OBM

April 10, 2018

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

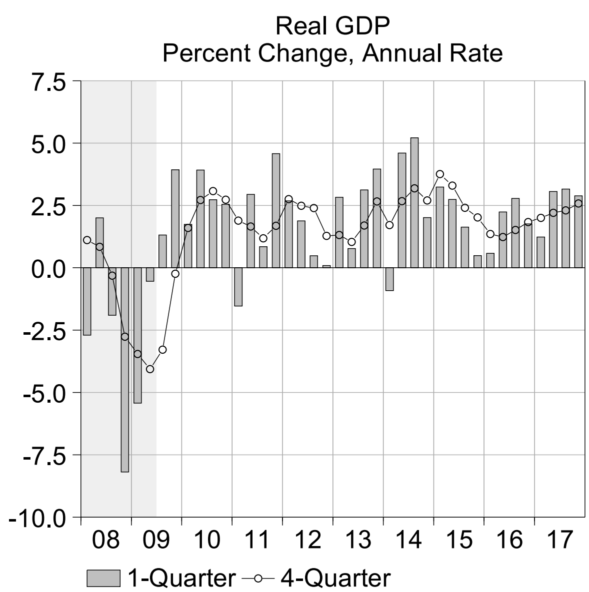
ECONOMIC SUMMARY

Economic Performance Overview

- The economy grew at a revised 2.9% rate in the fourth quarter after growth of more than 3% in each of the two previous quarters.
- U.S. employment increased by 103,000 jobs in March for a 3-month average of 202,000 jobs per month. The unemployment rate was at an expansion-low of 4.1% for the sixth straight month.
- Ohio nonfarm payroll employment increased by 13,400 jobs in February, and the January increase was revised up by 6,600 jobs to 18,700. The unemployment rate decreased to 4.5% in February – the lowest level since August 2001.
- Leading economic indicators remain consistent with uninterrupted economic growth well into 2018.

Economic Growth

Real GDP expanded at a revised annual rate of 2.9% during the fourth quarter, up 0.4 percentage points from the previous estimate. Growth during the previous two quarters exceeded 3%. Growth was 2.6% from the fourth quarter of 2016 to the fourth quarter of 2017, the best year over year growth since a 3.3% mark in the second quarter of 2015. The upward revision to the fourth quarter growth rate was primarily due to upward changes in personal consumption expenditures and the change in business inventories.

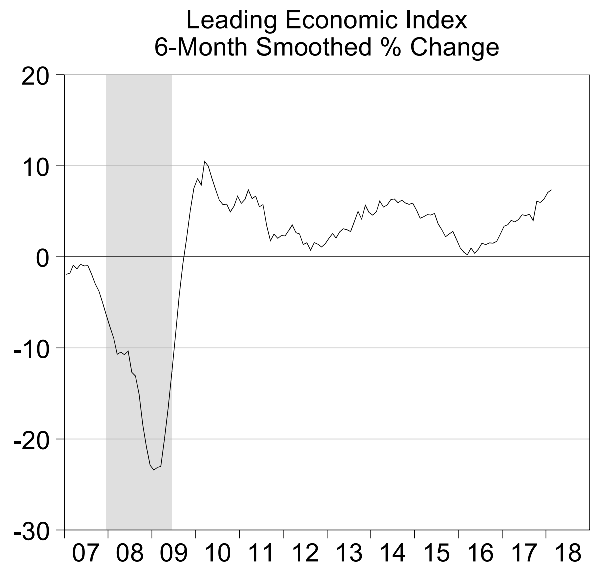


Personal consumption expenditures accounted for 2.75 percentage points of the 2.9% growth rate during the fourth quarter. Nonresidential fixed investment (0.84pp), exports (0.83pp), residential fixed investment (0.46pp), state and local government spending (0.31pp), and federal government spending (0.20pp) also made positive contributions.

The key factor holding back growth was an unexpected decrease in business inventories, which subtracted 0.53pp from growth but seems likely to have reversed in the first quarter of 2018. Imports – which are counted as production in other categories and backed out in a separate line item – increased, resulting in a subtraction of 1.99pp from the positive contribution of other categories. Both international trade and inventories had added to growth during the previous quarter. In fact, after a six-quarter streak of subtracting from GDP, international trade had been a positive contributor to GDP growth for five of the most recent six quarters before the large negative in quarter four of 2017.

Small businesses across the country reported a highly positive assessment of current conditions and outlook in February. The Index of Small Business Optimism, from the National Federation of Independent Business (NFIB), increased 0.7 points to a level of 107.6, which is among the highest in the 45-year history of the survey. The net percentage of respondents who expect the economy to improve during the next six months increased by 2 percentage points to 43%, and the percentage of respondents who think the next three months are a good time to expand was unchanged at its all-time high of 32%. Small businesses reported augmenting inventories in anticipation of higher sales and cited a better regulatory environment and a stronger economy as key factors behind the positive outlook.

National leading economic indicators continued to strengthen in January and February and remain consistent with uninterrupted expansion well into 2018. The Conference Board's composite **Leading Economic Index** increased 0.6% after strong readings in each of the previous four months. Eight of the ten components of the index increased. In addition, the diffusion of 1-month and 3-month changes in the coincident economic indexes for the fifty states improved notably in January, as did the diffusion of the state leading economic indexes. Both measures, which have provided some warning of recessions in the past, had deteriorated heading into the fall.



Source: The Conference Board

The Federal Open Market Committee of the Federal Reserve raised the target range for its federal funds rate by one-quarter percentage point from 1.50% to 1.75% in March, as had been widely expected. Committee members revised their 2018 and 2019 forecasts upward for economic growth and lower for the unemployment rate. The central tendency of the forecast for real GDP growth is 2.6% to 3.0% for 2018 and 2.2% to 2.6% for 2019. The central tendency for the forecasts of the unemployment rate is 3.6% to 3.8% for 2018 and 3.4% to 3.7% for 2019.

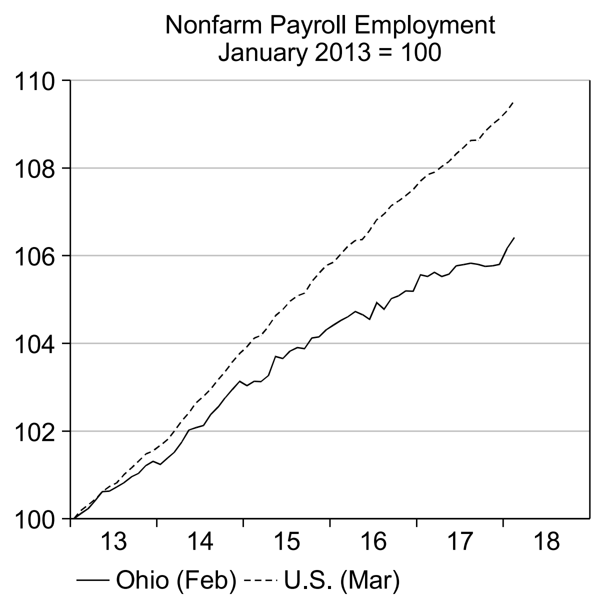
The consensus among forecasters is that first-quarter real GDP growth was similar to the previous three quarters and that growth will continue throughout the year, although projections for the first quarter were revised somewhat lower. The Federal Reserve Bank of Atlanta projects real GDP growth of 2.3% in the first quarter, based on the trajectory of key indicators during the fourth quarter and data available for the first quarter. The Federal Reserve Bank of New York projects growth of 2.7%. The latest projection from the Survey of Professional Forecasters calls for 3.0% growth. The Blue

Chip consensus, which is an average from a different group of forecasters, is 2.2%, with a range of 1.8% to 2.6% from the average of the lowest ten to the highest ten forecasts. The IHS GDP Tracker projection for first-quarter growth is much lower at 1.7%.

Source	Date	2018-Q1 GDP Forecast
Atlanta FRB (GDPNow)	4/5/18	2.3%
New York FRB (Nowcast)	3/30/18	2.7%
Blue Chip	4/2/18	2.2% (1.8%-2.6%)
IHS	4/3/18	1.7%

Employment

Nonfarm payrolls across the country increased by 103,000 jobs in March, well below most analyst projections of about a 178,000 increase. Private nonfarm payrolls increased by 102,000 jobs. The total change during the previous two months was revised downward by 50,000 jobs. The slowdown in job growth in March is statistically indistinguishable from random month-to-month variation. It is worth noting that while the March change was below the 3-month average (+202,000) and the 12-month average (+188,000), the revised February change of 326,000 was well above the averages.



Job gains were widespread across sectors, led by professional and business services (+33,000), education and health services (+25,000), manufacturing (+22,000), and trade, transportation and utilities (+21,000). Construction (-15,000) was the only major private sector that posted a decrease. Although trade, transportation, and utilities as a whole posted an increase, the retail trade subsector lost 4,400 jobs. More detail on retail trade is in the following section.

Within in the major sectors, there were particular gainers and losers. Professional and technical services accounted for 18,900, or over half, of the net new jobs in professional and business services. Ambulatory health care services and hospitals together accounted for essentially all of the job gains in education and health services. Within manufacturing, fabricated metal products (+8,800) and transportation equipment (+4,800) were responsible for more than one-half of the net new jobs. Pronounced weakness in general merchandise Stores (-12,600), which was centered in department stores (-7,900), resulted in a decline in retail trade, which detracted from the positive contributions of wholesale trade (+11,400) and transportation and warehousing (+9,800) to the overall trade, transportation and utilities sector. The decrease in construction was centered in specialty trade contractors (-16,200) in both residential and nonresidential.

The **unemployment rate** was unchanged at 4.1% for the sixth month in a row, its lowest level since December 2000. The broadest measure of unemployment, the U-6 unemployment rate, decreased 0.2 percentage points to 8.0%, back to the cycle low reached last October and November. 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.

After only a 0.1% increase in February, in March **average hourly earnings** of all employees on private nonfarm payrolls increased 0.3% to 2.7% year-over-year. This is slightly below the peak of 2.8% reached in January (which was originally reported as 2.9%). The year-over-year gain in January at the time sparked concerns in financial markets about an escalation in inflation. These concerns might have been rekindled somewhat by the March gain in wages after a moderate February increase.

Ohio nonfarm payroll employment increased by 13,400 jobs in February, and the January gain was revised up by 6,600 jobs to 18,700. Ohio employment is up by 32,100 jobs year-to-date to a new cycle-high of 5.57 million jobs. Gains during the month in trade, transportation and utilities (+5,600), education and health services (+3,500), manufacturing (+2,900), and professional and business services (+2,600) were partially offset by losses in government (-6,200) and information (-400). The decline in government employment occurred mainly at the local level.

During the twelve months ending in February, Ohio employment increased by 46,500 jobs. The largest gains were in manufacturing (+12,000), educational and health services (+10,600), and leisure and hospitality (+7,600). Employment decreased in professional and business services (-4,000; this is a puzzling departure from the national trend of job gains in this sector), information (-1,100), and government (-300).

Among the **contiguous states**, year-over-year employment growth was strongest in Pennsylvania (+1.4%), Michigan (+1.2%), Indiana and West Virginia (+1.0%), Ohio (+0.8%), and Kentucky (-0.4%). Manufacturing employment increased year-over-year in Ohio (1.8%), West Virginia (1.3%), Indiana (1.1%), Pennsylvania (1.0%), and in Kentucky and Michigan (0.4%).

The **Ohio unemployment rate** decreased by 0.2 percentage points to 4.5% in February – the lowest level since August 2001. The decline on the month resulted from a decrease in the number of unemployed persons of 9,700 and an increase in the total number of employed persons of 6,700 (this figure is derived from a different survey than the one which estimated an increase of Ohio employment of 13,400, referenced earlier). The labor force was lower by 2,900. Since last July, the unemployment rate has declined by 0.6 percentage points, after being static at 5.1% or 5.2% for the prior 11 months.

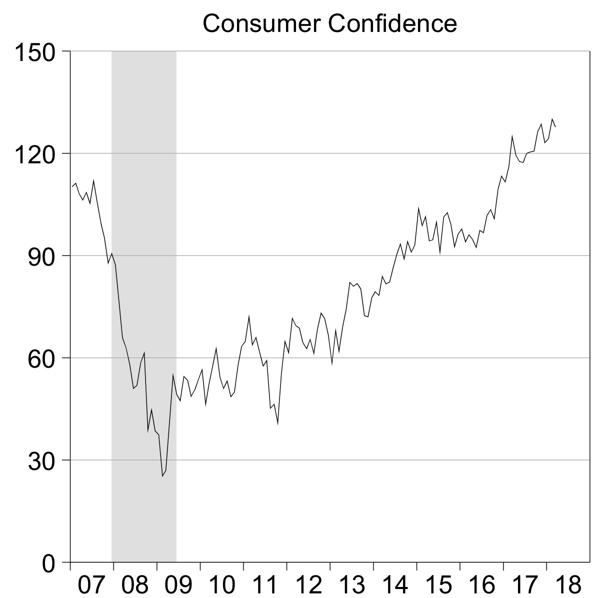
Across the country in February, the unemployment rate decreased notably from the month before in seven states, led by Ohio, Kentucky, and Wisconsin (-0.2 percentage points, each). Changes in the unemployment rate in the other forty-three states and the District of Columbia were not statistically different from zero.

Consumer Income and Consumption

Personal income growth outpaced spending for the second month in a row in February. **Personal income** increased 0.4% for the third straight month. A key driver was wage and salary disbursements, which make up more than half of personal income and expanded by 0.5%. The January change in wage and salary disbursements was revised up from 0.5% to 0.6%. Compared with a year earlier, personal income was up 3.7% and wage and salary disbursements were higher by 4.5%.

Personal consumption expenditures increased by 0.2% in February, and the previous month's change was revised down from 0.4% to 0.2%. The softness in February was concentrated in nondurable goods spending, which dipped by 0.2%. Spending for durable goods increased by a modest 0.2%, as sales of light motor vehicles were little changed, and spending for services increased 0.3% for the second straight month. The increase in unit new motor vehicle sales from 17.0 million in February to 17.3 million in March likely led to a rise in spending for durable goods overall in the final month of the quarter.

Perhaps still being supported by tax cuts and despite the abrupt onset of turbulence in financial markets and spreading concerns about international trade disputes, consumer moods remained very bright in March. The **Consumer Confidence Index,** from the Conference Board, retreated somewhat after a large increase the month before, but remained at an historically high level. Moreover, the 3-month moving average was the highest since December 2000. Despite the positive mood among consumers, intentions to purchase a motor vehicle in the next six months fell to a 6-month low. The percentage intending to purchase a major appliance fell to a 5-month low. And the percentage of respondents planning to buy a home in the next six months decreased to its lowest level since October 2016.



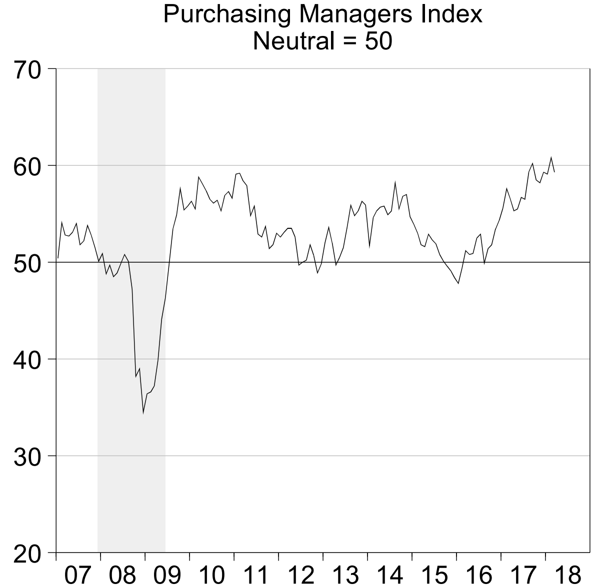
In contrast, the **Consumer Sentiment Index** from University of Michigan/Reuters increased in March to its highest level since January 2004, due to the best assessment of current conditions in the 40-year history of the survey. Presumably, the increase reflects in part the reduction in withholding taxes and strong labor markets. Sentiment increased on average among households with income under $75,000, but declined among higher-income households.

Industrial Activity

Industrial production increased by 0.9% in February, however, the January change was revised down from +0.1% to -0.3%. **Manufacturing** production increased 1.3%, and the previous month was revised from 0.0% to -0.3%. **Mining** output jumped 3.5%, but here also the previous month's change was revised downward. **Utility** output decreased 4.9%, and the previous month's increase was revised upward from 0.6% to 1.1%.

Production across the country in some industries that are key employers in Ohio was generally positive. Production increased 4.0% in motor vehicles and parts, 1.6% in fabricated metal products, and 1.3% in primary metal. It decreased 0.6% in machinery for the second straight monthly decline. Compared with a year earlier, production increased 7.0% in machinery, 4.3% in fabricated metal products, 3.0% in motor vehicles and parts, and 1.8% in primary metal.

Reports of improving conditions from **purchasing managers** in manufacturing remained widespread in March, but were not quite as pervasive as in February. The PMI® declined from 60.8 to 59.3 – still well into the top quintile of all readings in the 70-year history of the index. The important New Orders and Production sub-indexes also retreated modestly for a third consecutive month, but remained above 60, supporting expectations of continued growth in the manufacturing sector through the spring and summer.

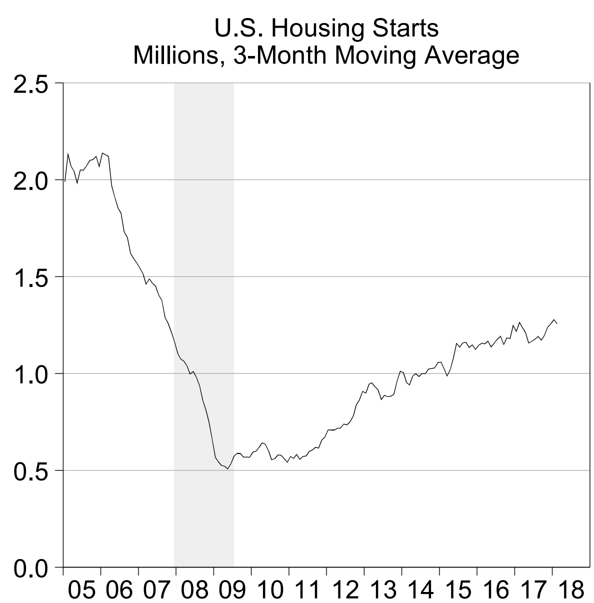


Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, seventeen reported growth in the latest month. Among the industries with a disproportionate effect on Ohio: manufacturing employment, primary metals, machinery, fabricated metal products, and transportation equipment all reported expansion. One respondent in the machinery industry reported, "[There is] much concern in the industry regarding the steel and aluminum tariffs," while a survey participant in the primary metals industry reported "significant price increases in the steel commodity due to" the tariffs.

Construction

Construction put-in-place was essentially unchanged for the second month in a row in February after a stretch of rapid growth from July to December during which activity grew at an annualized rate of 11.7%. Private construction increased 0.7%, retracing the 0.7% decline the month before. Public construction followed the opposite pattern falling 2.1% in February after a 2.3% gain in January. The combination of categories that are used in calculating GDP – so called core construction – increased 0.7% and was revised higher for previous months.

Year-over-year growth has slowed substantially within the past year. For example, total construction slowed from 9.2% year-over-year in December 2016 to 3.0% in February 2018. That reflected slowdowns in residential and nonresidential from 12.3% to 5.4% and from 7.1% to 1.3%, respectively. Private nonresidential has slowed the most, from 14.5% year-over-year in December 2016 to 1.1% in February 2018.



Total **housing starts** decreased 1.6% in February on a 3-month moving average basis, almost reversing the 1.8% increase in January. The decline occurred in both single-family and multi-family. Midwest starts fell 4.9% due to a 9.4% decline in single-family that outweighed an 11.0%

increase in multi-family. Compared with a year earlier, total starts were lower by 0.5%, while Midwest starts were lower by 22.6%. The relative weakness in the Midwest is presumably due to the more-severe winter weather this year than last year.

The more-forward-looking permits were more stable, rising 0.5% nationally and 0.9% in the Midwest on a 3-month moving average basis. Compared with a year earlier, permits rose 5.6% nationally but fell 8.2% in the Midwest.

Home sales generally were weak for the second month in a row in February. Sales of existing homes decreased 1.1% nationally and 4.5% in the Midwest on a 3-month moving average basis. Both were down modestly from a year earlier. Sales of newly built homes decreased 4.7% across the country and were flat in the Midwest on a 3-month moving average basis. Compared with a year earlier, new home sales were higher by 7.4% nationally and 1.3% in the Midwest.

Limited supply, combined with strong labor markets and widely available financing, has continued to push housing prices higher. **Home prices** across the country posted their 71st consecutive monthly increase in January to 6.1% above the year earlier level, 45.6% above the cyclical low reached in February 2012, and 7.6% higher than the previous peak reached in February 2007, according to the Case-Shiller index.

REVENUES

March GRF receipts totaled $2,185.3 million and were $31.6 million (1.5%) above the estimate. Tax revenues were $27.9 million (2.0%) above estimate, led by the non-auto sales tax, which posted a $30.1 million overage after shortfalls totaling $70.5 million in December through February.

For the year, GRF revenues plus transfers are $33.7 million (0.1%) below estimate, but non-federal revenues are actually above estimate by $215.4 million (1.3%). Federal grants are $249.2 million (3.4%) below estimate, although the March shortfall was relatively modest.

For Ohio's two largest tax sources, the non-auto sales tax and the income tax, March demonstrated a different pattern than that for most of this year's preceding months. Non-auto sales tax collections exceeded the estimate while the income tax fell short of the estimate. Income tax collections totaled $478.8 million and were $14.2 million (2.9%) below estimate. Income tax revenue performance in March landed between the large January overage and the February shortfall. More specifically, March withholding collections matched the estimate, but all other income tax payments fell slightly below estimate and refunds modestly exceeded estimate. Conversely, the non-auto sales tax followed an extremely weak January performance and a close to neutral February result with healthy performance in March; non-auto sales tax collections were $30.1 million (5.1%) above estimate.

Total tax revenues were $27.9 million (2.0%) above estimate for the month, meaning that tax revenues aside from the income tax were $42.1 million (4.6%) above estimate. Results were mixed, with a shortfall in the commercial activity tax (CAT) of $13.7 million being more than offset by another surprise overage in the financial institutions tax (FIT) of $14.0 million. The Foreign insurance tax was also above estimate by $13.5 million, but this simply made up for a February shortfall and year-to-date revenues are only $1.1 million (0.4%) above estimate. Most of the other tax sources had collections close to the estimate.

For the year, tax revenues are still $229.9 million (1.5%) above estimate, as a $211 million overage (3.7%) in the income tax and a $43.7 million overage (4.4%) in the auto sales tax have been partly offset by a $39.8 million shortfall (0.6%) in the non-auto sales tax. All other tax sources combined are $15.1 million (0.6%) above the estimate.

Despite a small shortfall in federal grants of $2.5 million (0.4%), total non-tax receipts were above estimate by $3.6 million (0.5%).

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	$229.9	1.5%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($268.1)	-3.5%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$4.4	3.4%
TOTAL REVENUE VARIANCE:		**($33.7)**	**-0.1%**
Non-federal revenue variance		**$215.4**	**1.3%**
Federal grants variance		**($249.2)**	**-3.4%**

On a year-over-year basis, monthly receipts were $324.0 million (12.9%) below last March. Again, the decline was due to federal grants, which were $332.1 million (31.7%) below last March. Non-federal revenues, in contrast, grew by $8.1 million (0.6%) from last year.

Tax revenues increased by $1.9 million (0.1%) from last March. Growth would have been about $70.9 million (5.2%), if not for the fact that last March's non-auto sales tax revenues contained about $69 million in sales tax from Medicaid managed care companies, who were removed from the sales tax base this fiscal year. Income tax collections grew by $36.2 million (8.2%) from last March, while FIT revenue grew by $7.9 million (23.9%).

Year-to-date in fiscal year 2018, total GRF revenues have decreased by $1,430.8 million (5.7%) from last year. As mentioned in previous issues of this report, this result is an artifact of the accounting change made to federal grants. Federal grants in the GRF and Medicaid spending are both 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 nine months.

Federal grants have declined by $1,888.0 million (20.9%) from last year, but non-federal revenues have increased by $457.2 million (2.8%). If not for the loss of the sales tax on Medicaid premiums, GRF non-federal revenues would have increased by $1,000.4 million (6.5%).

For the year-to-date, GRF tax revenues have increased by $223.8 million (1.4%) from last year. Again, adjusting for the loss of the sales tax on Medicaid premiums would boost that growth to $746.8 million (4.9%). Income tax collections have increased by $478.5 million (8.7%). GRF CAT revenues have increased by $162.2 million (16.9%); again, the increase in the GRF share of the CAT from 75% to 85% is responsible for about 13.3% of this growth. Auto sales tax collections have grown by $15.8 million (1.6%). The non-auto sales tax has lagged the most among the major taxes. Revenues have dropped by $408.6 million (6.0%). As stated above, this decrease is due to the repeal of the sales tax on Medicaid managed care premiums. Absent that change, non-auto sales tax revenues would be up by $119.8 million (1.9%).

GRF Revenue Sources Relative to Monthly Estimates – March 2018

($ in millions)

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Non-auto sales tax	$30.1	Personal income tax	($14.2)
Financial institutions tax	$14.0	Commercial activity tax	($13.7)
Foreign insurance tax	$13.5	Licenses and fees	($3.3)
Other Income	$9.4	Federal grants	($2.5)
Other Sources Above Estimate	$1.4	Kilowatt hour tax	($1.9)
		Other Sources Below Estimate	($1.3)
Total above	**$68.4**	**Total below**	**($36.9)**

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

Non-Auto Sales and Use Tax

March non-auto sales and use tax collections totaled $625.4 million and were $30.1 million (5.1%) above estimate. This March overperformance reduced the year-to-date variance between actual collections and the estimate to -$39.8 million, or -0.6%. Continuing the trend from February, collections grew again in March after adjusting for MHIC collections (please see the table below). March's growth from last year was a strong 7.3%, moving year-to-date growth up to 1.9% from February's 1.3%.

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 member months of both Medicaid and non-Medicaid managed care companies, 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 2.5%.

March was the first time since November non-auto sales tax revenues were over the estimate. At the end of November, year-to-date non-auto sales tax collections were actually $0.5 million over estimate, but the next three months saw collective shortfalls of $70.5 million.

While the March overage is welcome news, OBM will continue to examine theories about why collections growth has been relatively slow for the year. It is possible to point to a broad range of variables working in tandem to drag down the growth in revenues. Weak or even negative retail trade price growth has been consistently cited as a contributing factor in previous issues of this report. Measurements of retail price data selected by OBM that are representative of the Ohio non-auto tax base have shown that price changes have continued to be slightly negative. Additionally, OBM continues to investigate the possibility that taxable brick and mortar sales have eroded in the face of competition from online sales (many of which remain untaxed), but so far, the available data is not definitive.

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

($ in millions)

	Mar-17	Mar-18	FY 2017 YTD	FY 2018 YTD
Non-Auto sales tax GRF	651.2	625.4	$6,834.3	$6,425.7
Non-Auto sales tax PLF (Library Fund)	$13.7	$13.7	$145.6	$146.5
Non-Auto sales tax, all funds	$664.9	$639.1	$6,979.9	$6,572.2
MHIC revenues (state)	$69.0	$0.0	$599.2	$71.7
GRF and PLF revenues without MHIC	$595.9	$639.1	$6,380.7	$6,500.5
Change from prior year in non-MHIC collections		$43.3		$119.8
Pct. change from prior year in non-MHIC collections		7.3%		1.9%

Auto Sales Tax

The auto sale tax generally continues to meet or exceed expectations, although it fell slightly short of the estimate in March by $1.3 million (1.0%). Collections rebounded to $120.7 million from February's $92.0 million (as mentioned in last month's report, February is traditionally the weakest auto sales tax month of the year). For the year, collections are still $43.7 million (4.4%) above estimate and revenues have grown $15.8 million (1.6%) 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 1.6% in collections so far this year, contrary to expectations.

Personal Income Tax

March GRF personal income tax receipts totaled $478.8 million and were $14.2 million (2.9%) below estimate. March is a month generally dominated by withholding and refunds. March is the second highest withholding month of this year, behind January, and March refunds are expected to be the third highest amount of the year, behind April and February. In all other payment categories - with the exception of annual return payments - large amounts were not anticipated and did not materialize. Annual payments in March are expected to be the second highest amount of the year behind April, as some taxpayers file their returns and pay tax due before the April due date.

Most of the March variance came from refunds and other income tax revenue. Withholding was at the estimate of $808.8 million for the month. For the year, withholding remains $89.9 million above estimate. It has also grown by 4.3% from last year, compared to an estimate of 2.9%. As noted in February's report, withholding growth this fiscal year has been outpacing the estimates of Ohio wage and salary income from the Bureau of Economic Analysis (BEA).

March refunds were $6.8 million (1.8%) above estimate, but for the entire January-March calendar quarter, refunds are $17.1 million (1.8%) below estimate. Although the number of refunds being paid out has increased relative to last year, refund amounts per return have dropped by about 10%.

On a year-over-year basis, March GRF income tax collections were $36.2 million (8.2%) above March 2017 collections. Collections are up by $478.5 million (8.7%) when compared to the same point in fiscal year 2017. Except for annual return payments, all payment categories have improved from last year. Growth in withholding and estimated payments accounts for $461.6 million, or nearly the entire GRF income tax growth.

FY2018 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	Estimate Mar	Actual Mar	$ Var	Actual Mar-2018	Actual Mar-2017	$ Var Y-0ver-Y
Withholding	$808.8	$808.8	$0.0	$808.8	$793.3	$15.4
Quarterly Est.	$15.0	$14.4	($0.6)	$14.4	$14.4	$0.0
Trust Payments	$1.2	$1.0	($0.2)	$1.0	$1.2	($0.2)
Annual Returns & 40 P	$63.9	$62.4	($1.5)	$62.4	$60.9	$1.5
Other	$15.8	$10.9	($4.9)	$10.9	$15.4	($4.5)
Less: Refunds	($384.8)	($391.6)	($6.8)	($391.6)	($415.7)	($24.1)
Local Distr.	($26.9)	($27.1)	($0.2)	($27.1)	($26.8)	($0.3)
Net to GRF	$493.0	$478.8	($14.2)	$478.8	$442.6	$36.2

Commercial Activity Tax

March commercial activity tax (CAT) receipts deposited in the GRF totaled $2.0 million and showed the second biggest negative variance of the year. Revenues were only $2.0 million, $13.7 million below the estimate of $15.7 million. The largest negative variance was in February, at $14.9 million. The February and March variances have turned a $22.0 million overage at the end of January into a $6.6 million (0.6%) shortfall at the end of March.

The trend does not appear as bad when examining the quarterly data. January GRF revenues were $13.0 million above estimate, meaning that revenues for the January-March quarter – which are tied to the payment due February 10 – were $15.5 million below estimate.

Low March revenues were the result of larger than expected claims of tax credits, particularly refundable credits, during the month. There were simply not enough payments to do more than slightly exceed the credits claimed in March.

There is one more quarterly CAT payment remaining for fiscal year 2018, in May. This payment is expected to be the second smallest of the year, with August being the lowest.

Comparing revenues to last year, GRF CAT revenues are $162.2 million (16.9%) 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 revenues have increased by $39.2 million (3.0%), growing from $1.291.4 million to $1,330.6 million. Under prior law, the GRF would have received an additional $29.1 million from that increase; the other $133.1 million is due to the change in the GRF percentage (a decrease in the amount set aside for administration expenses from 0.85% to 0.75% has also had a small positive impact on the GRF).

A look at quarterly estimated and actual all funds revenues shows that CAT revenues have continued to grow every quarter, but the rate of increase has slowed as the year has progressed, from 4.9% in the first quarter to 1.5% in the third quarter.

FY 2018 CAT Payments, Actual vs. Estimate and vs. Prior Year						
	Estimate	Actual	Variance	% Var	2017 Actual	% Change from 2017
Q1	$410.3	$421.5	$11.2	2.7%	$401.6	4.9%
Q2	$443.3	$443.0	($0.3)	-0.1%	$430.8	2.8%
Q3	$484.5	$466.1	($18.3)	-3.8%	$459.0	1.5%
Q4	$433.2				$459.3	

The rate of growth contained in the fourth quarter all funds estimates is actually negative, at -5.7%. This is due to expectations of increased credits claimed, not to a decrease in taxable activity. If credit growth is not quite as large as expected, the fourth quarter could see an overage in CAT revenues.

Financial Institutions Tax

After falling $35.7 million (16.0%) short of the estimate in fiscal year 2017, the financial institutions tax (FIT) has surprised to the upside so far in fiscal year 2018. March revenues were $14.0 million above estimate, following overages of $1.5 million in January and $18.0 million in February. The last three months alone have generated revenues $33.5 million above estimate.

The overage from January through March has overcome very weak performance in the first half of fiscal year 2018, which is a period when estimated payments for taxable year 2016 were reconciled against actual liabilities. Year-to-date collections are now $24.1 million (24.7%) above estimate.

Unfortunately, early April payment data suggests that April revenues may fall short of the estimate, causing the year-to-date overage to shrink somewhat by the end of this month.

GRF Non-Tax Receipts

GRF non-tax revenues totaled $753.9 million in March and were $3.7 million (0.5%) above estimate. For the year-to-date, however, non-tax revenues are still well below estimate, with a negative variance of $268.1 million (3.5%).

Federal grants were below estimate for the fifth month out of the last six, but the March variance was much smaller than the last four, at only $2.5 million (0.4%), whereas the last four negative variances had averaged almost $70 million. As last month's report mentioned, approximately $50 million in federal reimbursement was delayed from February to March. This exacerbated the large February shortfall, but made the March shortfall smaller.

For the year, federal grants are $249.2 million (3.4%) below estimate. This is 85.5% of the $291.5 million in year-to-date Medicaid underspending. This percentage is high relative to prior years but reasonable given that underspending in fiscal year 2018 has been concentrated in programs with high federal match rates.

The positive result for non-tax revenues in March was due to a $9.4 million overage in the other income category. This is due to earlier than expected receipt of a racetrack relocation payment to the GRF; the payment was estimated to occur in April. Despite the March overage, other income receipts are still $18.4 million (6.9%) below estimate for the year, largely due to payments from JobsOhio from liquor profits have been below estimate.

4/10/2018

Table 1

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

REVENUE SOURCE	MONTH ACTUAL MARCH	MONTH ESTIMATE MARCH	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	625,420	595,300	30,120	5.1%	6,425,686	6,465,500	(39,814)	-0.6%
Auto Sales & Use	120,749	122,000	(1,251)	-1.0%	1,031,122	987,400	43,722	4.4%
Subtotal Sales & Use	746,169	717,300	28,869	4.0%	7,456,808	7,452,900	3,908	0.1%
Personal Income	478,822	493,000	(14,178)	-2.9%	5,957,456	5,746,500	210,956	3.7%
Corporate Franchise	64	0	64	N/A	1,971	0	1,971	N/A
Financial Institutions Tax	41,212	27,200	14,012	51.5%	121,800	97,700	24,100	24.7%
Commercial Activity Tax	2,011	15,700	(13,689)	-87.2%	1,122,230	1,128,800	(6,570)	-0.6%
Petroleum Activity Tax	2,162	2,000	162	8.1%	5,442	4,800	642	13.4%
Public Utility	2,482	2,100	382	18.2%	83,421	78,300	5,121	6.5%
Kilowatt Hour	32,244	34,100	(1,856)	-5.4%	264,367	275,400	(11,033)	-4.0%
Natural Gas Distribution	0	0	0	N/A	34,302	33,100	1,202	3.6%
Foreign Insurance	41,812	28,300	13,512	47.7%	316,628	315,500	1,128	0.4%
Domestic Insurance	21	100	(79)	-79.1%	402	3,000	(2,598)	-86.6%
Other Business & Property	0	0	0	N/A	(263)	0	(263)	N/A
Cigarette and Other Tobacco	75,269	75,200	69	0.1%	641,100	642,000	(900)	-0.1%
Alcoholic Beverage	5,656	5,100	556	10.9%	43,401	42,700	701	1.6%
Liquor Gallonage	3,490	3,400	90	2.7%	35,945	34,500	1,445	4.2%
Estate	0	0	0	N/A	118	0	118	N/A
Total Tax Receipts	1,431,413	1,403,500	27,913	2.0%	16,085,129	15,855,200	229,929	1.5%
NON-TAX RECEIPTS								
Federal Grants	716,058	718,590	(2,532)	-0.4%	7,134,929	7,384,094	(249,165)	-3.4%
Earnings on Investments	0	0	0	N/A	30,187	28,000	2,187	7.8%
License & Fees	27,518	30,830	(3,312)	-10.7%	50,263	53,420	(3,157)	-5.9%
Other Income	10,258	820	9,438	1151.0%	246,940	265,340	(18,400)	-6.9%
ISTV'S	57	0	57	N/A	483	0	483	N/A
Total Non-Tax Receipts	753,891	750,240	3,652	0.5%	7,462,801	7,730,854	(268,053)	-3.5%
TOTAL REVENUES	2,185,304	2,153,740	31,565	1.5%	23,547,930	23,586,054	(38,124)	-0.2%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	133,327	128,929	4,398	3.4%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	133,327	128,929	4,398	3.4%
TOTAL SOURCES	2,185,304	2,153,740	31,565	1.5%	23,681,257	23,714,983	(33,726)	-0.1%

4/10/2018

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2018 VS ACTUAL FY 2017
($ in thousands)

REVENUE SOURCE	MONTH MARCH FY 2018	MONTH MARCH 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
TAX RECEIPTS								
Non-Auto Sales & Use	625,420	651,153	(25,733)	-4.0%	6,425,686	6,834,289	(408,603)	-6.0%
Auto Sales & Use	120,749	126,795	(6,046)	-4.8%	1,031,122	1,015,342	15,780	1.6%
Subtotal Sales & Use	746,169	777,948	(31,779)	-4.1%	7,456,808	7,849,631	(392,824)	-5.0%
Personal Income	478,822	442,641	36,181	8.2%	5,957,456	5,478,938	478,518	8.7%
Corporate Franchise	64	165	(101)	-61.3%	1,971	3,394	(1,423)	-41.9%
Financial Institutions Tax	41,212	33,270	7,943	23.9%	121,800	105,722	16,077	15.2%
Commercial Activity Tax	2,011	20,538	(18,527)	-90.2%	1,122,230	960,001	162,230	16.9%
Petroleum Activity Tax	2,162	2,155	7	0.3%	5,442	5,014	428	8.5%
Public Utility	2,482	1,907	575	30.2%	83,421	72,302	11,120	15.4%
Kilowatt Hour	32,244	29,097	3,147	10.8%	264,367	272,516	(8,149)	-3.0%
Natural Gas Distribution	0	0	(0)	N/A	34,302	32,145	2,157	6.7%
Foreign Insurance	41,812	34,321	7,490	21.8%	316,628	336,770	(20,142)	-6.0%
Domestic Insurance	21	3	18	626.2%	402	158	244	154.6%
Other Business & Property	0	0	0	N/A	(263)	(678)	415	61.2%
Cigarette and Other Tobacco	75,269	80,042	(4,774)	-6.0%	641,100	667,262	(26,162)	-3.9%
Alcoholic Beverage	5,656	4,064	1,591	39.2%	43,401	42,856	545	1.3%
Liquor Gallonage	3,490	3,408	82	2.4%	35,945	34,786	1,159	3.3%
Estate	0	4	(4)	N/A	118	494	(375)	-76.0%
Total Tax Receipts	1,431,413	1,429,563	1,850	0.1%	16,085,129	15,861,313	223,817	1.4%
NON-TAX RECEIPTS								
Federal Grants	716,058	1,048,119	(332,061)	-31.7%	7,134,929	9,022,909	(1,887,981)	-20.9%
Earnings on Investments	0	(0)	0	N/A	30,187	24,042	6,146	25.6%
License & Fee	27,518	30,589	(3,070)	-10.0%	50,263	56,244	(5,982)	-10.6%
Other Income	10,258	380	9,878	2598.7%	246,940	45,544	201,396	442.2%
ISTV'S	57	1	56	6081.8%	483	9,132	(8,649)	-94.7%
Total Non-Tax Receipts	753,891	1,079,088	(325,197)	-30.1%	7,462,801	9,157,870	(1,695,069)	-18.5%
TOTAL REVENUES	2,185,304	2,508,651	(323,347)	-12.9%	23,547,930	25,019,183	(1,471,253)	-5.9%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	656	(656)	N/A	133,327	92,844	40,483	43.6%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	656	(656)	N/A	133,327	92,844	40,483	43.6%
TOTAL SOURCES	2,185,304	2,509,308	(324,003)	-12.9%	23,681,257	25,112,027	(1,430,770)	-5.7%

DISBURSEMENTS

March GRF disbursements, across all uses, totaled $2,338.9 million and were $89.3 million (3.7%) below estimate. This variance was primarily attributable to below estimate disbursements in the Property Tax Reimbursement and Medicaid categories. These variances were partially offset by above estimate disbursements for Primary and Secondary Education. On a year-over-year basis, March total uses were $948.0 million (28.8%) lower than those of the same month in the previous fiscal year, with the Medicaid, Primary and Secondary Education, 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)	($430.8 million)	-1.8%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$3.9 million	6.0%
TOTAL DISBURSEMENTS VARIANCE:		**($426.8 million)**	**-1.7%**

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. Total March disbursements for this category totaled $641.8 million and were $50.6 million (8.6%) above estimate. The variance was primarily attributable to above estimated spending in the foundation funding and early childhood education line items. Expenditures for the school foundation program totaled $624.8 million and were $51.2 million (8.9%) above estimate due to increased payments for excess cost adjustments related to the education of nonresident students with disabilities and tuition. This overspending will be offset in future months. Disbursements in the early childhood education line item were above estimate due to underspending in previous months. This variance was partially offset by below estimated spending in the school lunch match line item due to a delay in the timing of payments. Year-to-date disbursements were $6,234.6 million, which was $99.7 million (1.6%) above estimate.

On a year-over-year basis, disbursements in this category were $219.4 million (25.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $58.9 million (0.9%) lower than the same point in fiscal year 2017. The year-over-year variance is primarily attributable to three foundation payments being disbursed in March of the previous fiscal year compared to two foundation payments that were disbursed in March of the current fiscal year.

Higher Education

March disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, were $192.2 million, which was $1.2 million (0.6%) below estimate. This variance was primarily attributable to spending in the Choose Ohio First Scholarship Program, which was below estimate by $2.7 million due to lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in the National Guard Scholarship Program, which was above estimate by $1.2 million to make up for delays in payment processing that occurred earlier in the fiscal year.

Year-to-date disbursements were $1,741.7 million, which was $9.9 million (0.6%) below estimate. On a year-over-year basis, disbursements in this category were $6.3 million (3.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $8.5 million (0.5%) higher 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.

March disbursements in this category totaled $2.6 million and were $0.5 million (17.2%) below estimate. Year-to-date disbursements were $56.4 million, which was $0.7 million (1.2%) below estimate. On a year-over-year basis, disbursements in this category were $4.4 million (62.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $5.8 million (9.4%) 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

March GRF disbursements for the Medicaid Program totaled $999.2 million and were $35.0 million (3.4%) below estimate and $567.1 million (36.2%) below disbursements for the same month in the previous 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 $10,946.0 million and were $291.5 million (2.6%) below estimate and $2,451.1 million (18.3%) below disbursements for the same point in the previous fiscal year.

March all funds disbursements for the Medicaid Program totaled $2,106.8 million and were $48.3 million (2.2%) below estimate and $81.1 million (3.7%) below disbursements for the same month in the previous fiscal year. Year-to-date all funds disbursements totaled $19,999.7 million and were $327.4 million (1.6%) below estimate and $899.6 million (4.7%) above disbursements for the same point in the previous fiscal year.

The March all funds variance is primarily attributable to underspending in the fee-for-service and managed care programs. March expenditures for the fee-for-service program were below estimate, primarily because of below estimate Department of Developmental Disabilities service costs and because cost reconciliations in the Medicaid in Schools Program that were budgeted to take place in March will occur in later months instead. Managed care program expenditures were also below estimate, as enrollment in this program was 2.1% below estimate.

Likewise, year-to-date all funds variance is due primarily to underspending in the fee-for-service and managed care programs, as well as program administration. Expenditures in these programs have been below estimate for reasons as described above. Additionally, enrollment in the fee-for-service and managed care programs have been an average of 5.7% and 2.3%, respectively, below estimate each month of this fiscal year-to-date. Finally, program administration expenses were below estimate as contractual service costs have been lower than anticipated.

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

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

	March Actual	March Projection	Variance	Variance %
GRF	$ 999.2	$ 1,034.2	$ (35.0)	-3.4%
Non-GRF	$ 1,107.7	$ 1,121.0	$ (13.3)	-1.2%
All Funds	$ 2,106.8	$ 2,155.2	$ (48.3)	-2.2%

Enrollment

Total March enrollment for the program was 2.99 million, which was 132,702 (4.3%) below the estimate and 119,973 (3.9%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 3.03 million and was 88,424 (2.8%) below estimate.

March enrollment by major eligibility category was: Covered Families and Children, 1.67 million; Aged, Blind and Disabled (ABD), 492,599; Group VIII Expansion, 685,277; and Other Full Benefits, 21,495 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.

March disbursements in this category totaled $105.7 million and were $8.1 million (8.2%) above estimate. Year-to-date disbursements were $999.5 million, which was $58.7 million (5.5%) below estimate. On a year-over-year basis, disbursements in this category were $3.1 million (2.9%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $41.8 million (4.0%) lower than at the same point in fiscal year 2017.

Department of Job and Family Services
March disbursements for the Department of Job and Family Services totaled $74.8 million and were $10.6 million (16.5%) above estimate. This variance was primarily attributable to above estimate disbursements for the TANF State/Maintenance of Effort line item due to the timing of a quarterly payment to County Department Job and Family Services (CDJFS) offices for Temporary Assistance for Needy Families (TANF) administrative activities. These payments were largely made in March instead of January as estimated. The remaining variance was due to an increase in Ohio Works First (OWF) subsidy payments.

Department of Mental Health and Addiction Services
March disbursements for the Department of Mental Health and Addiction Services totaled $23.0 million and were $1.1 million (4.6%) below estimate. This variance was primarily attributable to the Hospital Services line item, which was $2.3 million below estimate due to the timing of payments and the utilization of some non-GRF funds for certain costs. This variance was partially offset by above estimate spending in the Continuum of Care line item, which was $2.0 million above an estimate of zero due to the timing of disbursements for some earmarked funding.

Department of Health
March disbursements for the Department of Health totaled $4.1 million and were $1.2 million (22.8%) below estimate. This variance was primarily attributable to the Help Me Grow line item, which was $0.5 million (28.4%) below estimate and the Infant Vitality line item, which was $0.4 million (50.7%) below estimate. Late establishment of contracts and sub-grants continue to be a factor in payments occurring later than originally anticipated. The variances will self-correct in future months.

Justice and Public Protection

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

March disbursements in this category totaled $148.3 million and were $4.7 million (3.1%) below estimate. Year-to-date disbursements were $1,631.4 million, which was $24.1 million (1.5%) below estimate. On a year-over-year basis, disbursements in this category were $5.1 million (3.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $54.0 million (3.4%) higher than at the same point in fiscal year 2017.

Department of Rehabilitation and Correction
March disbursements for the Department of Rehabilitation and Correction totaled $117.3 million and were $4.2 million (3.5%) below estimate. This variance was primarily attributable to below estimate disbursements for Institution Medical Services, which were below estimate due to a change in the timing of certain contract payments that are being paid quarterly instead of monthly as estimated.

Department of Youth Services
March disbursements for the Department of Youth Services totaled $10.0 million and were $1.2 million (13.4%) above estimate. This variance was primarily attributable to the timing of payments for Community Corrections Facilities, some of which were processed in March instead of April as estimated.

Public Defender Commission
March disbursements for the Public Defender Commission totaled $0.6 million and were $1.7 million (73.4%) below estimate. This variance is mostly attributable to the timing of GRF disbursements for County Reimbursement payments, which will be made in April instead of March as expected.

General Government

This category includes non-debt service GRF expenditures by the Department of Administrative Services, Department of Natural Resources, Development Services Agency, Department of Agriculture, Department of Taxation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others.

March disbursements in this category totaled $22.0 million and were $1.9 million (8.0%) below estimate. Year-to-date disbursements were $271.5 million, which was $19.3 million (6.6%) below estimate. On a year-over-year basis, disbursements in this category were $3.9 million (15.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $14.4 million (5.0%) lower than at the same point in fiscal year 2017.

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. March property tax reimbursements totaled $83.4 million and were $101.5 million (54.9%) below estimate. Year-to-date disbursements totaled $990.0 million and were $103.9 million (9.5%) below estimate. The monthly and year-to-date variances are due to reimbursement requests being received from counties later than anticipated.

Debt Service

March payments for debt service totaled $143.7 million and were $3.1 million (2.1%) below estimate. Year-to-date debt service payments were $1,202.7 million and were $22.4 million (1.8%) below estimate. The monthly and year-to-date variances are due to a portion of bond premiums being used to offset debt service payments and savings achieved by refunding prior debt.

Transfers Out

There were no estimated transfers out for March and none occurred. Year-to-date transfers out were $69.4 million and were $3.9 million (6.0%) above estimate. The year-to-date variance was primarily due to an erroneous transfer-in that occurred in July and required an unplanned transfer-out in August to correct.

4/10/2018

Table 3

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

	MONTH				YEAR-TO-DATE			
unctional Reporting Categories escription	ACTUAL MARCH	ESTIMATED MARCH	$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	$ VAR	% VAR
Primary and Secondary Education	641,761	591,146	50,615	8.6%	6,234,566	6,134,832	99,733	1.6%
Higher Education	192,223	193,410	(1,187)	-0.6%	1,741,726	1,751,619	(9,893)	-0.6%
Other Education	2,617	3,160	(543)	-17.2%	56,364	57,068	(703)	-1.2%
Medicaid	999,162	1,034,158	(34,996)	-3.4%	10,945,983	11,237,472	(291,489)	-2.6%
Health and Human Services	105,677	97,624	8,053	8.2%	999,541	1,058,249	(58,708)	-5.5%
Justice and Public Protection	148,251	152,999	(4,748)	-3.1%	1,631,355	1,655,411	(24,055)	-1.5%
General Government	22,029	23,933	(1,904)	-8.0%	271,514	290,839	(19,326)	-6.6%
Property Tax Reimbursements	83,435	184,911	(101,476)	-54.9%	989,963	1,093,868	(103,905)	-9.5%
Debt Service	143,737	146,878	(3,141)	-2.1%	1,202,692	1,225,113	(22,422)	-1.8%
Total Expenditures & ISTV's	2,338,893	2,428,220	(89,327)	-3.7%	24,073,704	24,504,472	(430,767)	-1.8%
ransfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	69,445	65,514	3,931	6.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	0	0	0	N/A	69,445	65,514	3,931	6.0%
Total Fund Uses	2,338,893	2,428,220	(89,327)	-3.7%	24,143,149	24,569,986	(426,837)	-1.7%

4/10/2018

Table 4

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

unctional Reporting Categories escription	MONTH MARCH FY 2018	MARCH FY 2017	$ VAR	% VAR	YEAR-TO-DATE ACTUAL FY 2018	ACTUAL FY 2017	$ VAR	% VAR
Primary and Secondary Education	641,761	861,114	(219,353)	-25.5%	6,234,566	6,293,444	(58,879)	-0.9%
Higher Education	192,223	185,876	6,347	3.4%	1,741,726	1,733,246	8,480	0.5%
Other Education	2,617	7,002	(4,385)	-62.6%	56,364	62,196	(5,832)	-9.4%
Medicaid	999,162	1,566,289	(567,127)	-36.2%	10,945,983	13,397,130	(2,451,147)	-18.3%
Health and Human Services	105,677	108,790	(3,112)	-2.9%	999,541	1,041,294	(41,753)	-4.0%
Justice and Public Protection	148,251	143,178	5,073	3.5%	1,631,355	1,577,353	54,002	3.4%
General Government	22,029	25,963	(3,934)	-15.2%	271,514	285,897	(14,384)	-5.0%
Property Tax Reimbursements	83,435	233,181	(149,746)	-64.2%	989,963	1,135,431	(145,467)	-12.8%
Debt Service	143,737	155,511	(11,774)	-7.6%	1,202,692	1,218,382	(15,690)	-1.3%
Total Expenditures & ISTV's	2,338,893	3,286,904	(948,011)	-28.8%	24,073,704	26,744,374	(2,670,670)	-10.0%
ransfers Out:								
BSF Transfer	0	0	0	N/A	0	29,483	(29,483)	N/A
Operating Transfer Out	0	0	0	N/A	69,445	269,629	(200,184)	-74.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	0	0	0	N/A	69,445	299,111	(229,667)	-76.8%
Total Fund Uses	2,338,893	3,286,904	(948,011)	-28.8%	24,143,149	27,043,485	(2,900,336)	-10.7%

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.

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

Jason Akbar, Ben Boettcher, Beth Brink, Frederick Church, Todd Clark, Jim Coons, Adam Damin, Paul DiNapoli, Florel Fraser, Chris Guerrini, Chris Hall, Sharon Hanrahan, Jennifer Kahle, Kurt Kauffman, Sári Klepacz, Taylor Pair, Steven Peishel, Craig Rethman, Katja Ryabtseva, Tara Schuler, Travis Shaul, Dex Stanger, and Nick Strahan.