OBM

December 10, 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

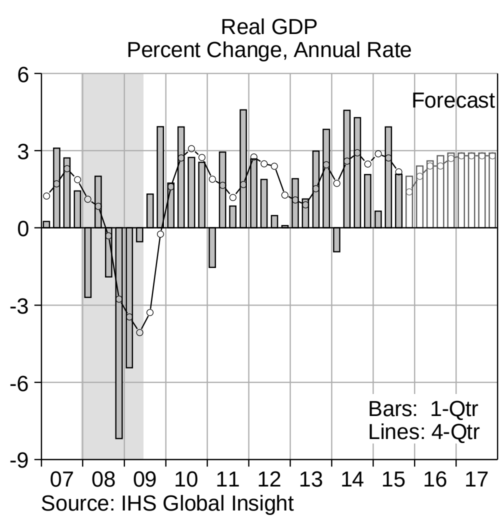
ECONOMIC SUMMARY

Economic Performance Overview

- Real GDP growth was revised higher to 2.1% for the third quarter and was 2.2% higher than a year earlier.
- U.S. employment increased by 211,000 jobs in November. The unemployment rate was unchanged at 5.0%.
- Ohio nonfarm payroll employment increased by 30,800 jobs in October, and is up by 58,400 jobs year-to-date. The Ohio unemployment rate decreased in October by 0.1 percentage points to 4.4% – the lowest level since July 2001.
- Leading economic indicators continue to point toward uninterrupted economic expansion. Recent data indicate that growth is continuing in the fourth quarter at a slower pace than over the summer.

Economic Growth

Real GDP growth was revised up to a still-modest 2.1% for the third quarter – about the same as the average for this expansion – but remained below the 3.9% pace of the second quarter. Real GDP expanded just 0.6% in the first quarter, and has grown at an annual rate of 2.2% year-to-date. The pace of overall economic growth during this expansion remains the weakest of the four post-war expansions that have lasted at least as long as the current one (25 quarters or more), with no compelling signs of strengthening in the near-term. At the same time, despite the ongoing weakness in some sectors, leading indicators also do not point to a near-term downturn in the overall economy.



The **increase in third-quarter** real GDP primarily reflected increases in personal consumption expenditures, nonresidential fixed investment, state and local government expenditures, residential fixed investment, and exports. These components together contributed 3.0% to GDP growth, or more than the total. Private inventory investment and imports subtracted from growth during the quarter. The two components combined subtracted 0.9% from GDP growth.

The **deceleration from the second quarter** growth rate of 3.9% to the third quarter growth rate of 2.1% reflected the downturn in private inventory investment and decelerations in exports, personal consumption expenditures, nonresidential fixed investment, state and local government expenditures, and residential fixed investment. The deceleration in imports partly offset these negative factors.

Despite a weakening in some leading economic indicators recently, the evidence still points to at least modest growth in real GDP. The **Leading Economic Index** from the Conference Board increased 0.6% in October, following declines of 0.1% in each of the previous two months. Nine of the ten components made positive contributions during October. The year-over-year rate of change has slowed during the past year, but remains at 3.5%, which is consistent with continued economic expansion. The rate of change in the index regularly has turned negative in advance of recessions in the past.

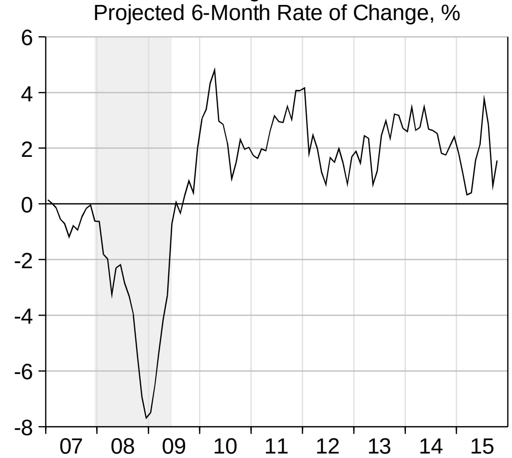
The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased 0.3% in October, following gains of 0.5% and 0.4% in August and September, respectively. Compared with a year ago, the index was up 3.6% – down from 6.6% in September 2014 but strong enough to be consistent with moderate economic growth in the state. The index is comprised solely of labor market indicators, but historically has closely tracked major turning points in the overall Ohio economy.

The diffusion of changes in the **Coincident Economic Index** across the states – a leading indicator at past business cycle turning points – improved a bit in October for the first time this year. The indexes for 43 states were higher than one month earlier in October and the indexes for 42 states were higher than three months earlier. The pattern so far in 2015 is the weakest since 2010, but remains consistent with continued economic expansion. However, further deterioration during the next few months would begin to raise questions about the durability of the expansion.

The **Ohio Leading Economic Index** from the Philadelphia Federal Reserve increased to +1.6% in October. The September change was revised higher from +0.2% to +0.7%. The index spiked to 3.8% in July, but otherwise has been no higher than 2.8% during the past year. The index is designed to predict the rate of change in the coincident index during the next six months. The decline since mid-summer suggests that growth of the Ohio economy will be somewhat slower through the winter.

After declining from 50 last December to 42 in April and then recovering to 47 in September, the number of state leading indexes with positive readings edged down to 45 in October. Even so, the number of positive readings remains well above the threshold that has coincided with the onset of recession in the past. For example, the number of states with positive readings fell to an average of 36 three months in advance of the most recent three recessions and to an average of 28 during the first month.

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



Source: Philadelphia Federal Reserve Bank

Employment

Labor markets continued to strengthen in November. **U.S** n**onfarm payrolls** increased by 211,000 jobs and the total change for the two previous months was revised higher by 35,000 jobs. Job growth has averaged 218,000 jobs per month during the most recent three months, up from 187,000 as of last month's report, and 213,000 during the most recent six months.

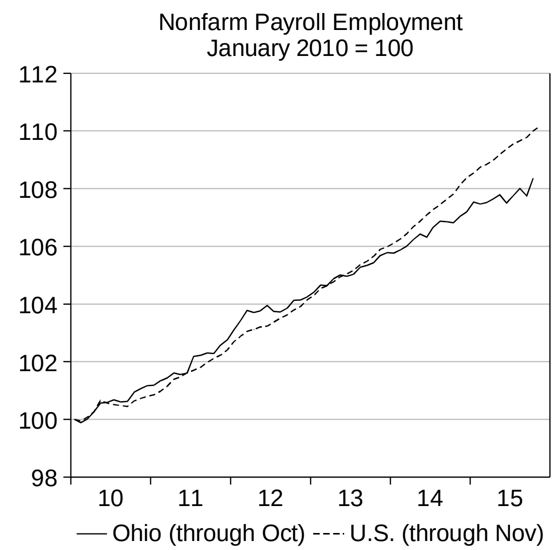
Employment gains were very widespread **across industries**, led by construction (46,000), food service and drinking places (+31,500), retail trade (+30,700), professional and technical services (+28,400), and health care (+23,800). Government employment increased by 14,000 jobs.

The only major sectors with a decrease in employment were information (-12,000), mining and logging (-11,000), and manufacturing (-1,000). The decline in information employment was more than explained by a decline in employment in the motion picture and sound recording industry and a small decline in employment in the print publishing industry. Mining and logging employment has decreased by a total of 124,000 jobs during the most recent eleven months, reflecting the downturn in the oil and gas industry brought on by the large declines in energy prices. (U.S. production has not fallen nearly as much as employment. In fact, in June U.S. oil production hit 9.6 million barrels per day, almost double its 2008 average, and since then has declined by less than 5%, to 9.2 million barrels per day.) Manufacturing employment has held steady after declining by a total of 27,000 jobs in August and September.

In addition to the monthly employment report, the recent pattern in weekly **initial claims** for unemployment compensation remains consistent with sound labor market fundamentals and an expanding overall economy. The 4-week average of initial claims was 269,250 in the week ending November 28th – not meaningfully above the more than four-decade low of 259,250 reached in late October and the 36th straight week below 300,000. The recent pattern and current level are consistent with a healthy and expanding labor market and overall economy.

The **U.S unemployment rate** was unchanged at 5.0%, as a 273,000 person increase in the labor force was almost matched by the increase in the total number of people working. The total number of unemployed people increased by just 29,000. The broadest measure of unemployment – the U-6 unemployment rate – which includes people who want to work but have stopped looking because of poor perceived prospects, or are involuntarily working part-time, edged higher by 0.1 percentage points to 9.9%.

Compared with a year earlier, Ohio employment was higher by 77,400 jobs. The largest employment gains during the period occurred in trade, transportation, and utilities (+18,900), education and health services (+17,400), manufacturing (+15,200), and leisure and hospitality (+14,200). The only employment declines during the year ending in October occurred in construction (-1,500), mining (-1,400), and government (-1,100).



Ohio nonfarm payroll employment increased by 30,800 jobs in October, and is up by 58,400 jobs year-to-date. The month-over-month increase was led by education and health services (+8,300), leisure and hospitality (+7,000), construction (+5,800), and manufacturing (+5,800). In contrast, nonfarm payroll employment declined meaningfully in local government (-4,800). The large decline in local government employment continued the reversal of the 21,100 increase during July, hinting that incorrect seasonal adjustment might have distorted the monthly pattern.

Among the **contiguous states**, year-over-year employment growth was strongest in Indiana (+2.0%), followed by, Michigan (+1.9%), Kentucky (+1.8%), Ohio (+1.4%), and Pennsylvania (+0.8%). Employment declined from a year earlier in West Virginia (-1.8%). Year-over-year growth in manufacturing employment was 2.3% in Ohio. Among the contiguous states, manufacturing employment increased3.9% in Michigan, 3.2% in Kentucky, 2.3% in Indiana, and 0.2% in West Virginia, and decreased 0.63% in Pennsylvania.

The **Ohio unemployment rate** decreased in October by 0.1 percentage points to 4.4% – the lowest level since July 2001. The number of unemployed people decreased by 5,725 in October, while the number of employed people increased by 12,318, and the labor force increased by 6,593 people. Compared with a year ago, unemployment is down by 51,546 people and the number of employed people is up by 23,504, while 28,042 people have left the labor force. The unemployment rate is down 0.8 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 October, the unemployment rate decreased by a statistically significant amount in seven states and was not statistically different from the month before in 42 states. The only significant month-over-month increase occurred in Texas. The unemployment rate was lower than a year earlier by a statistically significant margin in 25 states and higher only in New Mexico.

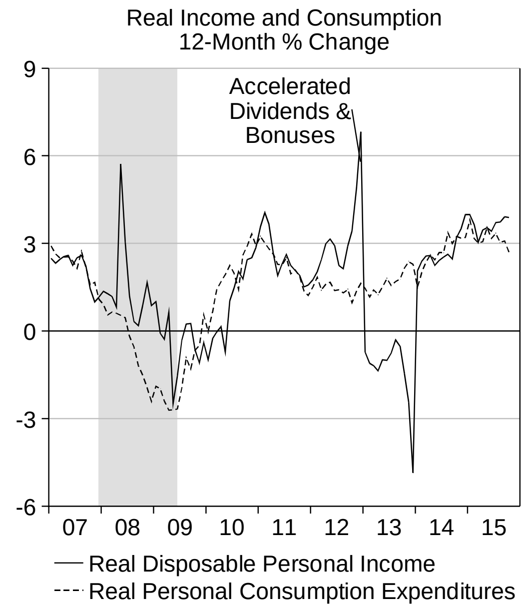
Consumer Income and Consumption

Consumer income picked up, but spending grew slowly again in October. Growth in employment and earnings have lifted incomes, while caution about spending has resulted in a higher saving rate since spring.

Personal income increased 0.4% in October and the September increase was revised higher from 0.1% to 0.2%. **Wage and salary disbursements** – the largest single component of personal income – jumped 0.6% after no change in the previous month.

Inflation remains low, which should be providing some support to consumer spending. The **Consumer Price Index** (CPI) increased 0.2% in October after declines of 0.1% in August and 0.2% in September related to large declines in energy prices. At 0.1%, the year-over-year change in the CPI remained negligible, although it is likely to move higher in coming months as the steep decrease in energy prices that started more than a year ago rolls out of year-over-year comparisons.

Excluding the volatile food and energy categories as a means of assessing the underlying trend, the index increased 0.2% in October to 1.9% above its year earlier level. The Median CPI from the Federal Reserve Bank of Cleveland – which is an alternative measure of the underlying trend – continued to track even higher at 2.5% year-over-year. The measure of inflation that is most closely watched by the Federal Reserve, the personal consumption expenditure (PCE) deflator excluding food and energy, was unchanged in October and 1.3% above its year earlier level.



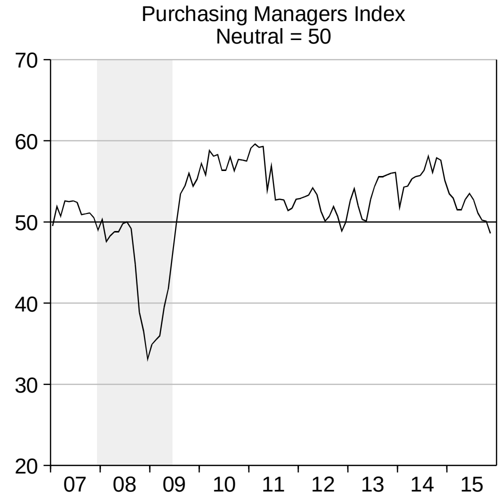
Personal consumption expenditures increased by only 0.1% for the second month in a row in October. The softness in spending was widespread, with spending on durable goods unchanged and spending on nondurable goods and services each rising only 0.1%. Compared with a year earlier, spending on services was higher by 4.1%, spending on durable goods was higher by 3.5%, and spending on nondurable goods was lower by 1.0%.

The recent strength in sales of **light motor vehicles** continued into October and November, with the annual pace of sales holding at about 18.1 million units. When calculating month-to-month growth, however, the small increase from September to October was insufficient to overcome other factors affecting overall durable goods spending.

Consumer confidence was mixed again in November, with the Conference Board measures weakening for the second month in a row but the Reuters/University of Michigan measures improving slightly. In general, consumer confidence gauges are at relatively high levels that are consistent with sustained growth in consumer spending in the months ahead. The most notable weakness was the 11.4% decline on the month in expectations as measured by the Conference Board to 15.1% below the average during past expansions.

Looking forward, analysts expect the moderate spending increase during the back-to-school shopping season to carry over into solid holiday spending, which is projected by IHS Global Insight to rise 3.5% from a year ago. That would be slower than the 4.1% increase during last year's season, but still stronger than the 2.7% increase in each of the two previous years, 2012 and 2013.

Manufacturing



Manufacturing has continued to deteriorate, reflecting the strengthening in the dollar and its effects on trade, weakness in the energy and commodity sectors, and the weakening in foreign demand. With business cycle indicators still pointing to overall economic expansion, however, these headwinds appear most likely to prove temporary, possibly being followed by a strengthening in activity next year.

Industrial production decreased 0.2% in October – the second decrease of that size in a row – but only because of decreases in mining and utility output. **Manufacturing** output increased 0.4% in October, breaking a string of two consecutive declines. The index is only 1.9% above its year earlier level. **Mining** output decreased 1.5% on top of a 2.4% decrease in the previous month to 6.9% below its year earlier level, an ongoing casualty of the decrease in energy prices, which led to cutbacks in employment, investment, and production. **Utility** output decreased 2.5% after two monthly increases due to milder-than-normal weather during October.

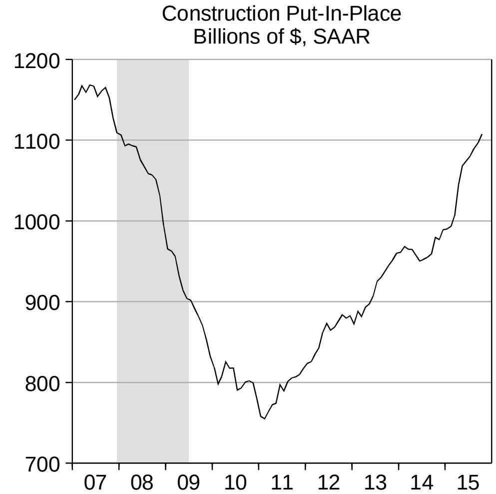
Purchasing managers turned dour in November. The PMI® fell 1.5 points to 48.6 for the first reading below the neutral level of 50 since November 2012. The only promising news was the increase in the Employment sub-index from 47.6 to 51.3. The Production and New Orders sub-indexes fell to 48.9 and 49.2, respectively. Order Backlogs improved slightly, but remained far below neutral, and the New Export Orders sub-index remained below 50 for the sixth straight month at an unchanged 47.5.

Of the 18 industries tracked by the Manufacturing ISM *Report on Business*, only five reported growth in November. Among the industries that are most important to Ohio in terms of employment share, only transportation equipment reported expansion. According to purchasing managers, the primary metals, fabricated metal products, and machinery industry contracted in November. According to the report on industrial production for October, output of primary metal, machinery, and motor vehicles and parts increased modestly during the month, while production of fabricated metal products decreased slightly.

Construction

Construction put-in-place increased 1.0% in October, continuing the solid pace of growth that stretches back to the end of last winter and has resulted in a 7-month annualized growth rate of 17.8%. Compared with a year ago, construction put-in-place is up 13.0%.

Private construction increased 0.8%, and the September change was revised up from 0.6% to 0.9%. Private residential construction put-in-place increased 1.0%, and the September gain was revised down slightly. Both single-family and multi-family construction increased, with single-family making the largest contribution. Private nonresidential construction increased 0.6% and the September decrease of 0.7% was revised up to a 0.2% increase. The changes across industries during October were mostly positive, with the manufacturing and communication industries accounting for more than all of the increase. The power and commercial industries made meaningful negative contributions.



Housing construction weakened in early fall, and sales were mixed. **Housing starts** fell 2.7% in October on a 3-month moving average basis, as both single-family and multi-family starts decreased. The pattern was the same across the Midwest, as decreases in both single-family and multi-family starts dragged down total starts by 2.2%. Compared with a year earlier, housing starts were higher by 9.6% across the country, but were lower by 12.5% in the Midwest.

The more forward-looking **housing permits** were a bit stronger. Total permits increased 0.9% across the country on a 3-month moving average basis, following three consecutive monthly decreases that culminated in a 6.4% decrease in September. Permits edged higher by 0.6% in the Midwest. Compared with a year earlier, permits were up 6.7% across the country and were up 5.3% in the Midwest.

Sales of existing houses across the country dipped 1.3% in October on a 3-month moving average basis. Inventories of existing homes for sale nationally edged down again in October in absolute terms and relative to the pace of sales. Midwest existing home sales were unchanged on the month. Compared with a year earlier, sales across the country were higher by 6.2%, and sales in the Midwest were higher by 8.7%.

The **Pending Homes Sales Index** offered no sign of near-term improvement. The index fell 1.0% on a 3-month moving average basis across the country in October and fell 1.2% in the Midwest. In both cases, the declines were the fourth in a row. The Index measures housing contract activity for single-family homes, condos, and co-ops, and usually leads existing home sales by a month or two.

Sales of newly built homes improved in October, rising 3.6% across the country and 6.7% in the Midwest on a 3-month moving average basis. The inventory of new homes for sale rose very slightly, but the number of months of supply at the current sales pace decreased to 5.5. New home sales were 2.8% higher than a year earlier across the country and were 6.9% lower than a year earlier in the Midwest.

Home prices posted their sixteenth straight monthly increase in September, rising by 0.8% – the largest monthly gain since September 2013 – according to the Case-Shiller national home price index. Home prices increased 7.6% across the country from December 2013 to September 2015 to stand 27.0% above the cycle low reached in January 2012, but remained 6.0% below the all-time high set in February 2007.

REVENUES

Note: For this month's report, estimated monthly and year-to-date revenues are still those adopted by the conference committee on HB 64, the biennial operating budget. However, estimates for fiscal year 2016 as a whole have been updated in Table 5, which presents the derivation of the estimated fiscal year 2016 GRF fund balance, due to reductions in income tax and commercial activity tax revenues made by SB 208, signed by Governor Kasich on November 15. Beginning with the February issue of this report, monthly and year-to-date revenue estimates will be changed, since the first impacts of SB 208 are expected to be felt in January.

November GRF receipts totaled $2,759.8 million and were $174.0 million (5.9%) below the estimate. The entirety of the shortfall is accounted for by the federal grants category. This is the continuation of the pattern of monthly overages and shortfalls in federal grants so far in fiscal year 2016 that is partly related to physician payments and recoveries and also to accounting issues discussed in previous monthly reports. Positive variances in the majority of the tax revenue categories partially offset the large negative variance in non-tax receipts.

Monthly tax receipts totaled $1,874.4 million and were $11.9 million (0.6%) above the estimate, while non-tax receipts totaled $884.9 million and were $185.9 million (17.4%) below the estimate. All non-tax revenue categories fell below the estimate in November, although approximately 95.0% was due to the negative variance in federal grants.

Monthly variances by category are summarized in the table below (data are shown as $ in millions).

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Commercial Activity Tax	$10.7	Federal Grants	($176.4)
Financial Institutions Tax	$6.1	Personal Income Tax	($23.1)
Non-Auto Sales and Use Tax	$5.0	ISTV's	($9.1)
Corporate Franchise Tax	$4.2	License & Fees	($1.7)
Cigarette and Other Tobacco Tax	$3.2		
Auto Sales and Use Tax	$2.2		
Public Utility	$2.1		
Other Income	$1.3		
Kilowatt Hour	$1.1		
Other Sources Above Estimate	$0.7	Other Sources Below Estimate	$0.3
Total above	**$36.6**	**Total below**	**($210.6)**
		Net shortfall	**($174.0)**

For the fiscal year, tax revenues are now almost exactly at the estimate, with a shortfall of $3.9 million, which rounds to 0.0%. Non tax revenues are $134.5 million (2.5%), below estimate, with slightly more than the entire shortfall arising from federal grants, which are $137.7 million (2.6%) below estimate.

Revenue variances for the fiscal year-to-date by category are provided in the following table (data are shown as $ in millions).

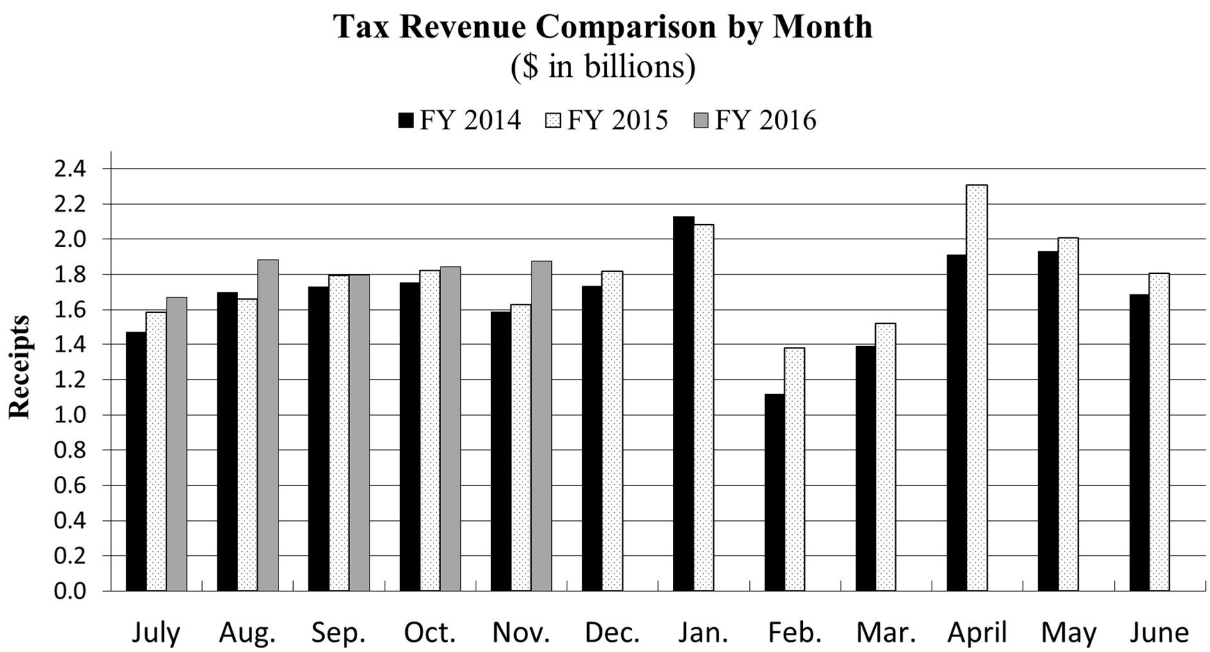
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	($3.9 million)	0.0%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($134.5 million)	-2.5%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	($2.6 million)	-1.5%
TOTAL REVENUE VARIANCE:		**($141.0 million)**	**-1.0%**

On a year-over-year basis, monthly receipts were $329.5 (13.6%) higher than in November of the previous fiscal year, mainly due to the strong performance of tax receipts, which account for about 75% of the overage. Tax receipts increased by $246.1 million (15.1%) from last November. Despite the accounting issues that led to another shortfall in federal grants relative to the estimate, grants were still up by $87.4 million (11.0%) from last November.

To provide further detail about the increase from last November in tax revenues, there were large increases from the prior November in: the commercial activity tax ($98.8 million, or 56.1%); the non-auto sales and use tax ($26.9 million or 3.7%); the cigarette and other tobacco tax ($24.7 million, or 44.9%); the personal income tax ($23.9 million or 4.0%); and the auto sales tax ($17.5 million, or 22.5%).

The corporate franchise tax, even though it has been eliminated, contributed an increase of $36.1 million. This is because refund and settlement payments for prior years continue for some time after the tax is no longer being levied. This November there were $4.2 million in settlement payments, whereas last November there were very large net refunds of $31.9 million.

The increases in the CAT and cigarette and other tobacco taxes are both primarily due to law changes in HB 64, the biennial operating budget. Specifically, the commercial activity tax (CAT) increase is due to the increase to 75% from 50% in the share of CAT receipts going to the GRF. The cigarette tax change is due to the tax rate increase enacted in the biennial budget and the payment of "floor stocks tax" for cigarettes held in inventory prior to the rate increase.



Personal Income Tax

November personal income tax receipts totaled $622.3 million and were $23.1 million or 3.6% below the estimate. The entirety of the negative variance is attributable to higher than expected refunds ($13.8 million or 61.8%) and below estimate receipts in withholding ($12.9 million or 1.9%). Modest positive variances in quarterly estimated payments ($2.4 million or 25.1%) and payments associated with annual returns ($1.5 million or 30.1%), offset some of the monthly shortfall. Receipts in the miscellaneous category ($0.7 million or 7.7%) were also below the estimate.

Year-to-date personal income tax collections totaled $3,352.8 million and were $88.3 million (2.6%) below the estimate. Higher than expected refunds, at $69.4 million above estimate, account for about 79% of the shortfall. Withholding receipts are also below the estimate by $15.6 million or 0.5%. There are also small negative variances in the other payment categories, except for trusts. Estimated and actual collections by category are shown in the following table.

FY2016 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	ESTIMATE NOV	ACTUAL NOV	$ VAR NOV	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$676.1	$663.2	($12.9)	$3,304.8	$3,289.2	($15.6)
Quarterly Est.	$9.5	$11.9	$2.4	$293.0	$292.7	($0.3)
Trust Payments	$0.2	$0.2	$0.0	$11.1	$15.6	$4.5
Annual Returns & 40 P	$5.0	$6.5	$1.5	$102.9	$102.4	($0.5)
Other	$9.0	$8.3	($0.7)	$35.9	$27.1	($8.8)
Less: Refunds	($22.3)	($36.1)	($13.8)	($150.1)	($219.5)	($69.4)
Local Distr.	($32.1)	($31.7)	$0.4	($156.5)	($154.6)	$1.9
Net to GRF	**$645.4**	**$622.3**	**($23.1)**	**$3,441.1**	**$3,352.8**	**($88.3)**

On a year-over-year basis, November 2015 GRF collections were $23.9 million or 4.0% above November 2014 collections. Receipts in all personal income tax component categories in November 2015 were above their 2014 totals with the largest positive variance seen in withholding ($30.7 million or 4.9%). Refunds ($11.3 million or 45.8%) showed a negative variance, but that was partially offset by higher collections in quarterly estimated payments ($2.7 million or 29.1%), payments associated with annual returns ($1.7 million or 34.2%), trust payments ($0.1 million or 34.7%), and the miscellaneous category ($0.5 million or 45.8%), yielding overall year-over-year growth.

Through November, year-to-date personal income tax collections were $27.4 million or 0.8% above the same point of the previous fiscal year. Growth in most components, including withholding ($56.6 million or 1.8%), quarterly estimated payments ($8.2 million or 2.9%), trust payments ($4.2 million or 36.7%), and payments associated with annual returns ($4.4 million or 4.5%) was offset by the negative impact of higher refunds ($29.7 million or 15.6%) and the decline in the miscellaneous category ($8.5 million or 15.6%).

Income tax growth is expected to be muted relative to last year because of the HB 64, the biennial budget bill, reductions in withholding tax rates and overall tax rates, and the increase in the small business (pass-through entity) deduction. The impact of the withholding rate reduction has already been felt for the last four months, since it went into effect on August 1. The impact of the 6.3% reduction in tax rates and the increase in the small business deduction is expected to be felt beginning in January, when taxpayers begin to file income tax returns for tax year 2015.
In fact, by year's end, once the impact of all the HB 64 income tax reductions are felt, GRF income tax revenues are expected to be about $414.0 million, or 4.9%, below fiscal year 2015 collections. When the impacts of the recent SB 208 income tax reductions are also added to the HB 64 impacts, GRF income tax revenues are expected to be about $490.0 million, or 5.8%, below fiscal year 2015 collections.

Non-Auto Sales and Use Tax

November non-auto sales and use tax collections totaled $744.9 million and were $5.0 million (0.7%) above the estimate. The overage followed and slightly more than offset small shortfalls in September and October.

For the year, non-auto tax collections are $55.5 million, or 1.5%, above the estimate. Although the non-auto sales tax has just kept pace with the estimates over the past three months, with most of the year-to-date overage coming from July and August, economic conditions – specifically strong labor market fundamentals, improvement in wage growth, and low energy costs and overall inflation – should tend to support continued growth in consumer spending.

Growth in November collections slowed slightly from the pace for the year, although growth was higher than in October. Non-auto sales tax collections were up by $26.9 million (3.7%) from last November. For the year, non-auto sales tax collections are up by a solid $165.1 million (4.6%) from the year before.

If one calculates a two month moving average of seasonally adjusted non-auto tax collections, growth for the fiscal year to date is about 4.2%, which is a little ahead of the 3.5% growth in U.S. retail sales excluding vehicles and gasoline.

Auto Sales Tax

November auto sales and uses tax collections rebounded from the small October shortfall. Collections totaled $95.3 million and were $2.2 million (2.4%) above the estimate. As predicted, October seems to have been a pause within a pattern of strong growth. National light vehicle sales continue to top 18 million units on an annualized basis, hitting 18.1 million units in November. This is the first time that unit sales have exceeded 18 million for three months in a row.

Auto sales tax collections were up $17.5 million (22.5%) from last November. Much of this increase had been built into the estimate, since last November's collections were depressed somewhat by delays in processing. For the year, auto tax collections are up $22.0 million, or 4.0%. This pace of growth is a little below the roughly 7.0% increase in national vehicle sales for the fiscal year.

Commercial Activity Tax

Commercial activity tax (CAT) November receipts deposited in the GRF were $274.9 million, or $10.7 million (4.1%) above the estimate. This ends a string of four months of revenues falling below estimate.

November is an important collections month, as the second of four quarterly payments are due in November. While most of the payments due in November are received in November, there are typically some early payments made in October and some late payments made in December. With the November overage, combined October-November collections are $9.2 million over the estimate, or 3.0%. The November overage shrinks the year-to-date shortfall to $21.4 million (3.4%).

Because of the lag in receiving detailed CAT data, OBM can only speculate on what has caused the second quarter turnaround in CAT performance. There is anecdotal evidence that after very high amounts of credits claimed against the CAT in the first quarter, that pace slowed substantially in the second quarter. There is no data available yet on second quarter taxable receipts (the base for the tax before credits), but first quarter data showed that taxable receipts have continued to grow relative to last year, although at a slowing pace.

Despite the shortfall compared to estimate, both November and year-to-date GRF CAT revenues have increased substantially from fiscal year 2015. November collections are up $98.8 million (56.1%) from the same month of the previous fiscal year, and year-to-date collections are up by $186.5 million (44.8%) from the same point in the previous fiscal year. This increase is due to the law change in HB 64, the biennial budget bill, that increased the GRF share of total CAT receipts from 50 to 75 percent. If all funds CAT receipts were to be unchanged from a year ago, the law change would cause GRF receipts to grow by 50%. November GRF CAT receipts exceeded that 50% growth mark, while year-to-date receipts remain slightly below it.

All funds CAT collections through November are 3.4% ($28.6 million) below estimate, the same percentage as the GRF shortfall. All funds collections are down 3.5% from last year-to-date, but this is a marked improvement from the 9.0% decline through October.

Financial Institutions Tax

November financial institutions tax collections were -$5.7 million, as refunds exceeded any late payments made. However, even though collections were negative, they exceeded the estimate by $6.1 million, since they were less negative than the estimate of -$11.8 million presumed. This pattern holds true for the year as well, collections are -$9.1 million, or $3.9 million (29.7%) above the estimate of -$13.0 million.

Most FIT liability is actually paid by taxpayers in three estimated payments, due at the end of January, March, and May. Thus, fiscal year 2016 revenues will not turn positive until this coming January. The negative collections in November and for the year so far are due to the fact that taxpayers file their tax returns in October and make payments or request refunds to reconcile their calculated tax liability with the estimated payments made in the January-June period. Although the January-June payments and the October additional payments are for the same tax year, they fall in different fiscal years. So, for example, the January-June payments for tax year 2015 were made in the second half of fiscal year 2015, while the July-December adjustments to those payments that accompany the October tax return are in fiscal year 2016. Fiscal year 2016 FIT revenues thus contain the adjustments for tax year 2015 and the estimated payments for tax year 2016.

Although the FIT is a relatively new tax (the first payments were made in January 2014) and as such taxpayer behavior may change over time, for the first years of the tax the pattern has been for taxpayers to somewhat overpay their liability in January through June and then to file refund claims once returns are completed and credits and deductions are fully calculated.

Cigarette and Other Tobacco Tax

The cigarette and other tobacco product (OTP) tax collections exceeded the November estimate by $3.2 million (4.2%). For the year, collections are over estimate for the year by $15.5 million (4.3%).

The overage in this tax category is surprising given that:

(i) According to the accounting system data, the “floor stocks” tax has brought in only $15.6 million so far (and the due date is already past) while the estimate was $36.0 million;

(ii) According to accounting system data, revenue from the other tobacco products tax (levied on such products as cigars, snuff, etc.) has dropped by $1.0 million from fiscal year 2015.

Revenues from the cigarette tax excluding the floor tax have increased by 28.6% relative to last year, while the tax rate increased by 28.0% due to the law change in HB 64 (the tax went from $1.25/pack to $1.60/pack). This implies that cigarette purchases have actually increased slightly from last year. Interestingly, a number of other states have also reported this pattern of increased sales so far in fiscal year 2016.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $884.9 million in November and were $185.9 million (17.4%) below the estimate. As noted earlier in this report, the variance is almost entirely due to federal grants, which were $176.4 million (16.7%) below estimate. This continues the see-saw pattern we have seen in federal grants so far this year, with alternating overages and shortfalls. Last month’s issue of this report alerted readers to expect a shortfall of about this magnitude in November, since in October Ohio received about $166 million in recoveries of overpayments (federal dollars) to physicians under the Primary Care Rate Increase (PCRI) program that was in place for calendar year 2013-2014 under the Affordable Care Act (ACA). Due to this additional revenue in October, Ohio’s federal grant amount was reduced by that amount in November, accounting for most of the November shortfall.

In addition, ISTVs were $9.1 million (97.0%) below estimate in November. These revenues are mostly reimbursements to the GRF from other funds. At this point, OBM suspects that this may be a timing issue, as these revenues may ultimately be received in the spring months.

Table 1

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2016 VS ESTIMATE FY 2016
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL NOVEMBER	MONTH ESTIMATE NOVEMBER	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	744,852	739,900	4,952	0.7%	3,744,058	3,688,600	55,458	1.5%
Auto Sales & Use	95,304	93,100	2,204	2.4%	567,267	548,300	18,967	3.5%
Subtotal Sales & Use	840,156	833,000	7,156	0.9%	4,311,325	4,236,900	74,425	1.8%
Personal Income	622,323	645,400	(23,077)	-3.6%	3,352,811	3,441,100	(88,289)	-2.6%
Corporate Franchise	4,205	0	4,205	N/A	9,854	0	9,854	N/A
Financial Institutions Tax	(5,651)	(11,800)	6,149	52.1%	(9,144)	(13,000)	3,856	29.7%
Commercial Activity Tax	274,926	264,200	10,726	4.1%	602,417	623,800	(21,383)	-3.4%
Petroleum Activity Tax	0	0	0	N/A	1,350	1,500	(150)	-10.0%
Public Utility	20,651	18,600	2,051	11.0%	51,099	50,200	899	1.8%
Kilowatt Hour	24,690	23,600	1,090	4.6%	150,523	147,400	3,123	2.1%
Natural Gas Distribution	4,594	4,500	94	2.1%	17,164	17,100	64	0.4%
Foreign Insurance	715	600	115	19.2%	155,593	156,400	(807)	-0.5%
Domestic Insurance	0	0	0	N/A	344	4,900	(4,556)	-93.0%
Other Business & Property	0	0	0	N/A	29	0	29	N/A
Cigarette and Other Tobacco	79,592	76,400	3,192	4.2%	376,873	361,400	15,473	4.3%
Alcoholic Beverage	3,997	4,300	(303)	-7.1%	24,955	22,700	2,255	9.9%
Liquor Gallonage	3,867	3,700	167	4.5%	18,814	18,300	514	2.8%
Estate	310	0	310	N/A	785	0	785	N/A
Total Tax Receipts	1,874,375	1,862,500	11,875	0.6%	9,064,794	9,068,700	(3,906)	0.0%
NON-TAX RECEIPTS								
Federal Grants	882,072	1,058,463	(176,391)	-16.7%	5,230,755	5,368,498	(137,743)	-2.6%
Earnings on Investments	0	0	0	N/A	7,916	5,450	2,466	45.2%
License & Fees	432	2,128	(1,697)	-79.7%	9,185	12,789	(3,603)	-28.2%
Other Income	2,108	818	1,290	157.7%	35,440	22,467	12,973	57.7%
ISTV'S	284	9,400	(9,116)	-97.0%	856	9,400	(8,544)	-90.9%
Total Non-Tax Receipts	884,895	1,070,809	(185,914)	-17.4%	5,284,153	5,418,604	(134,451)	-2.5%
TOTAL REVENUES	2,759,270	2,933,309	(174,039)	-5.9%	14,348,946	14,487,304	(138,357)	-1.0%
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	500	500	0	N/A	175,176	177,800	(2,624)	-1.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	500	500	0	N/A	175,176	177,800	(2,624)	-1.5%
TOTAL SOURCES	2,759,770	2,933,809	(174,039)	-5.9%	14,524,123	14,665,104	(140,981)	-1.0%

Table 2

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2016 VS ACTUAL FY 2015
($ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	NOVEMBER FY 2016	NOVEMBER FY 2015	$ VAR	% VAR	ACTUAL FY 2016	ACTUAL FY 2015	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	744,852	717,988	26,863	3.7%	3,744,058	3,578,982	165,075	4.6%
Auto Sales & Use	95,304	77,823	17,481	22.5%	567,267	545,232	22,036	4.0%
Subtotal Sales & Use	840,156	795,811	44,345	5.6%	4,311,325	4,124,214	187,111	4.5%
Personal Income	622,323	598,441	23,882	4.0%	3,352,811	3,325,376	27,435	0.8%
Corporate Franchise	4,205	(31,929)	36,134	113.2%	9,854	(27,272)	37,126	136.1%
Financial Institutions Tax	(5,651)	(20,468)	14,817	72.4%	(9,144)	(22,492)	13,348	59.3%
Commercial Activity Tax	274,926	176,170	98,756	56.1%	602,417	415,961	186,456	44.8%
Petroleum Activity Tax	0	0	0	N/A	1,350	0	1,350	N/A
Public Utility	20,651	21,234	(583)	-2.7%	51,099	35,885	15,214	42.4%
Kilowatt Hour	24,690	19,435	5,255	27.0%	150,523	123,837	26,686	21.5%
Natural Gas Distribution	4,594	4,711	(117)	-2.5%	17,164	18,425	(1,261)	-6.8%
Foreign Insurance	715	(156)	871	558.0%	155,593	154,539	1,054	0.7%
Domestic Insurance	0	(70)	70	N/A	344	7,638	(7,294)	-95.5%
Other Business & Property	0	0	0	N/A	29	20	10	48.4%
Cigarette and Other Tobacco	79,592	54,922	24,671	44.9%	376,873	287,602	89,271	31.0%
Alcoholic Beverage	3,997	6,406	(2,409)	-37.6%	24,955	24,521	434	1.8%
Liquor Gallonage	3,867	3,708	158	4.3%	18,814	18,049	765	4.2%
Estate	310	53	257	489.6%	785	2,091	(1,305)	-62.4%
Total Tax Receipts	1,874,375	1,628,268	246,107	15.1%	9,064,794	8,488,394	576,399	6.8%
NON-TAX RECEIPTS								
Federal Grants	882,072	794,684	87,389	11.0%	5,230,755	4,120,302	1,110,453	27.0%
Earnings on Investments	0	5,053	(5,053)	N/A	7,916	5,053	2,863	56.7%
License & Fee	432	372	59	16.0%	9,185	8,748	438	5.0%
Other Income	2,108	435	1,673	384.4%	35,440	19,251	16,189	84.1%
ISTV'S	284	214	70	32.7%	856	265	592	223.5%
Total Non-Tax Receipts	884,895	800,758	84,138	10.5%	5,284,153	4,153,618	1,130,535	27.2%
TOTAL REVENUES	2,759,270	2,429,026	330,245	13.6%	14,348,946	12,642,012	1,706,934	13.5%
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	500	1,200	(700)	-58.3%	175,176	11,785	163,391	1386.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	500	1,200	(700)	-58.3%	175,176	11,785	163,391	1386.4%
TOTAL SOURCES	2,759,770	2,430,226	329,545	13.6%	14,524,123	12,653,798	1,870,325	14.8%

DISBURSEMENTS

November GRF disbursements, across all uses, totaled $2,981.8 million and were $47.2 million (1.6%) above estimate. This was primarily attributable to higher than estimated disbursements in the Primary and Secondary Education category being partially offset by lower than estimated disbursements in the Medicaid and Property Tax Reimbursements categories. On a year-over-year basis, November total uses were $597.4 million (25.1%) higher than those of the same month in the previous fiscal year, with the Primary and Secondary Education and Medicaid categories largely responsible for the increase. Year-to-date variances by category are provided in the table below.

Category	Description	YTD Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	($372.6 million)	-2.3%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$26.2 million	3.3%
TOTAL DISBURSEMENTS VARIANCE:		**($346.4 million)**	**-2.1%**

GRF disbursements are reported according to functional categories. This section contains information describing GRF 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. November disbursements for this category totaled $882.6 million and were $228.6 million (35.0%) above estimate. Expenditures for the school foundation program totaled $843.3 million and were $263.2 million (45.4%) above estimate. The variance was primarily attributable to the timing of payments for the foundation funding line items, as three foundation payments were disbursed in November, rather than two as estimated. This variance was partially offset by an auxiliary services payment which occurred in October instead of November as estimated. Year-to-date disbursements were $3,485.9 million, which was $24.5 million (0.7%) below estimate.

On a year-over-year basis, disbursements in this category were $365.8 million (70.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $101.5 million (3.0%) higher than at the same point in fiscal year 2015.

Higher Education

November disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $188.9 million and were $0.6 million (0.3%) below estimate. The majority of the monthly variance was attributable to disbursements in the Choose Ohio First Scholarship Program being below the monthly estimate by $1.1 million as a result of lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in the Ohio College

Opportunity Grant Scholarship Program and the National Guard Tuition Grant Program being above the monthly estimates by $4.1 million as a result of higher than expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were $933.3 million, which was $7.2 million (0.8%) below estimate. On a year-over-year basis, disbursements in this category were $7.2 million (4.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $32.5 million (3.6%) higher than at the same point in fiscal year 2015.

Other Education

This category includes non-debt service GRF 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.

November disbursements in this category totaled $3.2 million and were $0.1 million (3.1%) below estimate. Year-to-date disbursements were $33.9 million, which was $0.1 million (0.4%) below estimate. On a year-over-year basis, disbursements in this category were $0.4 million (9.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $5.1 million (17.6%) higher than at the same point in fiscal year 2015.

Medicaid

This category includes all Medicaid spending on services and program support by the following six agencies: the Department of Medicaid, the Department of Mental Health and Addiction Services, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, and the Department of Aging.

Please note that beginning in fiscal year 2016 Medicaid GRF disbursements include expenditures related to persons enrolled under the "Group 8" expansion program, which were previously funded from non-GRF sources. Although these persons will be 100% federally-funded during fiscal year 2016, during the last six months of the biennium the state will be required to assume five percent of their costs. For this reason the costs and related federal reimbursement for these persons was shifted into the GRF for the biennium.

<u>Expenditures</u>
November GRF disbursements for the Medicaid Program totaled $1,551.4 million and were $118.4 million (7.1%) below the estimate, and $334.6 million (27.5%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled $7,750.7 million and were $297.3 million (3.7%) below the estimate, and $1,115.7 million (16.8%) above disbursements for the same point in the previous fiscal year. This year-over-year increase is largely attributable to the shifting of expenditures for persons enrolled under the "Group 8" expansion program to the GRF.

November all funds disbursements for the Medicaid Program totaled $2,065.9 million and were $143.0 million (6.5%) below the estimate, and $180.6 million (9.6%) above disbursements for the same month in the previous fiscal year. Year-to-date all funds disbursements totaled $10,382.1 million and were $521.3 million (4.8%) below the estimate, and $874.0 million (9.2%) above disbursements for the same point in the previous fiscal year.

The November all funds variance was due to lower than anticipated costs in the managed care, program administration, and fee-for-service categories. Although service expenses in the managed care program were slightly above the estimate, due to enrollment in this category being 0.2 percent above estimate, this category is below estimate for the month due to a delay in an administrative payment to the managed care firms. This administrative payment will be disbursed in December. Prior year encumbrances for program administration, primarily related to an information technology improvement project, were disbursed in an amount below estimate for the month. Finally, below estimate spending in the fee-for-service categories, which includes inpatient and outpatient hospital, behavioral health, developmental disability services, and nursing facilities, was driven by enrollment in these programs being 12.4 percent below estimate for the month.

The year-to-date all funds variance results from the managed care, administrative, and fee-for-service variances described above.

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

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

	November Actual		November Projection		Variance		Variance %
GRF	$	1,551.4	$	1,669.8	$	(118.4)	-7.1%
Non-GRF	$	514.4	$	539.1	$	(24.7)	-4.6%
All Funds	$	2,065.9	$	2,208.9	$	(143.0)	-6.5%

Enrollment

Total November enrollment across all categories was 2.99 million. The most significant components are the Covered Families and Children/Modified Adjusted Gross Income (CFC/MAGI) category, which decreased by 9,894 persons to a November total of 2.44 million persons, and the Aged, Blind and Disabled/Dual Eligible (ABD/Dual) category, which decreased by 4,146 persons to a November total of 388,704 covered lives.

Total enrollment across all categories for the same period last year was 2.92 million covered persons, including 2.29 million persons in the CFC/MAGI category and 425,986 people in the ABD/Dual 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 Medicaid category.

November disbursements in this category totaled $84.2 million and were $10.3 million (10.9%) below estimate for the month. Year-to-date disbursements were $551.9 million, which was $60.3 million (9.9%) below estimate. On a year-over-year basis, disbursements in this category were $23.3 million (21.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $37.6 million (6.4%) lower than at the same point in fiscal year 2015.

Department of Job and Family Services

November disbursements for the Department of Job and Family Services totaled $49.3 million and were $10.1 million (17.0%) below estimate. This variance was primarily attributable to several lines. First, Information Technology Projects disbursements were $3.3 million (64.1%) below estimate due to prior year encumbrances not being disbursed as anticipated. Second, Family Assistance-Local disbursements were $3.1 million (50.3%) below estimate due to the timing of county draws. Third, Unemployment Insurance Administration disbursements were $3.0 million (203.0%) below estimate due to a shift in payroll funding from GRF to the federal grant. Finally, Program Support disbursements were $2.1 million (64.3%) below estimate due to computer usage charges not being processed during the month as originally estimated.

Department of Mental Health and Addiction Services

November disbursements for the Department of Mental Health and Addiction Services totaled $23.7 million and were $0.9 million (4.0%) above estimate. This variance was primarily attributable to $2.1 million in higher than estimated disbursements for Continuum of Care Services due to the timing of local disbursements. This variance was partially offset by $1.1 million (92.6%) in lower than estimated disbursements for Community Behavioral Health.

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.

November disbursements in this category totaled $131.5 million and were $0.7 million (0.5%) below estimate for the month. Year-to-date disbursements were $866.0 million, which was $6.3 million (0.7%) below estimate. On a year-over-year basis, disbursements in this category were $7.6 million (5.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $64.5 million (8.0%) higher than at the same point in fiscal year 2015.

Department of Rehabilitation and Correction
November disbursements for the Department of Rehabilitation and Correction totaled $99.1 million and were $4.2 million (4.1%) below estimate. This variance was primarily attributable to lower than estimated disbursements for Institution Medical Services and the timing of payments for Community Nonresidential Programs.

Public Defender Commission
November disbursements for the Public Defender Commission totaled $5.0 million and were $4.4 million (734.1%) above estimate. This variance was primarily attributable to County Reimbursement payments being made in November instead of October as estimated. Department disbursements year-to-date were $11.7 million, which was $0.6 million (5.1%) 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.

November disbursements in this category totaled $24.2 million and were $4.2 million (14.9%) below estimate for the month. Year-to-date disbursements were $161.7 million, which was $10.7 million (6.2%) below estimate. On a year-over-year basis, disbursements in this category were $3.9 million (14.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $8.7 million (5.7%) higher than at the same point in fiscal year 2015.

Department of Administrative Services
November disbursements for the Department of Administrative Services totaled $2.6 million and were $1.1 million (71.0%) above estimate. This variance was primarily attributable to the timing of quarterly rent payments for certain GRF-supported agencies and vacant space in state buildings which occurred in November instead of October as estimated.

Department of Natural Resources
November disbursements for the Department of Natural Resources totaled $3.6 million and were $1.5 million (30.2%) below estimate. This variance was primarily attributable to Soil and Water Districts disbursements being $1.4 million (99.2%) below estimate due to a subsidy payment being made in October instead of November as estimated.

Department of Taxation
November disbursements for the Department of Taxation totaled $4.2 million and were $1.6 million (27.9%) below estimate. This variance was primarily attributable to the payment for a prior year encumbrance for IT services being made in October instead of November as estimated.

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. November property tax reimbursements totaled $61.9 million and were $76.6 million (55.3%) below estimate. Year-to-date disbursements totaled $897.9 million and were $35.5 million (4.1%) above estimate. Both the monthly and year-to-date variances are due to reimbursement requests being received from counties in a different pattern than anticipated. The heaviest months for these payments in the first half of the fiscal year tend to be September through November and OBM expects that by the end of December disbursements for the first half of the fiscal year should be very near the estimate.

Debt Service

November payments for debt service totaled $24.2 million and were at estimate. Year-to-date debt service payments were $864.2 million, which was $1.7 million (0.2%) below estimate.

Transfers Out

November transfers out totaled $29.5 million and were $29.5 million over estimate. November transfers were comprised of a $13.1 million transfer to the Managed Care Performance Payment Fund, an $8.9 million transfer to the OAKS Support Organization Fund, and a $7.5 million transfer to the Health Care Services Administration Fund. These transfers were projected to occur in October and December. Year-to-date transfers out were $813.7 million, which was $26.2 million (3.3%) above estimate.

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2016 VS ESTIMATE FY 2016
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL NOVEMBER	MONTH ESTIMATED NOVEMBER	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	882,615	654,000	228,615	35.0%	3,485,942	3,510,411	(24,469)	-0.7%
Higher Education	188,947	189,573	(626)	-0.3%	933,289	940,470	(7,181)	-0.8%
Other Education	3,234	3,339	(105)	-3.1%	33,936	34,067	(131)	-0.4%
Medicaid	1,551,449	1,669,820	(118,371)	-7.1%	7,750,679	8,047,986	(297,307)	-3.7%
Health and Human Services	84,182	94,455	(10,274)	-10.9%	551,878	612,190	(60,311)	-9.9%
Justice and Public Protection	131,467	132,133	(666)	-0.5%	865,958	872,257	(6,298)	-0.7%
General Government	24,180	28,416	(4,236)	-14.9%	161,697	172,445	(10,748)	-6.2%
Property Tax Reimbursements	61,922	138,553	(76,631)	-55.3%	897,931	862,384	35,548	4.1%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	24,238	24,237	1	0.0%	864,181	865,901	(1,720)	-0.2%
Total Expenditures & ISTV's	2,952,234	2,934,527	17,707	0.6%	15,545,492	15,918,110	(372,618)	-2.3%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	425,500	425,500	0	0.0%
Operating Transfer Out	29,534	0	29,534	N/A	388,234	362,031	26,203	7.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	29,534	0	29,534	N/A	813,734	787,531	26,203	3.3%
Total Fund Uses	2,981,768	2,934,527	47,241	1.6%	16,359,226	16,705,641	(346,415)	-2.1%

Table 4

GENERAL REVENUE FUND DISBURSEMENTS

ACTUAL FY 2016 VS ACTUAL FY 2015

($ in thousands)

Functional Reporting Categories Description	MONTH NOVEMBER FY 2016	NOVEMBER FY 2015	$ VAR	% VAR	YEAR-TO-DATE ACTUAL FY 2016	ACTUAL FY 2015	$ VAR	% VAR
Primary and Secondary Education	882,615	516,809	365,806	70.8%	3,485,942	3,384,474	101,467	3.0%
Higher Education	188,947	181,753	7,193	4.0%	933,289	900,779	32,510	3.6%
Other Education	3,234	3,589	(355)	-9.9%	33,936	28,858	5,078	17.6%
Medicaid	1,551,449	1,216,875	334,574	27.5%	7,750,679	6,634,932	1,115,748	16.8%
Health and Human Services	84,182	107,495	(23,313)	-21.7%	551,878	589,483	(37,605)	-6.4%
Justice and Public Protection	131,467	139,063	(7,596)	-5.5%	865,958	801,498	64,461	8.0%
General Government	24,180	28,108	(3,928)	-14.0%	161,697	152,966	8,731	5.7%
Property Tax Reimbursements	61,922	145,930	(84,009)	-57.6%	897,931	906,908	(8,977)	-1.0%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	24,238	24,962	(725)	-2.9%	864,181	845,032	19,149	2.3%
Total Expenditures & ISTV's	2,952,234	2,364,585	587,649	24.9%	15,545,492	14,244,930	1,300,562	9.1%
Transfers Out:								
BSF Transfer	0	0	0	N/A	425,500	0	425,500	N/A
Operating Transfer Out	29,534	19,802	9,732	N/A	388,234	582,809	(194,575)	-33.4%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	29,534	19,802	9,732	49.1%	813,734	582,809	230,925	39.6%
Total Fund Uses	2,981,768	2,384,387	597,381	25.1%	16,359,226	14,827,739	1,531,487	10.3%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2016. Based on the estimated revenue sources for FY 2016 and the estimated FY 2016 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2016 is an estimated $464.3 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2016 nor should it be considered as equivalent to the FY 2016 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.

In December 2015, fiscal year 2016 estimated revenues were reduced by $75.9 million to reflect the passage of Senate Bill 208. Estimated transfers to the GRF and estimated disbursements increased by $500 thousand to reflect a transfer from Fund 5KM0 (Controlling Board Emergency Purposes) to the Department of Agriculture.

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2016
($ in thousands)

July 1, 2015 Beginning Cash Balance*	**$ 1,711,679**
Plus FY 2016 Estimated Revenues	22,147,700
Plus FY 2016 Estimated Federal Revenues	12,232,485
Plus FY 2016 Estimated Transfers to GRF	334,500
Total Sources Available for Expenditures & Transfers	**36,426,364**
Less FY 2016 Estimated Disbursements**	34,812,040
Less FY 2016 Estimated Total Encumbrances as of June 30, 2016	339,059
Less FY 2016 Estimated Transfers Out	810,931
Total Estimated Uses	**35,962,030**
FY 2016 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**464,334**

* Includes reservations of $425.2 million for prior year encumbrances and $736.1 million for transfers from the fiscal year 2015 ending balance executed during fiscal year 2016. After accounting for these amounts, the estimated unencumbered beginning fund balance for fiscal year 2016 is $550.4 million.

** Disbursements include estimated spending against current year appropriations and prior year encumbrances.

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