and were $170.6 million (1.2%) below the estimate, and $1,154.1 million (9.0%) above the same point in the previous fiscal year.

May all funds disbursements totaled $2,438.4 million and were $315.5 million (14.9%) above the estimate, and $231.9 million (10.5%) above disbursements in the same month of the previous fiscal year. Year-to-date all funds disbursements totaled $21,565.1 million and were $680.9 million (3.1%) below the estimate, and $2,612.5 million (13.8%) above disbursements at the same point of the previous fiscal year.

The May all funds variance was due primarily to the Hospital Upper Payment Limits Program. As previously reported, payment of these program expenses had been delayed but was completed in May. Payment of the Hospital Care Assurance program expenses, also previously reported as being delayed, is not expected to be completed until the next fiscal year. Service categories with lower than anticipated expenses in May include such fee-for-service categories as hospitals, physicians and prescription drug, 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)

	May Projection	May Actual	Variance	Variance %
GRF	$ 1,073.4	$ 1,060.9	$ (12.4)	-1.2%
Non-GRF	$ 1,049.6	$ 1,377.5	$ 327.9	31.2%
All Funds	$ 2,122.9	$ 2,438.4	$ 315.5	14.9%

Enrollment

Total May enrollment across all categories was 2.94 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 18,565 persons to a May total of 2.34 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 3,596 persons to a May total of 408,954 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 2.72 million covered persons, including 2.07 million persons in the CFC category and 433,907 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.

May disbursements in this category totaled $78.2 million and were $25.1 million (47.2%) above estimate for the month. Year-to-date disbursements were $1,199.4 million, which was $25.5 million (2.1%) below estimate. On a year-over-year basis, disbursements in this category were $33.6 million (30.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $16.8 million (1.4%) higher than at the same point in fiscal year 2014.

Department of Job and Family Services
May disbursements for the Department of Job and Family Services totaled $34.7 million and were $10.7 million (44.4%) above estimate. This variance was primarily attributable to several lines. First, Early Care and Education disbursements were $10.1 million (234.1%) above estimate due to a change in the child care subsidy disbursement schedule, and a shift in disbursements for TANF-eligible child care recipients from federal to state funding in order to meet the TANF Maintenance of Effort requirements. Second, Child Care State/Maintenance of Effort disbursements were $2.1 million above an estimate of $0 due to a change in the disbursement schedule in order to meet federal Child Care and Development Fund requirements. Third, TANF State/Maintenance of Effort disbursements were $1.2 million (700.9%) above estimate due to a shift in disbursements for daily Ohio Works First cash assistance payments from federal to state funding in order to meet the TANF Maintenance of Effort requirements. Finally, Disability Financial Assistance disbursements were $1.1 million (76.1%) below estimate due to receipt of refunds.

Department of Health
April disbursements for the Department of Health totaled $5.5 million and were $1.2 million (17.7%) below estimate. This variance was primarily attributable to Federally Qualified Health Centers disbursements being $1.3 million (97.5%) below estimate due to subsidy payments originally planned for May being made in April instead.

Department of Mental Health and Addiction Services
May disbursements for the Department of Mental Health and Addiction Services totaled $34.5 million and were $15.2 million (78.7%) above estimate. This variance was primarily attributable

to Continuum of Care Services disbursements being $15.7 million above an estimate of $0 due to payments originally planned for April being made in May instead. In addition, Community Behavioral Health disbursements were $1.4 million (30.4%) below 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.

May disbursements in this category totaled $127.2 million and were $2.4 million (1.8%) below estimate for the month. Year-to-date disbursements were $1,722.0 million, which was $31.6 million (1.8%) below estimate. On a year-over-year basis, disbursements in this category were $3.8 million (3.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $20.6 million (1.2%) higher than at the same point in fiscal year 2014.

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.

May disbursements in this category totaled $23.7 million and were $0.8 million (3.4%) below estimate. Year-to-date disbursements were $319.7 million, which was $13.0 million (3.9%) below estimate. On a year-over-year basis, disbursements in this category were $0.2 million (1.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $5.9 million (1.8%) lower than at the same point in fiscal year 2014.

<u>Department of Administrative Services</u>
May disbursements for the Department of Administrative Services (DAS) totaled $2.0 million, and were $1.6 million (44.5%) below 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. Similar to the first half of the fiscal year, due to earlier than expected requests for payment, May disbursements of property tax reimbursements exceeded the estimate by $14.1 million (3.2%), totaling $458.3 million versus the estimate of $444.3 million. Year-to-date disbursements totaled $1,586.3 million and were $105.5 million (7.1%) above estimate. Due to the earlier than expected processing of payments through May, OBM expects that June disbursements will be well below the estimate.

Debt Service

May payments for debt service totaled $11.6 million and were marginally below the estimate of $11.6 million. Year-to-date, debt service payments totaled $1,238.8 million and were $17.5 million (1.4%) below estimate.

Transfers Out

May transfers out of the GRF were $37.4 million above an estimate of $0. The monthly variance was due to a transfer from the GRF to the Managed Care Performance Payment Program Fund (Fund 5KW0) pursuant to sections 323.60 and 323.310 of Am. Sub. H.B. 59 of the 130th General Assembly.

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

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL MAY**	**ESTIMATED MAY**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary and Secondary Education	695,887	863,871	(167,984)	-19.4%	6,921,648	6,971,760	(50,112)	-0.7%
Higher Education	178,948	185,300	(6,352)	-3.4%	1,968,908	1,971,541	(2,632)	-0.1%
Other Education	2,141	2,653	(512)	-19.3%	50,720	54,198	(3,478)	-6.4%
Medicaid	1,060,906	1,073,352	(12,446)	-1.2%	13,996,525	14,167,094	(170,568)	-1.2%
Health and Human Services	78,205	53,127	25,077	47.2%	1,199,377	1,224,846	(25,468)	-2.1%
Justice and Public Protection	127,184	129,533	(2,350)	-1.8%	1,721,963	1,753,530	(31,566)	-1.8%
General Government	23,744	24,588	(844)	-3.4%	319,688	332,640	(12,952)	-3.9%
Property Tax Reimbursements	458,335	444,266	14,068	3.2%	1,586,289	1,480,827	105,462	7.1%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	11,603	11,608	(5)	0.0%	1,238,783	1,256,254	(17,471)	-1.4%
Total Expenditures & ISTV's	**2,636,952**	**2,788,298**	**(151,347)**	**-5.4%**	**29,003,903**	**29,212,689**	**(208,786)**	**-0.7%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	37,416	0	37,416	N/A	625,262	598,243	27,019	4.5%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**37,416**	**0**	**37,416**	**N/A**	**625,262**	**598,243**	**27,019**	**4.5%**
Total Fund Uses	**2,674,368**	**2,788,298**	**(113,931)**	**-4.1%**	**29,629,165**	**29,810,933**	**(181,767)**	**-0.6%**

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	MAY FY 2015	MAY FY 2014	$ VAR	% VAR	ACTUAL FY 2015	ACTUAL FY 2014	$ VAR	% VAR
Primary and Secondary Education	695,887	469,613	226,274	48.2%	6,921,648	6,318,255	603,394	9.6%
Higher Education	178,948	175,568	3,380	1.9%	1,968,908	1,921,944	46,964	2.4%
Other Education	2,141	2,566	(425)	-16.6%	50,720	48,638	2,082	4.3%
Medicaid	1,060,906	836,894	224,011	26.8%	13,996,525	12,842,465	1,154,060	9.0%
Health and Human Services	78,205	111,807	(33,602)	-30.1%	1,199,377	1,182,599	16,778	1.4%
Justice and Public Protection	127,184	123,347	3,836	3.1%	1,721,963	1,701,321	20,642	1.2%
General Government	23,744	23,981	(237)	-1.0%	319,688	325,539	(5,850)	-1.8%
Property Tax Reimbursements	458,335	478,845	(20,510)	4.3%	1,586,289	1,457,672	128,617	8.8%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	11,603	12,392	(789)	-6.4%	1,238,783	1,160,786	77,997	6.7%
Total Expenditures & ISTV's	**2,636,952**	**2,235,013**	**401,939**	**18.0%**	**29,003,903**	**26,959,218**	**2,044,685**	**7.6%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	995,930	(995,930)	N/A
Operating Transfer Out	37,416	11,071	26,345	238.0%	625,262	244,312	380,950	155.9%
Temporary Transfer Out	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers Out	**37,416**	**11,071**	**26,345**	**N/A**	**625,262**	**1,245,758**	**(620,496)**	**-49.8%**
Total Fund Uses	**2,674,368**	**2,246,084**	**428,283**	**19.1%**	**29,629,165**	**28,204,976**	**1,424,189**	**5.0%**

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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