OBM

December 12, 2017

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

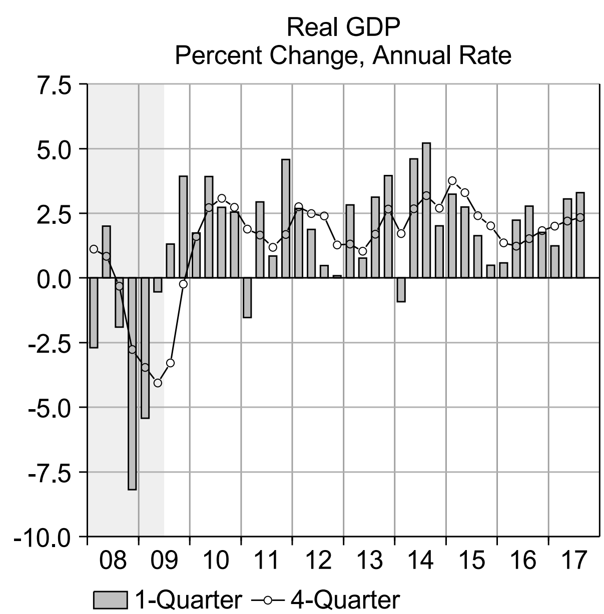
ECONOMIC SUMMARY

Economic Performance Overview

- The economy grew 3.3% in the third quarter after growth of 3.1% in the second quarter. Key indicators point toward continued growth during the fourth quarter.
- U.S. employment increased by 228,000 jobs in November. The 3-month average growth increased to 170,000 jobs per month. The unemployment rate fell to an expansion-low of 4.1%.
- Ohio nonfarm payroll employment increased by 4,300 jobs in October and 47,200 jobs year-to-date. The unemployment rate decreased to 5.1%.
- Leading economic indicators strongly suggest uninterrupted economic growth well into 2018.

Economic Growth

The economy picked up by even more than originally reported over the summer. **Real GDP** expanded at an annual rate of 3.3%, up from an initial estimate of 3.0% and following growth at a 3.1% rate in the second quarter. The back-to-back quarters were the strongest 2-quarter period since the second-half of 2014. Third-quarter growth likely would have been even higher without the effects of the hurricanes. More recent economic data indicate that growth has remained solid in the fourth quarter.



Growth in real GDP in the third quarter occurred mainly in personal consumption expenditures, which contributed 1.60 percentage points of the total 3.3% growth rate, followed by the change in private inventories (+0.80pp), business investment in equipment (+0.56pp), and net exports of goods and services (+0.43pp). Net exports improved in both dimensions, as exports rose and imports fell. Subtracting from growth were residential fixed investment (-0.20pp) and business investment in structures (-0.20pp).

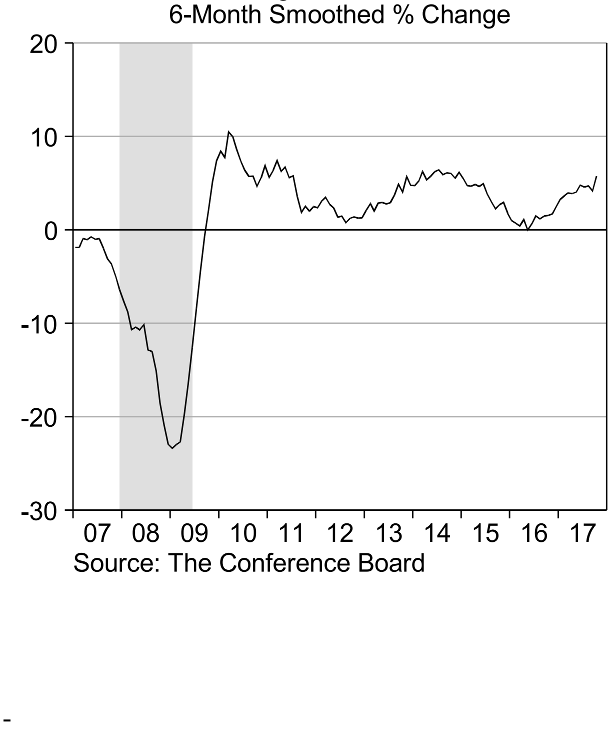
The Ohio economy continued to rebound in October, according to the **Ohio coincident economic index** from the Philadelphia Federal Reserve. The index increased 0.5% during the month after a 0.3% rise the month before – the strongest back-to-back gains since April 2014. At 1.8%, the year-over-year rate of change was the strongest since the summer of 2016. Likewise, a survey of businesses in and around Ohio, conducted by the Federal Reserve Bank of Cleveland during October and early November, found that activity continued to expand at a moderate pace.

Across the country in October, the breadth of increases in the **state coincident economic indexes** improved for a second consecutive month. The number of states for which the coincident index fell in September was revised from ten down to seven, and remained at seven in October. The number that declined over 3-month spans in September was revised down from thirteen to eleven, and the total number declining fell to nine in October. In view of the generally positive picture from other indicators, it appears increasingly likely that the weakness in state coincident indexes are an outlier, perhaps related to the negative disturbances introduced into data by the back-to-back hurricanes in late summer.

In addition, the breadth of gains in **state-level composite leading indexes** sustained recent improvement. The number of states for which the leading index was negative in September was revised down from four to three, and was little changed at four in October. The Ohio leading index, which was modestly negative in July and August, increased to 1.3% in September and 2.3% in October. Compiled by the Philadelphia Federal Reserve, the diffusion across these state leading indexes has been a leading indicator of turning points for the economy in the past. However, the real-time data from these indexes must be interpreted with caution, since they are very sensitive to the state unemployment rates, which are subject to large annual benchmark revisions early each year.

National leading economic indicators strengthened markedly in October and remain consistent with uninterrupted expansion into 2018. The Conference Board's composite **Leading Economic Index** increased 1.2% during the month, and the previous reading was revised up from a decline of 0.2% to an increase of 0.1%. Nine of the ten components of the index increased, led by initial claims for unemployment insurance, which accounted for about one-third of the increase in the overall index. The rebound in the index reflected a reversal of disruptions from the two major hurricanes in August and September.

Leading Economic Index
6-Month Smoothed % Change



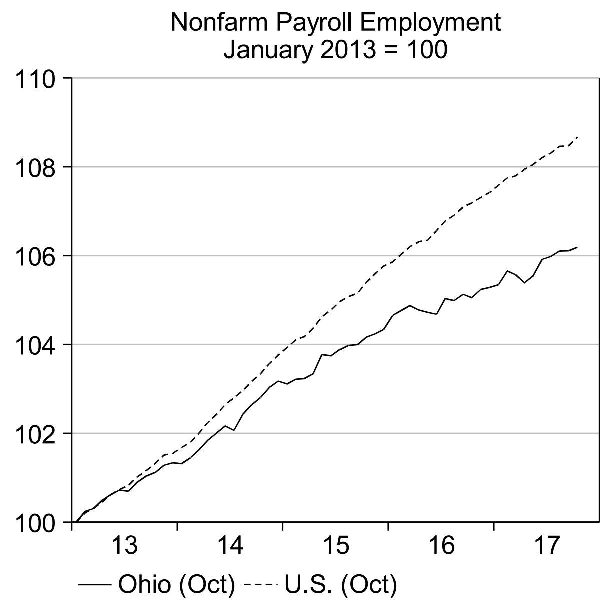
Source: The Conference Board

The **consensus among forecasters** is for continued growth in real GDP in the fourth quarter and continuing into 2018. The Federal Reserve Bank of Atlanta projects growth of 3.2%

in fourth quarter, based on the trajectory of major indicators during the third quarter and data available so far for the fourth quarter. The Federal Reserve Bank of New York projects growth of 3.9%. The more-stable Blue Chip consensus, which is an average of forecasts from a group of professional forecasters, calls for 2.7% growth, with a range of 2.5% to 3.2% from the average of the lowest ten to the highest ten forecasts. The IHS GDP Tracker projection for fourth-quarter growth is 2.7%.

Employment

Nonfarm payrolls across the country increased 228,000 in November. Private nonfarm payrolls increased by 221,000 jobs. The total change during the previous two months was revised higher by 3,000 jobs. The November increase was well above the average of 173,000 jobs during the most recent twelve months. The average monthly job increase during the most recent three months is 170,000 jobs, despite the hurricane-affected gain of only 38,000 jobs in September.



Sectors that led in employment increases were professional business services (+46,000), manufacturing (+31,000), health care (+30,000), and construction (+24,000). Notably, retail added 18,700 jobs, transportation and warehousing added 10,500, and temporary help services employment was up by 18,300 jobs, suggesting that businesses have been preparing for what they expect to be a robust holiday season.

The **unemployment rate** was unchanged at 4.1%, its lowest level since December 2000. The broadest measure of unemployment, the U-6 unemployment rate, increased by 0.1 percentage point to 8.0%–just above its lowest level since May 2006. The U-6 unemployment rate includes those who say that they want to work but have stopped looking because they believe they cannot find a job and those working part-time who would prefer full-time work. Despite the tightening in labor markets indicated by lower unemployment rates, wage gains were modest. **Average hourly earnings** of all employees on private nonfarm payrolls increased 0.2% to 2.5% higher than a year earlier.

Ohio nonfarm payroll employment increased by 4,300 jobs in October, and the September increase was revised down from 10,500 jobs to just 100 jobs. Most of the adjustment to the September tally occurred in local government educational services. October gains in manufacturing (4,200), government (3,300), and other services (3,000), were partly offset by declines in educational and health services (-2,700), leisure and hospitality (-1,700), and professional and business services (-2,200).

During the twelve months ending in October, Ohio employment increased by 59,400 jobs. The largest gains were in professional and business services (+17,900), leisure and hospitality (+17,500), and construction (+9,600). Employment declines occurred in information (-2,100), government (-1,800), and natural resources and mining (-100).

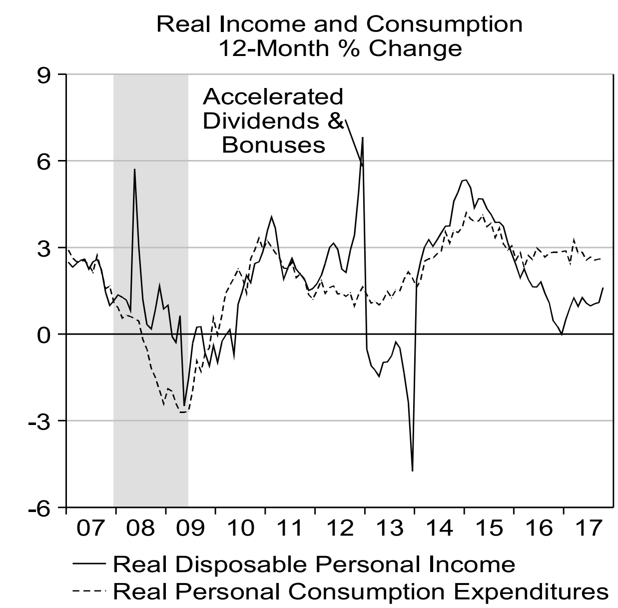
Labor markets in and around Ohio continued to tighten in October and into November, according to the Cleveland Fed survey of businesses. The strongest hiring was reported in construction and nonfinancial services sectors, while the seasonal uptick in hiring by retailers began. Contributors reported difficulty attracting and retaining qualified workers without offering more frequent raises or mid-year bonuses. Banking and retail contacts reported the strongest wage pressures.

Among the **contiguous states**, year-over-year employment growth was strongest in Kentucky (+1.5%), followed by Ohio and Pennsylvania (+1.1%), Michigan (+1.0%), Indiana (+0.9%), and West Virginia (+0.4%). Manufacturing employment increased year-over-year in Indiana (+1.6%), Ohio (+0.4%), Kentucky (0.3%), and Michigan (0.2%). It decreased 0.6% in Pennsylvania and 1.3% in West Virginia.

The **Ohio unemployment rate** decreased by 0.2 percentage points to 5.1% in October. The rate is up 0.4 points from the cyclical low of 4.7% reached in October 2015, and has fluctuated in the 4.7% to 5.4% range for the past three years. The increase since October 2015 resulted from a larger increase in the Ohio labor force (+82,000) than in total employment (+54,400).

Across the country in October, the unemployment rate increased notably from the month before in only one state – North Dakota (+0.1%). The unemployment rate fell notably in twelve states, led by Minnesota (-0.4%). Changes in the unemployment rate in the other thirty-seven states and the District of Columbia were not statistically different from zero.

Consumer Income and Consumption



Personal income and spending both continued to grow during October. **Personal income** increased 0.4% for a second straight month. A key driver was wage and salary disbursements, which make up more than half of personal income and which expanded by 0.3%. Compared with a year earlier, personal income was up 3.4% and wage and salary disbursements rose 3.7%.

Personal consumption expenditures increased by 0.3% following a 0.9% gain the month before that was originally reported as a 1.0% increase. Spending on durable goods remained at a high level but decreased 0.1% on the month as unit sales of light motor vehicles fell 3.7% to a still-high level of 17.3 million units – just above the 12-month average of 17.2 million units. Spending on nondurables and services growth also decreased from 1.3% to 0.2% and from 0.4% to 0.3%, respectively. A key factor in the recent pattern of consumer spending has been the major hurricanes that hit Texas and Florida in August and September.

Consumer moods brightened further in November after impressive gains the month before. The **Consumer Confidence Index,** from the Conference Board, increased in November to its highest level since November 2000, reflecting improved assessments of both current and future conditions. The University of Michigan/Reuters Consumer Index of Consumer Sentiment retracted a portion of a large gain during the previous month, but remained near a long-time high.

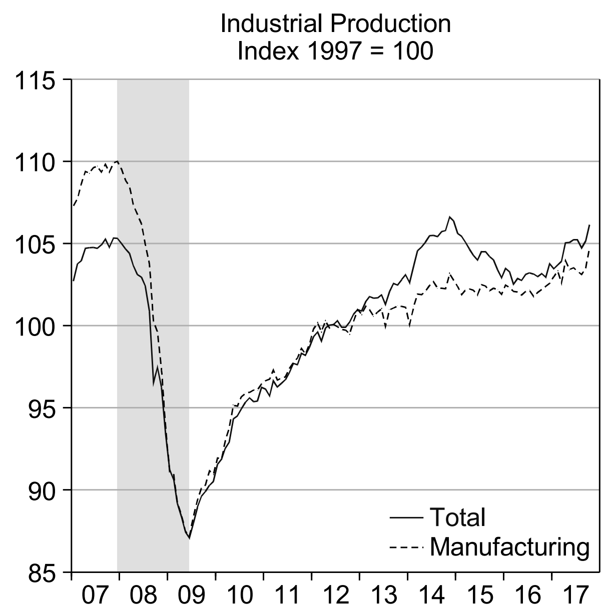
Higher confidence among consumers has likely been a factor behind declines in the **personal saving rate** that have stretched from late 2015 through 2017. Disposable personal income increased 0.5% in October to 3.2% above the year earlier level. But total consumer outlays rose 0.3% to 4.3% above the year earlier level. The result has been a drop in the saving rate from 4.1% a year ago to 3.2% in October. The saving rate was 6.3% as recently as October 2015. The recent decline is an indication that consumers have positive views of the near future.

Consistent with reports of high consumer confidence, the outlook among retailers in and around Ohio picked up in recent months, according to the Cleveland Fed survey. Some retailers reported that use of technology to improve the shopping experience resulted in increased store traffic. Most contacts expressed a positive outlook for the holiday shopping season.

Industrial Activity

Industrial production jumped by 0.9% in October. **Manufacturing** production climbed by 1.3%, boosted by the continuing recovery in chemical and oil refinery output from Hurricane Harvey and higher motor vehicle production. **Mining** output fell 1.3%, as Hurricane Nate interrupted oil and gas production. **Utility** output increased 2.0%, with weather effects shifting from a negative to a positive.

Revisions to previous months lifted the third-quarter rate of change in industrial production from a drop of 1.5% to a decline of just 0.3%. The change in manufacturing was revised up from -2.2% to -1.2%. Mining was revised down from +6.3% to +5.3%, while utility output was revised up from -7.8% to -1.5%.



Production across the country in some industries that are key employers in Ohio strengthened, led by motor vehicles and parts (+1.0%), primary metals (+0.9%), and fabricated metal products (+0.4%). Production of machinery, which was up 3.3% in September, was unchanged in October. Compared with a year earlier, production increased 7.2% in machinery, 7.1% in primary metal, and 3.3% in fabricated metal. On the other hand, production of motor vehicles and parts declined 1.6%.

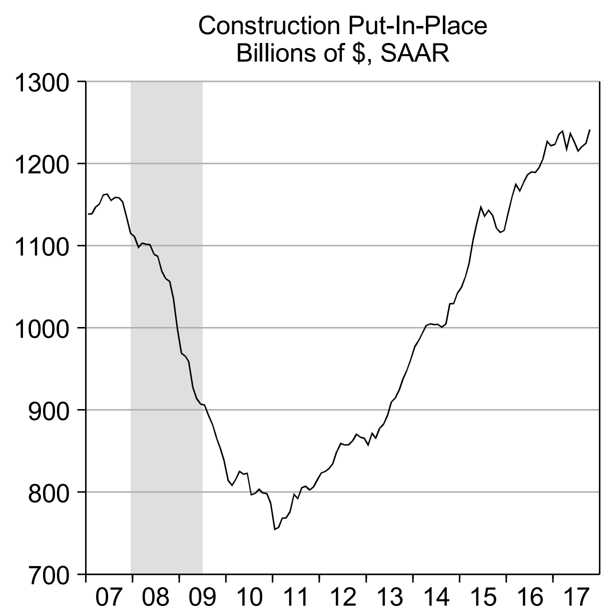
In and around Ohio, the strongest levels of activity were reported by suppliers to the aerospace, consumer electronics, motor vehicle, oil and gas, and residential construction industries, according to the Cleveland Fed survey. In particular, aerospace is seeing strong backlogs and order books and more aggressive production plans. Steel producers and service centers reported rising volumes. In general, contacts expect a pickup in growth this winter.

Reports from **purchasing managers** of improving conditions in manufacturing were slightly less widespread around the country in November than in October, but remain strong and consistent with expanding activity. The PMI® decreased from 58.7 to 58.2, but remained above the neutral level of 50 for the fifteenth straight month. The important New Orders and Production sub-indexes advanced to 64.0 and 63.9, respectively, likely pointing to continued growth in the manufacturing sector through the winter.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, fourteen reported growth in the latest month. Among the industries with a disproportionate effect on Ohio manufacturing employment, fabricated metal products, machinery, primary metals, and transportation equipment all reported expansion. One respondent in the machinery industry reported "strong sales through [the] third and now fourth quarters," while a survey participant in the fabricated metal products industry reported "steady, consistent demand for end of year," in contrast to the typical slowdown. Finally, a contact in the transportation equipment industry reported that, "Overall industry demand remains strong,".

<u>Construction</u>

Construction put-in-place increased 1.4% in October. Private construction grew 0.6% and public construction jumped by 3.9%. Year-over-year growth has slowed substantially within the past year, in the private and public sectors and in both residential and nonresidential. For example, total construction slowed from 9.2% year-over-year in December 2016 to 2.9% in October of this year. That reflected slowdowns in residential and nonresidential from 12.3% to 7.2% and from 7.1% to 0.0%, respectively. Private nonresidential slowed the most, from 14.5% year-over-year in December to -1.3% in October.



Housing starts rebounded across the country and in the Midwest during the three months ending in October. On a 3-month moving average basis, total starts increased 3.0% in October after falling 2.3% the month before. Single-family starts increased 1.4% and multi-family starts increased 7.3% – the best since December 2016. The pattern was the same, but more accentuated in the Midwest, where total starts increased 10.0% due to a 6.1% increase in single-family starts and a 19.3% increase in multi-family starts.

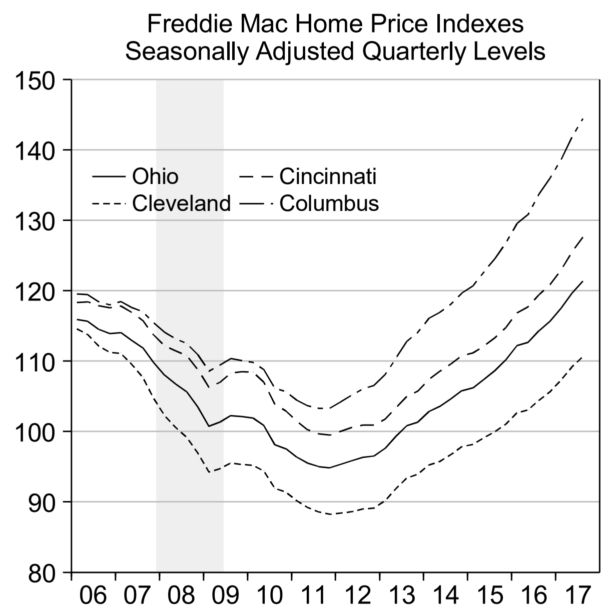
Homebuilders in and around Ohio are concerned about rising input costs and the corresponding negative effects on first-time buyers, according to the Cleveland Fed survey. In fact, one builder said that it is not possible to build a starter home for less than $200,000. Reflecting these market dynamics, one realtor reported that a high number of first-time buyers and a shortage of properties is creating multiple offers for many properties.

Compared with a year earlier, total starts were up just 1.2% nationally, as the increase in single-family starts (+8.4%) just outweighed a large decline in multi-family starts (-13.4%). Midwest starts rose 8.5% from a year earlier, reflecting an 8.8% increase in single-family starts and a 7.8% rise in multi-family starts.

Home sales were positive in October. Sales of existing homes edged up 0.2% nationally and 1.6% in the Midwest on a 3-month moving average basis. Both were little changed from a year earlier. Sales of newly built homes increased 6.8% across the country and 6.5% in the Midwest on a 3-month moving average basis. Compared with a year earlier, new home sales were higher by 10.6% nationally but 2.4% lower in the Midwest.

The market for newly built single-family homes remains in a mid-cycle slump, yet homebuilders remain very positive, according to the latest survey from the National Association of Homebuilders. Rising household formation and new demand from California fires and Gulf coast floods, combined with tight inventories, are keeping upward pressure on prices. The supply of existing homes for sale decreased to just 3.9 months at the current pace of sales in October.

Home prices across the country posted their 67th consecutive monthly increase in September to 6.2% above the year earlier level, 42.1% above the cyclical low reached in February 2012, and 4.3% higher than the previous peak reached in February 2007, according to the Case-Shiller index. As reported by Freddie Mac, home prices increased 1.5% in the third quarter to 6.8% above the year earlier level. In comparison, prices across Ohio increased 1.4% in the quarter and 6.2% from a year ago. In major metro areas in Ohio, prices increased: 1.7% in the quarter and 6.9% from a year ago in Cincinnati; 1.3% in the quarter and 5.9% from a year ago in Cleveland; and 1.9% in the quarter and 8.0% from a year ago in Columbus, after seasonal adjustment.



REVENUES

November **GRF receipts totaled $2,471.0 million** and were $78.1 million (3.1%) below the estimate. The variance was due to federal grants, which were $79.9 million (12.3%) below estimate. Non-federal revenues were actually $1.8 million above estimate. Monthly tax receipts totaled $1,896.7 million and were $8.7 million (0.5%) above the estimate, while non-tax receipts totaled $573.9 million and were $79.9 million (12.2%) below the estimate. Again, the non-tax variance was due to federal grants. Transfers in for the month were $0.3 million, or $6.9 million below the $7.2 million estimate. Variances for the fiscal year-to-date by category are provided in the following table ($ 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	$29.5	0.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($114.0)	(2.7%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$8.2	7.9%
TOTAL REVENUE VARIANCE:		**($76.3)**	**(0.6%)**
Non-federal revenue variance		**$8.9**	**0.1%**
Federal grants variance		**($85.2)**	**(2.0%)**

On a year-over-year basis, monthly receipts were $235.0 million (8.7%) below November of the previous fiscal year. Tax revenues increased by $21.2 million (1.1%) from last November, but federal grants decreased by $257.5 million (31.1%). Federal grants in the GRF and Medicaid spending are expected to decline for the year as an important source of Medicaid funding has shifted from the GRF to a dedicated purpose fund. In fiscal years 2010-2017, Medicaid managed care company premiums were subject to the sales tax, and this revenue was deposited into the GRF. This revenue helped support Medicaid spending from the GRF, and the subsequent drawdown of federal revenue was therefore also deposited into the GRF. Beginning in fiscal year 2018, the sales tax no longer applies to Medicaid managed care premiums. Instead, a new federally approved Medicaid related provider tax on all Medicaid managed care organizations and non-Medicaid major medical managed care organizations is levied. Receipts from this tax, as is the case with all other Medicaid related health care provider taxes, go into a dedicated purpose fund and help support Medicaid spending. The federal dollars drawn down by the disbursement of these non-GRF funds are deposited in a dedicated federal fund, not the GRF. This change will reduce non-auto sales tax receipts, GRF Medicaid spending, and related federal grant revenue in fiscal year 2018, as it has done throughout the first five months.

The increase from last November in tax receipts was muted due primarily to the non-auto sales tax, which was $30.9 million (4.2%) lower than last November. Again, this is due to the elimination of the sales tax on managed care Medicaid premiums. This will distort year-over-year comparisons throughout fiscal year 2018 (July was the exception, since the last tax revenues were received in July, based on June premiums).

GRF Revenue Sources Relative to Monthly Estimates – November 2017

($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto Sales Tax	$14.6	Federal Grants	($79.9)
Personal Income Tax	$11.7	Financial institutions tax	($13.8)
Cigarette and Other Tobacco Tax	$6.8	Commercial activity tax	($11.4)
Auto Sales Tax	$2.6	Transfers in	($6.9)
Public Utility Excise Tax	$2.6	Foreign insurance	($6.4)
Other Sources Above Estimate	$2.2	Other Sources Below Estimate	($0.2)
Total above	**$40.5**	**Total below**	**($118.6)**

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

Non-Auto Sales and Use Tax

November non-auto sales and use tax collections totaled $710.8 million and were $14.6 million (2.1%) above estimate. The November variance was enough to put year-to-date collections over estimate by $0.5 million (0.1%), the first time this year that non-auto collections have been above estimate.

July was the last month of Medicaid Health Insuring Corporations (MHIC) sales tax collections. Beginning in August, the sales tax on MHIC capitation payments was replaced by a Medicaid related provider tax on all Medicaid managed care organizations and non-Medicaid major medical managed care organizations, which is being deposited into a non-GRF dedicated purpose fund. As a result, non-auto sales tax collections are expected to be negative relative to fiscal year 2017 in all of the remaining months of fiscal year 2018.

After one adjusts for sales tax collections from MHICs, estimated growth for all of fiscal year 2018 is only 2.5%. Through October, fiscal year 2018 collections growth had been running well below that 2.5% mark, largely due to a very weak July. In November, however, adjusted collections grew by 5.1% from last November, pulling year-to-date growth up to 2.0%. Nationally, expectations for holiday retail sales are generally good, which could boost growth over the next couple of months.

On an unadjusted basis, non-auto collections were down from last year by $30.9 million (4.2%) in November, and $181.7 million (4.8%) year-to-date. The table below shows that, after accounting for the loss in MHIC collections, growth from last year was 5.1% in November and is up to 2.0% year-to-date.

Non-Auto Sales Tax Revenue Growth Without MHIC– FY18 through November

($ in millions)

	Nov-2016	Nov-2017	FY 2017 YTD	FY 2018 YTD
Non-Auto sales tax GRF	$741.7	$710.8	$3,777.2	$3,595.5
Non-Auto sales tax PLF (Library Fund)	$15.6	$15.5	$80.9	$80.9
Non-Auto sales tax, all funds	$757.2	$726.3	$3,858.1	$3,676.4
MHIC revenues (state)	$66.1	$0.0	$324.0	$71.7
GRF and PLF revenues without MHIC	$691.1	$726.3	$3,534.1	$3,604.7
Change from prior year in non-MHIC collections		$35.1		$70.6
Pct. change from prior year in non-MHIC collections		5.1%		2.0%

Auto Sales Tax

The auto sale tax continues to exceed expectations. Auto sales tax collections in November were $102.7 million, which was $2.6 million (2.6%) above estimate. For the year, collections are now $24.1 million (4.2%) above estimate and revenues have grown $11.6 million (2.0%) from last year.

For fiscal year 2018 the budget forecast expects auto sales tax collections to decline by 2.5%, as unit sales of new autos are not expected to reach fiscal year 2017 levels. As noted in previous issues of this report, the estimates for fiscal year 2018 anticipate year-over-year declines in 9 of the 12 months. However, there has been growth of 2% in collections so far this year, contrary to expectations.

Despite a very strong September and October, national new light vehicle sales are down about 1.5% compared to July-November of last year. However, all of the decline is in passenger cars: light truck sales are actually up by 3.9%. Since light trucks are on average higher priced, this shift in the mix of vehicle sales has helped to support auto sales tax collections.

Personal Income Tax

November personal income tax receipts totaled $652.4 million and were $11.7 million (1.8%) above the estimate. The story behind the total collections number was generally the same as in October in that withholding was well above estimate ($33.5 million, or 4.8%), and the "other" component, which is largely made up of Attorney General collections, was also above estimate ($5.0 million, or 178.8%). Refunds were the only negative payment category, as they were above estimate by $27.3 million (60.6%).

These three components also show the largest variances for the year-to-date. Withholding collections thru the first five months are $59.1 million (1.7%) above estimate. Other collections are $15.1 million (70.2%) above estimate. Refunds, on the other hand, are $43.0 million (16.5%) above estimate. All other payment categories combined are $2.0 million below estimate.

On a year-over-year basis, November GRF income tax collections were $41.1 million (6.7%) above November 2016 collections. For the year, collections are up by $153.1 million (4.8%). Except for annual return payments and refunds, all payment categories have improved from last year.

FY2018 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Estimate Nov	Actual Nov	$ Var Nov	Actual Nov-2017	Actual Nov-2016	$ Var Y-0ver-Y
Withholding	$697.3	$730.8	$33.5	$730.8	$ 669.7	$61.1
Quarterly Est.	$7.5	$8.2	$0.7	$8.2	$7.5	$0.7
Trust Payments	$0.4	$0.4	$0.0	$0.4	$0.4	$0.0
Annual Returns & 40 P	$8.1	$8.2	$0.1	$8.2	$8.1	$0.1
Other	$2.8	$7.8	$5.0	$7.8	$2.7	$5.1
Less: Refunds	($45.1)	($72.4)	($27.3)	($72.4)	($46.8)	($25.6)
Local Distr.	($30.3)	($30.5)	($0.2)	($30.5)	($30.4)	($0.1)
Net to GRF	$640.7	$652.4	$11.7	$652.4	$611.2	$41.2

Commercial Activity Tax

November commercial activity tax (CAT) receipts deposited in the GRF totaled $302.8 million and were $11.4 million (3.6%) below the estimate. However, GRF CAT receipts for October, which are generally early payments for the second quarter of the fiscal year (due November 10), were $12.2 million above estimate. Collections for the quarterly payment due November 10 were thus $0.8 million above estimate, although more heavily weighted to October than expected. Through the first five months of the year, GRF CAT receipts are $10.1 million (1.4%) above estimate.

For the fiscal year, CAT collections are $109.0 million (17.8%) above collections during the same period in fiscal year 2017. This increase is partly due to a change in the allocation method contained in H.B. 49 (the biennial budget bill) that increased the GRF share of CAT receipts from 75 percent to 85 percent.

We can decompose the GRF increase into a total collections increase and a law change impact by looking at all funds CAT receipts. All funds collections have increased by $31.7 million (3.9%), growing from $821.6 million to $853.3 million. Under prior law, the GRF would have received an additional $23.9 million from that increase; the other $85.1 million is due to the change in the GRF percentage. (Note that the Tax Department administrative share of total net collections also dropped due to H.B. 49, from 0.85% to 0.75%. The $85.1 million gain due to H.B. 49 is actually due to both law changes, although all but $0.9 million is due to the 75% to 85% change.)

Cigarette and Other Tobacco Products Tax

November cigarette and other tobacco collections totaled $82.7 million and were $6.8 million (8.9%) above estimate. Year-to-date receipts totaled $350.2 million and were $1.2 million (0.3%) above estimate.

Collections have been up and down so far this year with respect to the estimate, being well below estimate in July, above estimate in August and September, below estimate in October, and back above estimate in November. OBM believes that these monthly variances are the result of a different timing of collections than in recent history, but do not change the underlying prospects for these taxes. Collections are still expected to meet the estimate by year's end.

Financial Institutions Tax

As expected in last month's issue of this report, the November shortfall in the FIT more than offset the October overage. November collections were $12.7 million and were $13.8 million below the estimate. For the year, collections are $13.5 million below estimate, and $13.2 million below last year.

It is not clear at this point whether the refunds, which are well in excess of what was originally estimated and well above last year's amounts, are due to credits against the tax being above estimate or the tax base (Ohio equity capital) being below estimate. OBM may have a better sense of this when more information about credits for the second quarter of fiscal year 2018 is known in late January.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $573.9 million in November and were $79.9 million (12.2%) below estimate. The variance was due primarily to Federal grants as the category was $79.9 million (12.3%) below estimate due primarily to $98 million in federal grants for Medicaid not being received in the GRF as originally estimated but instead in a dedicated federal fund. This is the result of $42 million in state share spending being made not from the GRF, as was originally contained in the Medicaid estimates, but from a dedicated purpose fund, pursuant to recent Controlling Board action that increased appropriation authority in that fund.

Finally, transfers in to the GRF were $0.3 million and were $6.9 million below estimate due to a transfer from a special fund for the Multi-Agency Radio Communications Trunking System (MARCS), being delayed.

12/12/2017

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2018 VS ESTIMATE FY 2018
($ in thousands)

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	ACTUAL NOVEMBER	ESTIMATE NOVEMBER	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	710,799	696,200	14,599	2.1%	3,595,514	3,595,000	514	0.0%
Auto Sales & Use	102,674	100,100	2,574	2.6%	593,892	569,800	24,092	4.2%
Subtotal Sales & Use	813,473	796,300	17,173	2.2%	4,189,406	4,164,800	24,606	0.6%
Personal Income	652,410	640,700	11,710	1.8%	3,360,191	3,332,100	28,091	0.8%
Corporate Franchise	52	0	52	N/A	2,892	0	2,892	N/A
Financial Institutions Tax	(12,741)	1,100	(13,841)	-1258.3%	(23,075)	(9,600)	(13,475)	-140.4%
Commercial Activity Tax	302,794	314,200	(11,406)	-3.6%	719,606	709,500	10,106	1.4%
Petroleum Activity Tax	0	0	0	N/A	1,570	1,300	270	20.8%
Public Utility	23,377	20,800	2,577	12.4%	53,719	53,400	319	0.6%
Kilowatt Hour	26,661	25,500	1,161	4.6%	145,686	156,400	(10,714)	-6.9%
Natural Gas Distribution	4,818	4,500	318	7.1%	16,708	17,400	(692)	-4.0%
Foreign Insurance	(6,277)	100	(6,377)	-6377.2%	144,843	155,400	(10,557)	-6.8%
Domestic Insurance	0	0	0	N/A	63	3,000	(2,937)	-97.9%
Other Business & Property	0	0	0	N/A	(263)	0	(263)	N/A
Cigarette and Other Tobacco	82,663	75,900	6,763	8.9%	350,155	349,000	1,155	0.3%
Alcoholic Beverage	5,619	5,000	619	12.4%	25,178	25,400	(222)	-0.9%
Liquor Gallonage	3,880	3,900	(20)	-0.5%	20,088	19,300	788	4.1%
Estate	16	0	16	N/A	100	0	100	N/A
Total Tax Receipts	1,896,745	1,888,000	8,745	0.5%	9,006,866	8,977,400	29,466	0.3%
NON-TAX RECEIPTS								
Federal Grants	571,290	651,192	(79,902)	-12.3%	4,131,744	4,216,984	(85,240)	-2.0%
Earnings on Investments	0	0	0	N/A	15,747	15,000	747	5.0%
License & Fees	463	620	(157)	-25.4%	8,617	10,185	(1,568)	-15.4%
Other Income	2,155	2,020	135	6.7%	29,542	57,870	(28,328)	-49.0%
ISTV'S	11	0	11	N/A	387	0	387	N/A
Total Non-Tax Receipts	573,919	653,832	(79,913)	-12.2%	4,186,036	4,300,039	(114,003)	-2.7%
TOTAL REVENUES	2,470,663	2,541,832	(71,169)	-2.8%	13,192,902	13,277,439	(84,537)	-0.6%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	297	7,200	(6,903)	-95.9%	111,644	103,429	8,215	7.9%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	297	7,200	(6,903)	-95.9%	111,644	103,429	8,215	7.9%
TOTAL SOURCES	2,470,960	2,549,032	(78,072)	-3.1%	13,304,546	13,380,868	(76,322)	-0.6%

12/12/2017

Table 2

GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2018 VS ACTUAL FY 2017
($ in thousands)

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	NOVEMBER FY 2018	NOVEMBER FY 2017	$ VAR	% VAR	ACTUAL FY 2018	ACTUAL FY 2017	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	710,799	741,660	(30,861)	-4.2%	3,595,514	3,777,244	(181,730)	-4.8%
Auto Sales & Use	102,674	106,332	(3,658)	-3.4%	593,892	582,302	11,589	2.0%
Subtotal Sales & Use	813,473	847,992	(34,519)	-4.1%	4,189,406	4,359,546	(170,140)	-3.9%
Personal Income	652,410	611,286	41,124	6.7%	3,360,191	3,207,096	153,095	4.8%
Corporate Franchise	52	24	29	123.1%	2,892	(736)	3,629	493.0%
Financial Institutions Tax	(12,741)	1,117	(13,858)	-1240.7%	(23,075)	(9,902)	(13,173)	-133.0%
Commercial Activity Tax	302,794	274,225	28,570	10.4%	719,606	610,656	108,950	17.8%
Petroleum Activity Tax	0	0	0	N/A	1,570	1,542	28	1.8%
Public Utility	23,377	21,623	1,755	8.1%	53,719	47,387	6,332	13.4%
Kilowatt Hour	26,661	26,878	(216)	-0.8%	145,686	160,438	(14,752)	-9.2%
Natural Gas Distribution	4,818	4,028	790	19.6%	16,708	16,439	269	1.6%
Foreign Insurance	(6,277)	82	(6,360)	-7725.9%	144,843	160,973	(16,130)	-10.0%
Domestic Insurance	0	0	0	N/A	63	53	9	17.5%
Other Business & Property	0	0	0	N/A	(263)	(678)	415	61.2%
Cigarette and Other Tobacco	82,663	80,135	2,528	3.2%	350,155	359,411	(9,256)	-2.6%
Alcoholic Beverage	5,619	4,336	1,283	29.6%	25,178	25,542	(364)	-1.4%
Liquor Gallonage	3,880	3,782	98	2.6%	20,088	19,400	688	3.5%
Estate	16	86	(70)	-81.9%	100	334	(234)	-70.1%
Total Tax Receipts	1,896,745	1,875,592	21,152	1.1%	9,006,866	8,957,502	49,364	0.6%
NON-TAX RECEIPTS								
Federal Grants	571,290	828,767	(257,477)	-31.1%	4,131,744	4,952,292	(820,549)	-16.6%
Earnings on Investments	0	0	0	N/A	15,747	14,180	1,567	11.1%
License & Fee	463	546	(83)	-15.3%	8,617	11,343	(2,725)	-24.0%
Other Income	2,155	1,043	1,112	106.6%	29,542	41,934	(12,392)	-29.6%
ISTV'S	11	25	(14)	-55.8%	387	9,127	(8,740)	-95.8%
Total Non-Tax Receipts	573,919	830,382	(256,463)	-30.9%	4,186,036	5,028,875	(842,839)	-16.8%
TOTAL REVENUES	2,470,663	2,705,974	(235,311)	-8.7%	13,192,902	13,986,377	(793,474)	-5.7%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	297	0	297	N/A	111,644	15,309	96,335	629.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	297	0	297	N/A	111,644	15,309	96,335	629.3%
TOTAL SOURCES	2,470,960	2,705,974	(235,015)	-8.7%	13,304,546	14,001,685	(697,139)	-5.0%

DISBURSEMENTS

November GRF disbursements, across all uses, totaled $2,128.6 million and were $89.6 million (4.0%) below estimate. This variance was primarily attributable to lower than estimated disbursements in the Medicaid and Property Tax Reimbursements categories, which were partially offset by higher than estimated disbursements in the Primary and Secondary Education category. On a year-over-year basis, November total uses were $228.4 million (9.7%) lower than those of the same month in the previous fiscal year, with the Medicaid and Property Tax Reimbursement categories largely responsible for the decrease. Year-to-date variances from estimate 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)	($220.3 million)	-1.5%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$3.2 million	4.9%
TOTAL DISBURSEMENTS VARIANCE:		**($217.0 million)**	**-1.5%**

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 by the Ohio Department of Education. November disbursements for this category totaled $679.9 million and were $43.2 million (6.8%) above estimate. This variance was primarily attributable to above estimate spending in the auxiliary services and foundation funding line items. Disbursements for the auxiliary services line item were above estimate due to a $39.3 million payment occurring in November instead of October as estimated. Disbursements in the foundation funding line item were $11.7 million above estimate due to a $5.0 million payment for College Credit Plus and formula data updates. These variances were partially offset by below estimate spending for student estimates due to a payment occurring in October instead of November as estimated. Expenditures for the school foundation program totaled $603.1 million and were $11.3 million (1.9) above estimate. Year-to-date disbursements were $3,529.5 million, which is $19.5 million (0.6%) above estimate.

On a year-over-year basis, disbursements in this category were $309.8 million (83.7%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $65.6 million (1.9%) higher than the same point in fiscal year 2017. The year-over-year variance is primarily attributable to one foundation payment being disbursed in November of the previous fiscal year compared to two foundation payments disbursed in November of the current fiscal year.

Higher Education

November disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, were $210.4 million and were $6.8 million (3.3%) above estimate. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Scholarship Program, which was above estimate by $9.7 million due to higher than expected requests for reimbursement from higher education institutions. Additionally, disbursements for several other programs were above estimate by a total of $9.5 million due to the timing of Memorandum of Understanding (MOUs), which were completed in November instead of previous months as expected, allowing disbursements planned for earlier months to occur in November. The total variance was partially offset by additional MOUs that were not completed when estimated resulting in $5.5 million in underspending. Additionally, early payment of the Central State and Shawnee State supplement payments in September resulted in spending that was $3.6 million below estimate.

Year-to-date disbursements were $930.5 million, which was $41.0 million (4.2%) below estimate primarily due to the delay of MOUs as described above and in previous reports. On a year-over-year basis, disbursements in this category were $13.4 million (6.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $29.9 million (3.1%) lower than at the same point in fiscal year 2017.

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 $3.8 million and were $0.5 million (14.1%) above estimate. Year-to-date disbursements were $37.5 million, which was $0.4 million (1.1%) below estimate. On a year-over-year basis, disbursements in this category were $0.5 million (15.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $0.9 million (2.2%) lower than at the same point in fiscal year 2017.

Medicaid

This category includes all Medicaid spending on services and program support by the following eight 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, the Department of Aging, the Department of Education, and the State Board of Pharmacy.

Expenditures

November GRF disbursements for the Medicaid Program totaled $828.4 million and were $121.5 million (12.8%) below estimate, and $503.4 million (37.8%) below disbursements for the same month in the previous fiscal year. $98.8 million of the variance resulted from the Controlling Board providing spending authority in a non-GRF state fund which shifted associated federal spending to a non-GRF federal fund, according to traditional accounting practices. However, we expect to draw against the GRF spending authority to fund the Medicaid program and this variance will be reduced throughout the remainder of the fiscal year.

The year-over-year variance occurs as the State has replaced the sales tax on Medicaid health insuring corporations (MHIC) with a provider tax on all Medicaid managed care organizations and non-Medicaid major medical managed care organizations, as approved by the federal Center for Medicare and Medicaid Services (CMS). Consequently, some Medicaid expenses paid from the GRF, where the sales tax was being deposited, are now being paid from state dedicated purpose funds. Year-to-date GRF disbursements totaled $6,330.2 million and were $129.8 million (2.0%) below the estimate, and $1,133.9 million (15.2%) below disbursements for the same point in the previous fiscal year.

November all funds disbursements for the Medicaid Program totaled $2,100.6 million and were $32.1 million (1.6%) above the estimate, and $83.4 million (3.8%) below disbursements for the same month in the previous fiscal year. Year-to-date all funds disbursements totaled $11,455.0 million and were $81.7 million (0.7%) below the estimate, and $1,409.4 million (14.0%) above disbursements for the same point in the previous fiscal year.

The November all funds variance is due to greater than anticipated spending in the Hospital Upper Payment Limit (UPL), managed care, and premium assistance programs. In the Hospital UPL program, the Department of Medicaid completed a payment to hospitals in November that was originally anticipated to occur December. The November expenditures for the managed care and premium assistance programs were less than 1.0% above estimate. This variance was offset in part by the fee-for-service program, as enrollment in this program was 2.0% below estimate. In addition, service utilization in this program was also below estimate.

The year-to-date all funds variance is due primarily to underspending in the fee-for-service program and program administration. In the fee-for-service program, a DDD county cost reconciliation payment originally budgeted for August was delayed and will take place in the coming months. Additionally, program administration expenses have been below estimate as contractual service costs have been lower than anticipated. This year-to-date underspending was partially offset by greater than anticipated spending in the Hospital UPL program, as 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	$ 828.4	$ 949.9	$ (121.5)	-12.8%
Non-GRF	$ 1,272.3	$ 1,118.7	$ 153.6	13.7%
All Funds	$ 2,100.6	$ 2,068.5	$ 32.1	1.6%

Enrollment

Total November enrollment for the program was 3.02 million, which was 87,229 (2.8%) below the estimate and 60,425 (2.0%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.05 million and was 58,459 (1.9%) below estimate. November enrollment by major eligibility category was: Covered Families and Children, 1.69 million; Aged, Blind and Disabled (ABD), 501,263; Group VIII Expansion, 695,462; and Other Full Benefits, 20,373 persons.

Please note that these data are subject to revision.

Health and Human Services

This category includes non-debt service GRF expenditures by 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 $97.3 million and were $10.3 million (9.6%) below estimate. Year-to-date disbursements were $550.6 million, which was $38.7 million (6.6%) below estimate. On a year-over-year basis, disbursements in this category were $12.9 million (11.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $17.8 million (3.1%) lower than at the same point in fiscal year 2017.

Department of Job and Family Services

November disbursements for the Department of Job and Family Services totaled $48.6 million and were $2.1 million (4.2%) below estimate. This variance was primarily attributable to lower than estimated spending in several line items: the Information Technology Projects line item was $3.7 million below estimate due lower than estimated spending of prior year encumbrances; the Child Support – Local line item was $1.4 million below estimate due to lower than estimated county draws; the Disability/Other Assistance line item was $1.0 million below estimate due to average monthly disbursements slowing as the program closes at the end of calendar year 2017; and finally disbursements for the Child, Family, and Community Protective Services line item was $1.0 million below estimate due to fewer than anticipated requests for funds from counties. These and other variances were partially offset by above estimate disbursements for Child Care State/Maintenance of Effort, which were $5.5 million above estimate due to the timing of child care subsidy payments, which were posted in November instead of October as estimated.

Department of Mental Health and Addiction Services

November disbursements for the Department of Mental Health and Addiction Services totaled $35.9 million and were $7.7 million (18.0%) below estimate. This variance is primarily attributable to the Continuum of Care Services line item, which was $7.5 million below estimate. A planned quarterly disbursement to county boards was made in October instead of November as originally estimated, however, because the quarterly payment was made early and was the only payment estimated to occur in the second quarter, the November disbursement is actually additional unplanned spending. This is due to the agency disbursing earmarked funding sooner than estimated and an alteration to the schedule of medication assistance payments made to county boards causing additional earlier disbursement from this line item. Additionally, the Criminal Justice Services line item was below estimate by $1.3 million as grant funds have been expended slower than anticipated. The variance was partially offset by the Community Innovations line item, which was above estimate due to earlier than estimated disbursement of earmarked funds.

Department of Health
November disbursements for the Department of Health totaled $4.8 million and were $1.7 million (26.4%) below estimate. This variance is primarily attributable to the Medically Handicapped Children line item, which was $1.0 million (57.0%) below estimate due to payments estimated to occur in November occurring in October instead.

Opportunities for Ohioans with Disabilities
November disbursements for Opportunities for Ohioans with Disabilities totaled $3.4 million and were $1.2 million (56.3%) above estimate. This variance is primarily attributable to disbursements in the Services for Individuals with Disabilities line item, which was $1.4 million (78.2%) above estimate due to payments estimated to occur in October occurring in November instead.

Justice and Public Protection

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

November disbursements in this category totaled $151.6 million and were $0.8 million (0.5%) below estimate. Year-to-date disbursements were $916.4 million, which was $27.6 million (2.9%) below estimate. On a year-over-year basis, disbursements in this category were $3.4 million (2.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $21.3 million (2.4%) higher than at the same point in fiscal year 2017.

Department of Rehabilitation and Correction
November disbursements for the Department of Rehabilitation and Correction totaled $121.8 million and were $1.0 million (0.9%) above estimate. This variance was primarily attributable to higher than estimated disbursements for Institutional Operations due to the timing of payments for contracts, which were expected to occur in October but were disbursed in November instead. Disbursements for Institution Medical Services were also higher than expected due to the timing of payments for medical contracts and medical supplies. These variances were partially offset by lower than estimated disbursements for Community Nonresidential Programs due to the timing of some grant payments, which will be made in future months instead of November as expected.

Department of Youth Services
November disbursements for the Department of Youth Services totaled $10.0 million and were $1.3 million (15.5%) above estimate. This variance was primarily attributable to the timing of payments for Community Corrections Facilities and Behavioral Health Juvenile Justice grants, some of which were made in November instead of previous months as estimated.

Public Defender Commission
November disbursements for the Public Defender Commission totaled $0.5 million and were $2.3 million (83.2%) below estimate. This variance was primarily attributable to the timing of the GRF portion of county reimbursement payments, which will be disbursed in future months instead of November as estimated.

Adjutant General's Department

November disbursements for the Adjutant General's Department totaled $1.7 million and were $1.1 million (62.2 %) above estimate. This variance was primarily attributable to above estimate spending in the Central Administration line item, which was $888,000 above estimate. This variance was due to a larger volume of Emergency Mutual Assistance Compact (EMAC) missions including Hurricanes Irma, Harvey, and Maria. In cases where the Adjutant General sends National Guard members on EMAC missions, funding comes from the Central Administration line item in the form of state active duty payroll.

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 $30.3 million and were $0.6 million (1.9%) below estimate. Year-to-date disbursements were $159.0 million, which was $9.2 million (5.5%) below estimate. On a year-over-year basis, disbursements in this category were $2.0 million (6.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $7.6 million (4.6%) lower than at the same point in fiscal year 2017.

Department of Transportation

November disbursements for the Department of Transportation totaled $1.8 million and were $1.2 million (39.4%) below estimate. This variance was primarily attributable to disbursements in the Public Transportation-State line item, which were $0.8 million below estimate due to the timing of project expenditures and payments to grantees.

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 $93.8 million and were $17.3 million (15.6%) below estimate. Year-to-date disbursements totaled $864.7 million and were $10.1 million (1.2%) above estimate. The monthly variance is due to less than anticipated requests from counties, however, the year-to-date variance remains above estimate as requests from counties have generally been received earlier than anticipated.

Debt Service

November payments for debt service totaled $22.7 million and were at estimate. Year-to-date debt service payments were $881.8 million and were $3.2 million (0.4%) below estimate.

Transfers Out

November transfers out totaled $10.4 million and were $10.4 million above estimate. Year-to-date transfers out were $68.8 million and were $3.2 million (4.9%) above estimate. The monthly variance is due to a transfer to the Tourism Ohio Fund that was scheduled to occur in October but occurred in November instead.

12/12/2017

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2018 VS ESTIMATE FY 2018
($ 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	679,915	636,683	43,232	6.8%	3,529,533	3,510,076	19,457	0.6%
Higher Education	210,418	203,611	6,806	3.3%	930,520	971,480	(40,960)	-4.2%
Other Education	3,754	3,289	465	14.1%	37,479	37,900	(421)	-1.1%
Medicaid	828,384	949,851	(121,467)	-12.8%	6,330,163	6,459,972	(129,810)	-2.0%
Health and Human Services	97,265	107,586	(10,321)	-9.6%	550,623	589,281	(38,657)	-6.6%
Justice and Public Protection	151,619	152,456	(837)	-0.5%	916,441	944,052	(27,611)	-2.9%
General Government	30,318	30,895	(577)	-1.9%	158,958	168,121	(9,164)	-5.5%
Property Tax Reimbursements	93,841	111,152	(17,311)	-15.6%	864,722	854,625	10,097	1.2%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	22,681	22,681	(1)	0.0%	881,846	885,050	(3,204)	-0.4%
Total Expenditures & ISTV's	**2,118,194**	**2,218,205**	**(100,011)**	**-4.5%**	**14,200,285**	**14,420,558**	**(220,273)**	**-1.5%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	10,364	0	10,364	N/A	68,755	65,514	3,241	4.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**10,364**	**0**	**10,364**	**N/A**	**68,755**	**65,514**	**3,241**	**4.9%**
Total Fund Uses	**2,128,558**	**2,218,205**	**(89,647)**	**-4.0%**	**14,269,040**	**14,486,072**	**(217,032)**	**-1.5%**

12/12/2017

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2018 VS ACTUAL FY 2017
($ in thousands)

Functional Reporting Categories Description	MONTH NOVEMBER FY 2018	MONTH NOVEMBER FY 2017	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2018	YEAR-TO-DATE ACTUAL FY 2017	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	679,915	370,096	309,820	83.7%	3,529,533	3,463,940	65,593	1.9%
Higher Education	210,418	197,034	13,384	6.8%	930,520	960,421	(29,901)	-3.1%
Other Education	3,754	3,251	502	15.5%	37,479	38,331	(851)	-2.2%
Medicaid	828,384	1,331,768	(503,384)	-37.8%	6,330,163	7,464,106	(1,133,943)	-15.2%
Health and Human Services	97,265	110,146	(12,881)	-11.7%	550,623	568,381	(17,757)	-3.1%
Justice and Public Protection	151,619	148,263	3,356	2.3%	916,441	895,149	21,293	2.4%
General Government	30,318	32,301	(1,984)	-6.1%	158,958	166,538	(7,580)	-4.6%
Property Tax Reimbursements	93,841	144,625	(50,784)	-35.1%	864,722	898,887	(34,164)	-3.8%
Debt Service	22,681	19,493	3,188	16.4%	881,846	890,393	(8,548)	-1.0%
Total Expenditures & ISTV's	**2,118,194**	**2,356,977**	**(238,783)**	**-10.1%**	**14,200,285**	**15,346,144**	**(1,145,859)**	**-7.5%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	29,483	(29,483)	N/A
Operating Transfer Out	10,364	0	10,364	N/A	68,755	250,711	(181,957)	-72.6%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**10,364**	**0**	**10,364**	**N/A**	**68,755**	**280,194**	**(211,439)**	**-75.5%**
Total Fund Uses	**2,128,558**	**2,356,977**	**(228,419)**	**-9.7%**	**14,269,040**	**15,626,338**	**(1,357,298)**	**-8.7%**

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2018. Based on the estimated revenue sources for FY 2018 and the estimated FY 2018 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2018 is an estimated $223.7 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2018 nor should it be considered as equivalent to the FY 2018 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 2018
($ in thousands)

July 1, 2017 Beginning Cash Balance*	**$ 557,090**
Plus FY 2018 Estimated Revenues	22,258,300
Plus FY 2018 Estimated Federal Revenues	9,744,042
Plus FY 2018 Estimated Transfers to GRF	271,129
Total Sources Available for Expenditures & Transfers	**32,830,561**
Less FY 2018 Estimated Disbursements**	32,264,198
Less FY 2018 Estimated Total Encumbrances as of June 30, 2018	276,666
Less FY 2018 Estimated Transfers Out	65,974
Total Estimated Uses	**32,606,838**
FY 2018 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**223,723**

* Includes reservations of $382.6 million for prior year encumbrances. After accounting for these amounts, the estimated unencumbered beginning fund balance for fiscal year 2018 is $170.9 million.

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

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