September 10, 2019

MEMORANDUM TO: The Honorable Mike DeWine, Governor
The Honorable Jon Husted, Lt. Governor

FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report

Report Overview

- August non-auto sales and use tax collections were $785.3 million, $28.1 million (3.7%) above the estimate for the month. Year-to-date non-auto sales tax revenue is over the estimate by $19.0 million (1.2%).
- August GRF personal income tax receipts totaled $721.3 million and were $15.0 million (2.1%) above the estimate for the month.
- Federal grants came in below estimate by $43.2 million (5.7%) primarily as the result of GRF Medicaid spending falling below estimate by $47.9 million in August.
- U.S. nonfarm payroll employment increased by 130,000 jobs in August. At 158,000, the average monthly change year-to-date is a step down from the average of 234,000 during the same period last year.
- The consensus among forecasters is that real GDP growth will remain between 1.5 and 2 percent during the third quarter of calendar year 2019. This is consistent with leading economic indicators suggesting slow growth.
- The current economic expansion began in June 2009 and, at 123 months, continues to be the longest in US history.

ECONOMIC SUMMARY

Economic Growth

Real GDP expanded at an annual rate of a revised 2.0 percent during the second quarter, down slightly from the previous report of between 2.1 percent and 3.1 percent in the first quarter. Growth was 2.3 percent on a year-over-year basis. The year-over-year growth rate has slowed from a 3.2 percent in the second quarter of 2018. The current economic expansion became the longest in U.S. history in July, surpassing the previous record set in the 1990s. During the past decade, real GDP has expanded at an annual rate of 2.3 percent, about one-third slower than the 3.6 percent rate during the 1990s expansion.

The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures (+3.10 percentage points) and government (+0.77pp). Subtracting from growth were changes in private inventories (-0.91pp) and net exports (-0.72pp). Consumer spending was strong across categories, with durables, nondurables, and services all making substantial contributions. Both federal and state as well as local government spending made positive contributions, with federal nondefense expenditures increasing the most.

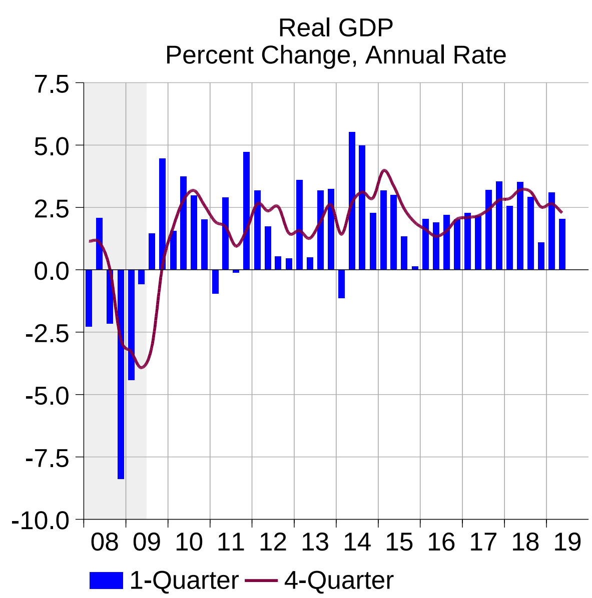
Nonresidential fixed investment decreased slightly after nine consecutive quarters of sizable additions. Investment in residential structures also decreased slightly, extending the string of negative quarters to six. Within net exports, a large decline in exports was responsible for the decline, with imports remaining essentially unchanged after a decline in the previous quarter, which effectively added to GDP growth.

The slowing in growth from the first quarter reflected a swing from positive to negative changes in nonresidential fixed investment, the change in inventories, and net exports. The drag from fixed investment occurred mostly in structures and intellectual property. The drag from the change in inventories might have been related to softness in imports this year, which followed a surge last year that went into inventories presumably to protect against disruptions in trade arising from international disputes. The drag from net exports was due mostly to the decline in exports after an increase the quarter before.

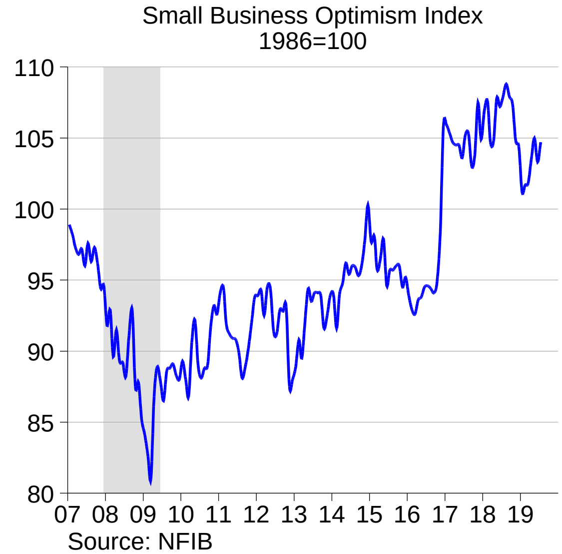
Sentiment among small businesses bounced in July nearly back to its May level, according to the Index of Small Business Optimism from the **National Federation of Independent Business (NFIB)**. The index was 3.8 percent below its all-time high reached in August 2018 but remained just above its 12-month moving average and among the highest levels in the 45-year record. Among the ten components, seven increased, two decreased, and one was unchanged, suggesting that sentiment among small business operators remains positive.

The Ohio economy continued to expand in July, according to the **Ohio coincident economic index** from the Philadelphia Federal Reserve. The index increased 0.1 percent for the fifteenth consecutive monthly gain. Compared with a year ago, the index was higher by 2.4 percent, up from a recent low of 1.6 percent in January.

The diffusion of **state-level coincident economic indexes** deteriorated notably in July. The level was lower than the month before for nine states – the most since the early stages of recovery from the 2007-09 recession in January 2010 – and lower than three months before for four states – the largest number of states in about three years. Even so, both readings remain below the levels observed prior to the onset of recession in the past.



The number of negative readings among individual **state-level composite leading indexes** compiled by the Philadelphia Federal Reserve jumped from two in June to seven in July – the highest level since just after the end of the last recession in July 2009. On average for the most recent three recessions, the index has been negative for fourteen states in the first month of recession and has been negative for eleven states three months before recession. The **Ohio leading index**, which is designed to predict growth in the coincident index during the next six months, was +0.8 percent in July, which is below the average of the last couple of years.



The yield on the 10-year Treasury note has fallen below yields on shorter term Treasury securities in recent months, creating what is called an inversion of the **yield curve** and raising concerns that the economy will transition into recession sometime soon. The recent inversion is noteworthy and very likely portends more slowing in the pace of economic activity. Whether such a slowdown develops into a recession remains uncertain, however. While the historical record of the yield curve in anticipating recessions is among the best for a single measure, composite leading indicators, which combine multiple indicators into a single index, have also proved reliable, often avoiding false signals.

The Conference Board's composite **Leading Economic Index** (LEI) is a well-known composite index with a long track record. Along with other composite indicators, the LEI rebounded in July after weakness in late spring and early summer, increasing 0.5 percent after declining by 0.1 percent in each of the two previous months. The 6-month smoothed annual rate of change was 1.3 percent, up from 0.6 percent the month before but still down from 6.8 percent in February 2018. Despite the downshift in growth, the recent pattern of the index remains consistent with an expanding economy, especially in light of other measures of activity.

As shown in the table below, the **consensus among forecasters** is that real GDP growth is continuing in the third quarter at a 1.5 percent - 2 percent pace, somewhat weaker than in the second quarter.

Source	**Date**	**2019-Q3 GDP Forecast**
Atlanta FRB (GDPNow)	9/4/19	1.5%
New York FRB (Nowcast)	8/30/19	1.8%
Philadelphia FRB (SPF*)	8/9/19	2.0%
Blue Chip	9/4/19	1.9% (1.5%-2.3%)
IHS	9/6/19	1.9%
*Survey of Professional Forecasters (2nd month of each quarter)		

Employment

Nonfarm payrolls across the country increased by 130,000 jobs in August, as labor markets appear to have settled in on the potential trend rate of job growth consistent with a stable unemployment rate. The changes in the previous two months were revised down by a total of 20,000 jobs. At 158,000, the average monthly change year-to-date is a step down from the average of 234,000 during the first eight months last year. Compared with a year earlier, employment is up by 2.07 million jobs, or 1.4 percent.

A key contributor to job growth was the 34,000 increase in the Government sector, where hiring of about 25,000 temporary Census workers boosted the total. Private sector payrolls increased by just 96,000 jobs. The largest job generator was Professional and Business Services (+37,000), where Temporary Help Services contributed 15,400 net new jobs. The third largest contributor (after Government) was Education and Health Services (+32,000), where Health Care added 23,900 and Social Assistance added 12,900 jobs. Financial Activities added 15,000 net new jobs.

Manufacturing employment increased just 3,000 jobs, and Construction employment was up by 14,000 jobs. Trade, Transportation and Utilities decreased by 11,000 jobs, due to a drop in Retail and no net additions in Wholesale Trade or Utilities. Employment in the Information sector was flat. Leisure and Hospitality added 12,000 jobs.

The **unemployment rate** was steady at 3.7 percent for a third month after holding at 3.6 percent – the low for the expansion – in April and May. The rate stayed at 3.7 percent despite the large number of people entering the labor force in search of a job due to solid growth of 590,000 in total employment. The recent pattern of the unemployment rate, in which it is near the minimum of the previous twelve months, remains strongly consistent with uninterrupted economic growth. Usually in the past when the unemployment rate has been 0.3 percentage points or less above the previous 12-month minimum, the economy has been expanding. The difference typically has been 0.4 percentage points or higher at the start of past recessions.

Average hourly earnings rose 0.4 percent during the month for a year-over-year increase of 3.2 percent. The year-over-year rate of change is down from an expansion-peak of 3.4 percent in February, but still up from 2.5 percent two years ago. The median year-over-year change in wages across individual workers, which is calculated with a lag by the Atlanta Federal Reserve Bank, was +3.9 percent in July.

Ohio nonfarm payroll employment increased by 4,500 jobs in July, recovering half of the jobs lost in the two previous months. Employment has increased by 9,700 jobs year-to-date. Monthly gains have slowed to an average of 2,100 per month during the most recent twelve months from 3,725 during the same period a year earlier, not unusual in a long-running expansion with an already low unemployment rate.

Compared with a year earlier, Ohio employment was higher by 25,200 jobs in July. Leisure and Hospitality (+11,600), Educational and Health Services (+10,700), and Manufacturing (+6,100) made the largest positive contributions. Employment decreased in Trade, Transportation and Utilities (-4,100), Construction (-2,900), and Financial Activities (-1,500).

The **Ohio unemployment rate** remained at the expansion-low of 4.0 percent in July, notably below the 4.5 percent to 4.7 percent range of the most recent year and a half. The level is the lowest since May 2001. Total employment increased by 6,893 workers in July and the number of unemployed people increased by 1,909, reflecting an increase in the labor force of 8,802 people.

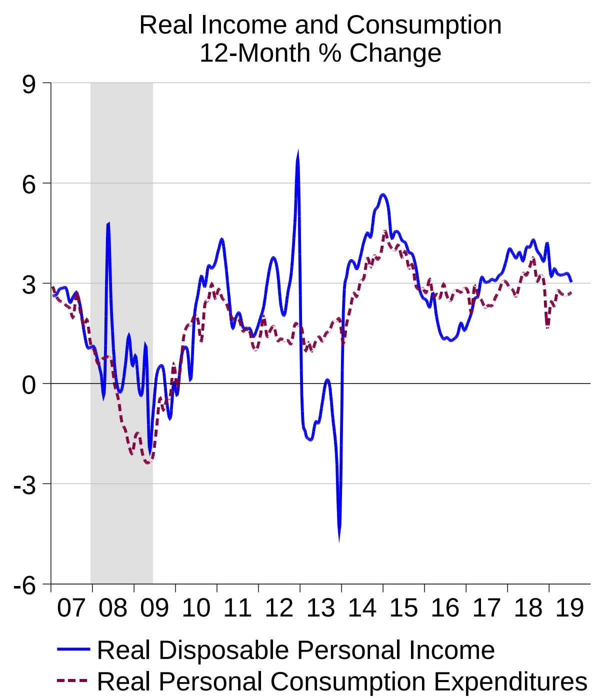
Across the country in July, the unemployment rate decreased notably from the month before in six states with the largest declines occurring in Alabama, Maine, and New Jersey (-0.3 percentage points each). The unemployment rate increased in two states – Iowa and Wyoming (+0.1 point each). Changes in the unemployment rate in the remaining 42 states and the District of Columbia were not statistically significant.

Among the **contiguous states**, employment increased on a year-over-year basis in Kentucky (+1.5%), West Virginia (+1.0%), Indiana (+0.7%), Ohio and Pennsylvania (+0.5%), and Michigan (+0.4%). Manufacturing employment increased year-over-year in Kentucky (3.9%), West Virginia (2.4%), Ohio (0.9%), and in Michigan (0.8%), and decreased in Indiana (-0.1%) and in Pennsylvania (-1.5%).

Consumer Income and Consumption

Healthy labor markets continue to support further growth in household incomes. **Personal income** increased by 0.1 percent, after seven strong increases in a row. **Wage and salary disbursements** increased 0.2 percent, following a strong 0.5 percent increase in June. Compared with a year earlier, personal income was higher by 4.6 percent and wage and salary disbursements were up by 5.2 percent.

All of these measures of income growth are above inflation, resulting in gains in real purchasing power. The Consumer Price Index (CPI) increased 0.3 percent in July to 1.8 percent year-over-year, whereas the priced index for personal consumption expenditures increased just 1.4 percent. The median CPI calculated by the Cleveland Fed was up 2.2 percent from a year ago, still below increases in broad measures of household income.



Personal consumption expenditures increased 0.6 percent in July, the same as the average during the previous four months. Spending on durable goods increased 0.6 percent in July on top of solid increases in the two previous months, despite a 2.0 percent decrease in unit sales of light motor vehicles to an annual rate of 16.8 million. Sales increased marginally in August to 17.0 million units. Purchases of non-durable goods increased 1.1 percent for the fifth gain in a row. And spending on services increased 0.5 percent, continuing the long string of gains.

Consumer attitudes soured in August, related mostly to expectations. The Conference Board Index of Consumer Confidence edged down 0.5 percent after a large increase the month before to one of the highest readings on record, as improved assessments about current conditions mostly offset a deterioration in expectations. The University of Michigan index posted a large decrease due to both a worse outlook and a less positive assessment of current conditions. Even so, the expectations and current conditions indexes of both surveys remained well above the averages observed during recessions.

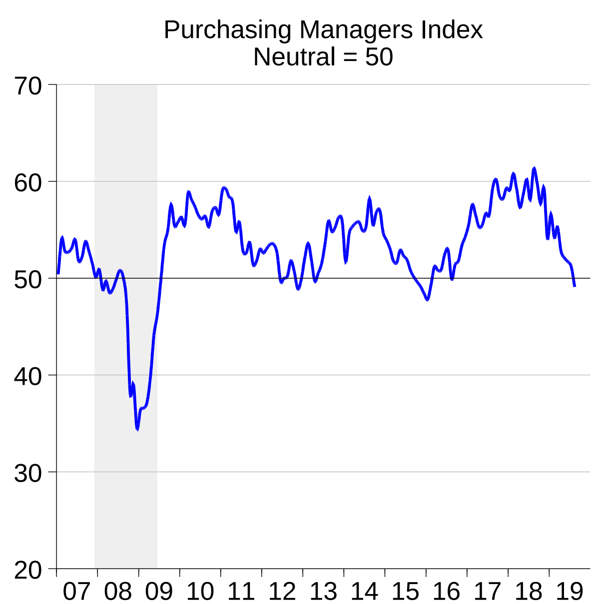
The outlook for the consumer sector remains positive, especially in light of ongoing strength in labor markets and corresponding growth in incomes. Expectations for inflation remain in check, and employment and income gains support the ability and willingness of consumers to spend. Concerns about the effect of trade disputes on prices and jobs and renewed volatility in financial markets are likely to temper confidence in the near future.

Industrial Activity

Despite the strength in employment, earnings, and consumption, manufacturing activity has stalled, reflecting the slowdown in growth overseas, the strengthening in the dollar, disruptions caused by tariffs, and a broad pull-back in inventory building. Total **industrial production** fell 0.2 percent in July after a 0.2 percent increase the month before that was revised up from no change. **Mining** output decreased 1.8 percent, reflecting the effects of Hurricane Barry on crude petroleum and natural gas production in the Gulf of Mexico. **Utilities** output jumped by 3.1 percent after a 3.3 percent decrease the month before due to a shift from lower-than-normal to higher-than-normal temperatures. Compared with a year earlier, total industrial production was higher by only 0.5 percent, mining was up by 5.5 percent, and utilities was higher by just 0.3 percent.

Manufacturing output decreased 0.4 percent after a 0.6 percent increase the month before that was revised up from 0.4 percent. Compared with a year earlier, manufacturing output was down by 0.5 percent. Production in major sectors that have a disproportionate share of Ohio manufacturing employment was generally lower in July and during the previous year. Primary Metal production was up just 0.1 percent on the month and down 1.1 percent on the year. Fabricated Metal production was down 0.9 percent on the month and flat on the year. Machinery production fell 1.1 percent on the month and for the year. And Motor Vehicles and Parts production edged down 0.2 percent in July but was up 3.7 percent from a year ago.

Consistent with this picture of slowing manufacturing activity and possibly pointing to additional weakness ahead, purchasing managers in manufacturing reported more signs of weakening than of strengthening activity during August. The **Purchasing Managers Index** (PMI) decreased by 1.1 points to 49.1 – the first reading below the neutral level of 50 since a 1-month dip to 49.9 in August 2016. Prior to that, the index stayed below 50 for five months in late 2015 and early 2016, falling to as low as 47.8. Real GDP growth slumped to 1.3 percent in the second quarter of 2016. The August reading represents contraction in the manufacturing sector but is consistent with real GDP growth just below the pace during the second quarter.



Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, only nine reported growth in the latest month, the same as the month before and down from sixteen a few months ago. Among industries with a major effect on Ohio manufacturing employment, only Machinery reported expansion. Fabricated Metal Products, Primary Metals, and Transportation Equipment all reported contraction.

A source in the Transportation Equipment industry said July was the "slowest month this year so far in sales." A contact in the Machinery industry reported that "Business is starting to show signs of a broad slowdown." A source in Fabricated Metal Products reported that a "Slightly slower rate of incoming orders may be seasonal or a sign of a general slowdown." Negative effects from trade disputes or tariffs were cited by contacts in several industries, including Computer & Electronic Products and Furniture and Related Products.

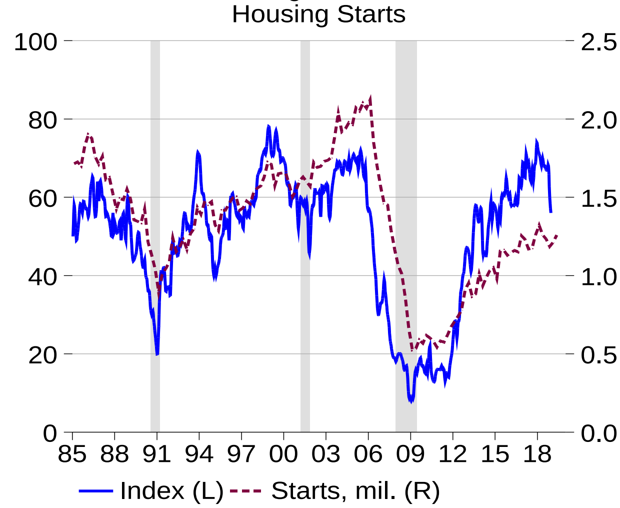
Construction

Construction put-in-place was essentially flat in July, rising 0.1 percent after falling 0.7 percent in each of the two previous months. Private sector construction decreased 0.1 percent in July, extending a string of weak monthly performance stretching back two years and was down 4.8 percent from a year ago. Within the Private sector, weakness has been centered in Residential, which has experienced declines in Single-Family and Improvements recently and year-over-year. Construction of Multi-Family units was revised down significantly to an increase of 5.7 percent above the year earlier mark. Private Nonresidential has weakened more recently, falling in three of the last four months to 2.7 percent below the year earlier level.

More broadly, however, the decline in Private sector construction put-in-place has been levelling off. After decreasing by 3.2 percent year-over-year in December 2018, activity was unchanged from December 2018 through July. The improvement has occurred almost entirely in the Residnetial Improvements category, where the rate of change shifted from -14.8 percent in 2018 to +0.5 percent so far this year. For the total Residential sector, the rate of change improved from -7.0 percent in 2018 to -1.1 percent this year, with the decline occurring entirely in the Single-Family segment, which fell 2.8 percent last year and 2.5 percent so far this year. Nonresidential construction has increased 1.2 percent through July after rising 1.5 percent in all of 2018.

The **Housing Market Index** (HMI) from the National Association of Homebuilders (NAHB) improved again in August, extending the partial recovery from the steep drop during 2018. The index, which is based on assessments of current sales, expected sales in six months, and traffic of prospective buyers of new homes, remains 10.8 percent below the recent high in December 2017. The HMI for the Midwest increased to its highest level since last October but remains 22.4 percent below its December 2017 level.

NAHB Housing Market Index and Housing Starts



Source: National Association of Home Builders

Housing activity was mixed in July on a 3-month moving average basis. **Housing starts** fell 2.1 percent across the country due to a 7.5 percent drop in Multi-Family that more than offset a small 0.6 percent rise in Single-Family. In contrast across the Midwest, starts increased 3.7 percent on a 3-month moving average basis, reflecting a 2.6 percent rise in Single-Family and a 6.2 percent rise in Multi-Family. Compared with a year earlier, starts were flat across the country and down 8.4 percent in the Midwest.

Home sales were mixed with transactions for previously owned homes rising 1.3 percent nationally and 2.5 percent in the Midwest on a 3-month moving average basis. New home sales, however, fell both across the country (-1.1%) and in the Midwest (-6.0%). Compared with a year ago, new home sales were up 4.7 percent nationally but down 13.7 percent in the Midwest.

Home prices posted their 11th straight monthly increase in June to 3.2 percent above the year earlier level, 53.1 percent above the cyclical low reached in February 2012 and 10.2 percent above the previous peak in February 2007, according to the Case-Shiller index. Revisions to historical data erased an unbroken string of monthly increases by turning the July 2018 price change slightly negative. Otherwise, home prices have increased each month since March 2012.

As reported by Freddie Mac, home prices increased 0.8 percent in the second quarter on a seasonally adjusted basis to 3.7 percent year-over-year, down from 7.0 percent year-over-year in the second quarter of 2018. In comparison, prices across Ohio increased by a slightly faster 1.0 percent in the quarter and 5.3 percent from a year ago, down from the 6.0 percent year-over-year rise a year ago. In major metro areas in Ohio, prices increased 0.9 percent in the quarter and 5.6 percent from a year ago in Cincinnati, 0.2 percent in the quarter and 4.3 percent from a year ago in Cleveland, and 1.3 percent in the quarter and 6.2 percent from a year ago in Columbus.

REVENUES

NOTE: *Monthly revenue estimates for fiscal year 2020 have been finalized and first appear in this edition of the Monthly Financial Report. Year-to-date estimates shown in this report incorporate the finalized July and August estimates.*

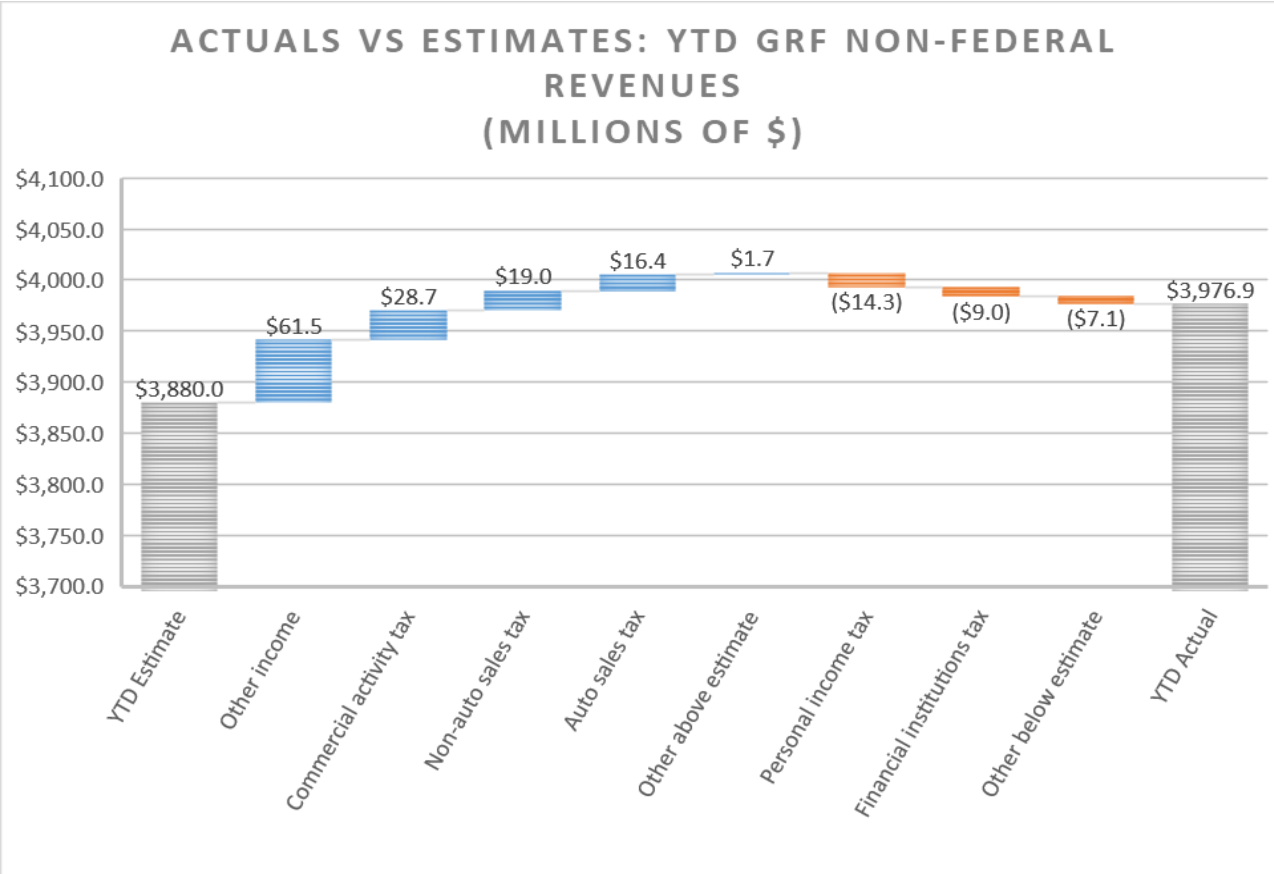
August GRF receipts totaled $2,979.0 million and were $82.5 million (2.8%) above the estimate. For the month, tax revenues were $62.5 million (3.0%) above estimate with stronger-than-expected performance from a variety of tax sources. Federal grants were below estimate, ending below expected revenue by $43.2 million (5.7%). This shortfall coincides with GRF Medicaid spending falling below estimate, with a $47.9 million drop in August.

Year to date, GRF revenues are $53.8 million (0.9%) above estimate. Overall tax revenues are $34.1 million (0.9%) above estimate and non-federal revenues are $96.9 million (2.5%) above estimate. Federal grants are $43.2 million (2.2%) below estimate, but this does not pose negative budget implications for the GRF since there was also Medicaid GRF underspending of $47.9 million (1.5%).

Category	**Includes:**	**YTD Variance**	**% Variance**
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, natural gas distribution, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	$34.1	0.9%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$18.8	0.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$0.9	1.3%
TOTAL REVENUE VARIANCE:		**$53.8**	**0.9%**
Non-federal revenue variance		**$96.9**	**2.5%**
Federal grants variance		**($43.2)**	**-2.2%**

The other income category had the largest overage for the month, at $61.9 million, reflecting a payment made by JobsOhio that had been anticipated to occur in September rather than August. The non-auto sales tax had the next largest overage for the month at $28.1 million (3.7%), followed by the commercial activity tax at $18.2 million (6.0%) and the personal income tax at $15.0 million (2.1%). The only notable values below estimate were in federal grants at $43.2 million (5.7%) and financial institutions tax at $8.5 million (940.1%).

The following chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated revenues through August.



On a year-over-year basis, monthly receipts were $15.2 million (0.5%) lower than in August of the previous fiscal year, driven by federal grants which declined by $209.3 million (22.8%). In contrast, non-federal revenues increased by $194.1 million (9.3%), led by transfers-in which increased by $69.5 million and by other income which grew by $61.8 million. Notable growth was also demonstrated by non-auto sales tax at $39.3 million (5.3%) and by commercial activity tax at $29.0 million (9.9%).

For the year, total revenues are up $234.6 million (4.1%). The growth was led by federal grants at $91.1 million (4.9%), followed by non-auto sales tax at $64.1 million (4.2%), other income at $58.8 million (1,125.2%), and commercial activity tax at $43.5 million (12.6%).

The table below shows there were more over-performers than under-performers for the month. Revenue sources exceeding estimate (an excess totaling $136.8 million) outweighed the size of underperforming revenue sources (a shortfall of $54.3 million), resulting in a $82.5 million net overage from estimate. Furthermore, as observed above, although federal grants account for most of the underperformance, this does not have negative implications for the GRF because Medicaid expenditures were also below estimate for the month.

GRF Revenue Sources Relative to Monthly Estimates – August 2019

($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Other income	$61.9	Federal grants	($43.2)
Non-auto sales tax	$28.1	Financial institutions tax	($8.5)
Commercial activity tax	$18.2	Alcoholic beverage tax	($1.4)
Personal income tax	$15.0	Natural gas distribution tax	($1.1)
Auto sales tax	$9.8	Other sources below estimate	($0.3)
Kilowatt hour tax	$1.2		
Cigarette and other tobacco products tax	$1.0		
Other sources above estimate	$1.7		
Total above	**$136.8**	**Total below**	**($54.3)**

(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 Tax

GRF non-auto sales and use tax collections in August totaled $785.3 million and were $28.1 million (3.7%) above the estimate. Year-to-date non-auto sales tax revenue is over the estimate by $19.0 million (1.2%). For August, year-over-year growth in non-auto GRF sales tax revenue was $39.3 million (5.3%). For the year-to-date, non-auto sales tax revenue has climbed by $64.1 million (4.2%) over last year.

Wage and salary income is a core economic measure that provides a useful indication of the potential resources available to consumers to spend on taxable goods and services. The Bureau of Economic Analysis reports growth in U.S. wages and salaries through July, the most recent available month. As personal incomes grow, and consumers demonstrate a willingness to increase spending on discretionary goods, non-auto sales tax revenue should continue to grow at rates anticipated in the fiscal year 2020 revenue forecast. That said, a portion of the non-auto sales tax comes from taxable purchases by businesses (although it should be noted that retail inventory and items directly used in or incorporated into the manufacturing process are among the types of purchases that are generally exempt from tax). Recent developments, such as signs of diminishing manufacturing investment and purchasing activity, merit further monitoring in case there are implications for non-auto sales tax.

Auto Sales Tax

August auto sales tax revenues were $145.3 million and were $9.8 million (7.3%) over the estimate. August's overage puts year-to-date auto sales tax revenues $16.4 million (6.0%) over the estimate. August auto sales tax revenues were $7.4 million (5.4%) over the prior year, and year-to-date revenues are $18.4 million (6.8%) over the previous year. This continues a trend of steady growth in auto sales tax.

Nationwide light vehicle sales have remained close to the 17 million level throughout 2019. However, light vehicle unit sales were 1.6 million in August, up about 7% from last year. It is too soon to tell if such growth is sustainable, especially since this August's sales data includes some of Labor Day weekend which is a high-volume sales weekend. (That said, August auto sales tax revenue contains some lag, so all Labor Day weekend sales will be reflected in the September revenue figures.) Unit sales growth, to the extent it is sustained, would complement average price increases as a potential source of auto sales tax growth in the coming months.

According to Kelley Blue Book, the average transaction price for new vehicles was over $37,000 (before consumer incentives) in August, growing 2% over the prior August. In July, the year-over-year growth rate was 3.5%.

Auto sales tax revenues have also been supported by used vehicle prices. CarMax.com reported that the average price of used vehicles was $21,800 as of July. This price is about 6% higher than the average price from a year ago.

Personal Income Tax

August GRF personal income tax receipts totaled $721.3 million and were $15.0 million (2.1%) above the estimate. Year to date receipts are $14.3 million (1.0%) below estimate. On a year-over-year basis, August income tax collections were $6.9 million (1.0%) below August 2018 collections. Collections for the year are $6.0 million (0.4%) below the previous year. Adjusting for the $48 million in lost withholding collections in July through August due to the rate cut that took effect in January 2019, collections growth would be 3.1%.

Withholding tax payments outperformed estimate, with actual collections exceeding the estimate by $10.6 million (1.4%). Compared to last August, withholding increased by $4.7 million (0.6%). As noted above, growth would have been even higher if not for the fact that withholding tax rates are 3.3 percent lower than last calendar year. Withholding is now $1.8 million (0.1%) below estimate through the first two months of the fiscal year. It has grown 1.1% above the prior year, compared to 1.3% in anticipated growth.

Refund activity in August was lower than estimate by $9.2 million (20.6%), offsetting much of an overage in refunds that occurred in July. For the fiscal year to-date, refunds exceed estimate by $8.2 million (6.7%) and are $23.2 million (21.6%) above the preceding year. Some of this year-over-year increase is apparently attributable to higher refunds claimed on amended returns.

August is a minor month for other types of tax payments. Deviations from the modest estimates of these categories can produce percentage variances that seem more significant than they really are. Annual return tax due payments in August were $3.8 million (18.3%) below the estimate; they are $1.1 million (4.0%) above estimate for the year to date. Quarterly estimated payments were $12.7 million in August, $0.2 million (1.9%) below estimate. For the year to-date, estimated payments are $3.6 million (11.5%) below estimate. Receipts in the trust and other payment categories are rather small through the first two months of the year.

(Note: The July receipts table is provided below because estimates were not yet available at the time of last month’s Monthly Financial Report.)

JULY PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Actual July	Estimate July	$ Var	Actual July-2019	Actual July-2018	$ Var Y-0ver-Y
Withholding	$730.1	$742.5	($12.4)	$730.1	$718.2	$11.9
Quarterly Est.	$14.7	$18.0	($3.3)	$14.7	$16.2	($1.5)
Annual Returns & 40 P	$9.3	$6.6	$2.7	$9.3	$5.8	$3.5
Trust Payments	$1.4	$2.0	($0.6)	$1.4	$1.9	($0.5)
Other	$7.7	$6.1	$1.6	$7.7	$6.0	$1.7
Less: Refunds	($95.3)	($77.9)	($17.4)	($95.3)	($67.8)	($27.5)
Local Distr.	($38.1)	($38.1)	$0.0	($38.1)	($37.6)	($0.5)
Net to GRF	$629.9	$659.2	($29.2)	$629.9	$642.7	($12.9)

AUGUST PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Actual August	Estimate August	$ Var	Actual Aug-2019	Actual Aug-2018	$ Var Y-0ver-Y
Withholding	$751.2	$740.6	$10.6	$751.2	$746.5	$4.7
Quarterly Est.	$12.7	$12.9	($0.2)	$12.7	$11.8	$0.9
Annual Returns & 40 P	$17.1	$20.9	($3.8)	$17.1	$18.2	($1.1)
Trust Payments	$0.8	$0.6	$0.2	$0.8	$0.6	$0.2
Other	$5.5	$6.3	($0.8)	$5.5	$6.1	($0.6)
Less: Refunds	($35.4)	($44.6)	$9.2	($35.4)	($39.7)	$4.3
Local Distr.	($30.4)	($30.4)	$0.0	($30.4)	($29.1)	($1.3)
Net to GRF	$721.3	$706.3	$15.0	$721.3	$714.5	$6.8

(Note: The net totals and variance amounts may differ slightly from computations using the rounded actual and estimated figures provided in the table.)

Commercial Activity Tax (CAT)

Quarterly CAT returns and associated payments were due in August, making it the primary receipts month of the current quarter. CAT revenues in August exceeded estimate by $18.2 million (6.0%). For the year to date, GRF revenue from the CAT is $28.7 million (8.0%) above estimate. Year-over-year revenue from this source is also $43.5 million (12.6%) above its value at the same time in the previous fiscal year. Since September is a very modest month for expected CAT revenue (which means any shortfall will be minor relative to the quarter as a whole), performance by this source for the entire quarter is now expected to finish above the forecast and considerably above the prior year.

Financial Institutions Tax (FIT)

The tax source with the largest shortfall relative to the August estimate was the FIT, which was $8.5 million below estimate. The variance is attributable to timing. Tax refunds that had been forecasted to be made in September were instead issued in August. OBM currently expects to make up most, if not all, of the negative August variance during September.

GRF Non-Tax Receipts

GRF non-tax revenues in August totaled $777.3 million and were $19.1 million (2.5%) above estimate. This variance was primarily attributable to the Other Income category, which was $61.9 million (3,675.6%) above estimate. That result is mostly due to the receipt of JobsOhio deferred compensation payments from liquor profits, which were received in August instead of September as estimated and which were about $16.0 higher than the estimated total of $40.5 million. Revenues from various refunds and reimbursements were also higher than expected.

This positive variance was partially offset by federal grants, which were below estimate by $43.2 million (5.7%) due to underspending in the GRF Medicaid category.

Transfers in were $0.9 million (1.3%) above estimate due to larger than expected transfers from the Petroleum Activity Public Highways Fund to the GRF and from the closures of dormant funds as authorized in HB 166. These positive variances were partially offset by the timing of a planned $6.0 million transfer from the Health Care Services Support and Recoveries fund, which will occur in September instead of August as estimated.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2020 VS ESTIMATE FY 2020
($ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL AUGUST	ESTIMATE AUGUST	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	785,262	757,200	28,062	3.7%	1,596,437	1,577,400	19,037	1.2%
Auto Sales & Use	145,333	135,500	9,833	7.3%	290,551	274,200	16,351	6.0%
Subtotal Sales & Use	930,595	892,700	37,895	4.2%	1,886,987	1,851,600	35,387	1.9%
Personal Income	721,347	706,300	15,047	2.1%	1,351,212	1,365,500	(14,288)	-1.0%
Corporate Franchise	(40)	0	(40)	N/A	(30)	0	(30)	N/A
Financial Institutions Tax	(7,561)	900	(8,461)	-940.1%	(7,540)	1,500	(9,040)	-602.7%
Commercial Activity Tax	321,961	303,800	18,161	6.0%	387,456	358,800	28,656	8.0%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	31,873	31,700	173	0.5%	32,088	31,800	288	0.9%
Kilowatt Hour	35,196	34,000	1,196	3.5%	57,081	59,000	(1,919)	-3.3%
Natural Gas Distribution	11,449	12,500	(1,051)	-8.4%	12,769	14,000	(1,231)	-8.8%
Foreign Insurance	177	400	(223)	-55.9%	736	1,300	(564)	-43.4%
Domestic Insurance	0	0	0	N/A	1	0	1	N/A
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	78,807	77,800	1,007	1.3%	99,364	100,900	(1,536)	-1.5%
Alcoholic Beverage	3,894	5,300	(1,406)	-26.5%	9,015	10,800	(1,785)	-16.5%
Liquor Gallonage	4,480	4,300	180	4.2%	8,709	8,600	109	1.3%
Estate	0	0	0	N/A	38	0	38	N/A
Total Tax Receipts	2,132,178	2,069,700	62,478	3.0%	3,837,886	3,803,800	34,086	0.9%
NON-TAX RECEIPTS								
Federal Grants	708,551	751,710	(43,160)	-5.7%	1,963,119	2,006,279	(43,160)	-2.2%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	5,199	4,806	393	8.2%	5,512	5,123	388	7.6%
Other Income	63,563	1,684	61,880	3675.6%	64,012	2,466	61,546	2495.4%
ISTV'S	1	0	1	N/A	11	0	11	N/A
Total Non-Tax Receipts	777,315	758,200	19,115	2.5%	2,032,654	2,013,868	18,785	0.9%
TOTAL REVENUES	**2,909,493**	**2,827,900**	**81,593**	**2.9%**	**5,870,539**	**5,817,668**	**52,871**	**0.9%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	69,480	68,570	911	1.3%	69,480	68,570	911	1.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	69,480	68,570	911	1.3%	69,480	68,570	911	1.3%
TOTAL SOURCES	**2,978,973**	**2,896,469**	**82,504**	**2.8%**	**5,940,020**	**5,886,238**	**53,782**	**0.9%**

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2020 VS ACTUAL FY 2019
($ in thousands)

REVENUE SOURCE	MONTH AUGUST FY 2020	MONTH AUGUST FY 2019	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2020	YEAR-TO-DATE ACTUAL FY 2019	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	785,262	745,931	39,331	5.3%	1,596,437	1,532,377	64,060	4.2%
Auto Sales & Use	145,333	137,928	7,405	5.4%	290,551	272,116	18,435	6.8%
Subtotal Sales & Use	930,595	883,859	46,736	5.3%	1,886,987	1,804,493	82,495	4.6%
Personal Income	721,347	714,474	6,873	1.0%	1,351,212	1,357,192	(5,980)	-0.4%
Corporate Franchise	(40)	115	(155)	-135.1%	(30)	141	(171)	-121.4%
Financial Institutions Tax	(7,561)	206	(7,766)	-3773.9%	(7,540)	466	(8,006)	-1718.3%
Commercial Activity Tax	321,961	292,970	28,991	9.9%	387,456	344,000	43,456	12.6%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	31,873	32,091	(218)	-0.7%	32,088	32,305	(217)	-0.7%
Kilowatt Hour	35,196	36,295	(1,099)	-3.0%	57,081	63,135	(6,055)	-9.6%
Natural Gas Distribution	11,449	13,249	(1,800)	-13.6%	12,769	14,839	(2,070)	-13.9%
Foreign Insurance	177	1,238	(1,062)	-85.7%	736	2,561	(1,825)	-71.2%
Domestic Insurance	0	0	0	733.3%	1	0	0	1566.7%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	78,807	84,367	(5,561)	-6.6%	99,364	107,922	(8,558)	-7.9%
Alcoholic Beverage	3,894	6,654	(2,760)	-41.5%	9,015	10,440	(1,424)	-13.6%
Liquor Gallonage	4,480	4,187	293	7.0%	8,709	8,404	304	3.6%
Estate	0	22	(21)	-97.7%	38	37	0	0.2%
Total Tax Receipts	2,132,178	2,069,728	62,451	3.0%	3,837,886	3,745,936	91,949	2.5%
NON-TAX RECEIPTS								
Federal Grants	708,551	917,873	(209,322)	-22.8%	1,963,119	1,872,048	91,071	4.9%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	5,199	4,836	363	7.5%	5,512	6,178	(666)	-10.8%
Other Income	63,563	1,764	61,799	3502.8%	64,012	5,225	58,787	1125.2%
ISTV'S	1	4	(2)	-62.1%	11	6	5	88.4%
Total Non-Tax Receipts	777,315	924,477	(147,162)	-15.9%	2,032,654	1,883,456	149,198	7.9%
TOTAL REVENUES	**2,909,493**	**2,994,204**	**(84,712)**	**-2.8%**	**5,870,539**	**5,629,392**	**241,147**	**4.3%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	69,480	0	69,480	N/A	69,480	75,995	(6,514)	-8.6%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	69,480	0	69,480	N/A	69,480	75,995	(6,514)	-8.6%
TOTAL SOURCES	**2,978,973**	**2,994,204**	**(15,231)**	**-0.5%**	**5,940,020**	**5,705,387**	**234,633**	**4.1%**

DISBURSEMENTS

August GRF disbursements, across all uses, totaled $3,386.5 million and were $86.4 million (2.5%) below estimate. This variance was primarily attributable to below estimate disbursements in the Medicaid category and was partially offset by expenditures that were above estimate in the General Government category. On a year-over-year basis, August total uses were $417.9 million (14.1%) higher than those of the same month in the previous fiscal year, with an increase in the Operating Transfers Out category largely responsible for the difference. Year-to-date variances from the estimate by category are provided in the table below.

Category	**Description**	**Year-Over-Year Variance**	**% Variance**
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	($228.0)	-7.7%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$645.9	25,836.1%
TOTAL DISBURSEMENTS VARIANCE:		**$417.9**	**14.1%**

GRF disbursements are reported according to functional categories. This section contains information describing GRF spending and variances within each of these categories.

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. August disbursements for this category totaled $754.0 million and were $4.6 million (0.6%) below estimate. This variance was primarily attributable to below estimate spending in the Operating Expenses, Educator Preparation, and Adult Diploma line items. These line items were below estimate due to the timing of payments, which are now expected to disburse in September. This variance was partially offset by above estimate spending in the Ohio Educational Computer Network line item. Payments to Information Technology Centers were made in August rather than September as originally planned. Expenditures for the school foundation program totaled $706.3 million and were $0.4 million (0.1%) above estimate. Year-to-date disbursements were $1,456.5 million, which is $4.6 million (0.3%) below estimate.

On a year-over-year basis, disbursements in this category were $71.1 million (10.4%) higher than the same month in the previous fiscal year while year-to-date expenditures were $13.2 million (0.9%) higher than the same point in fiscal year 2019. The year-over-year variance was primarily attributable to disbursing all foundation funding expenditures from the General Revenue Fund in August 2019, while some expenditures were shifted to the Lottery Profits Education Fund in August 2018.

Higher Education

August disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $185.9 million and were $1.8 million (1.0%) below the estimate for the month. This variance was primarily attributable to the Ohio College Opportunity Grant Program, which was below the monthly estimates by $3.9 million as a result of lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by the Central State University Supplement that was above monthly estimates by $2.9 million as a result of the timing of the MOU that was approved in August instead of September as anticipated.

Year-to-date disbursements were $353.5 million, which was $1.8 million (0.5%) below estimate. On a year-over-year basis, disbursements in this category were $4.3 million (2.3%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $21.5 million (5.7%) lower than at the same point in fiscal year 2019.

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.

August disbursements in this category totaled $9.0 million and were $0.1 million (0.6%) below estimate. Year-to-date disbursements were $17.7 million, which was $0.1 million (0.3%) below estimate. On a year-over-year basis, disbursements in this category were $1.7 million (16.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $0.9 million (4.9%) lower than at the same point in fiscal year 2019.

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.

<u>Expenditures</u>
August GRF disbursements for the Medicaid Program totaled $1,119.9 million and were $47.9 million (4.1%) below estimate and $257.2 million (18.7%) below disbursements for the same month in the previous fiscal year. GRF spending can change significantly on a monthly year-over-year basis due to the timing of the use of non-GRF funds in the program. In this case, August had significant non-GRF spending that drove down GRF spending, especially when comparing it to the previous fiscal year. Year-to-date GRF disbursements totaled $3,048.5 million and were $47.9 million (1.5%) below estimate and $172.1 million (6.0%) above disbursements for the same point in the previous fiscal year.

August all-funds disbursements for the Medicaid Program totaled $2,454.0 million and were $53.3 million (2.1%) below estimate and $348.8 million (16.6%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled $4,702.2 million and were $53.3 million (1.1%) below estimate and $408.9 million (9.5%) above disbursements for the same point in the previous fiscal year.

Both the August all-funds variance and the year-to-date variance were primarily attributable to below estimate spending in the fee-for-service and managed care programs. In the managed care program, enrollment in major categories was largely at estimate, however, per-member-per-month costs were lower than anticipated resulting in underspending. In the fee-for-service program, the variance was primarily attributable to the timing of payments and will likely return closer to estimate in the coming months barring any enrollment changes.

The year-to-date and monthly year-over-year variance is primarily attributable to a Hospital Care Assurance Program (HCAP) payment occurring in August of this fiscal year whereas an HCAP payment did not occur until December of fiscal year 2019.

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

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

	Aug. Actual	Aug. Projection	Variance	Variance %
GRF	$ 1,119.9	$ 1,167.7	$ (47.9)	-4.1%
Non-GRF	$ 1,334.1	$ 1,339.5	$ (5.4)	-0.4%
All Funds	$ 2,454.0	$ 2,507.3	$ (53.3)	-2.1%

Enrollment

Total August enrollment was 2.82 million, which was 4,283 (0.2%) above the estimate and 92,305 (3.1%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 2.82 million and was 5,880 (0.2%) above estimate.

August enrollment by major eligibility category was: Covered Families and Children, 1.6 million; Aged, Blind and Disabled (ABD), 488,946; Group VIII Expansion, 605,933; and Other Full Benefits, 13,248 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 childcare, 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.

August disbursements in this category totaled $99.5 million and were $11.0 million (9.9%) below estimate. Year-to-date disbursements were $223.6 million, which was $11.0 million (4.7%) below estimate. On a year-over-year basis, disbursements in this category were $3.4 million (3.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $0.4 million (0.2%) higher than at the same point in fiscal year 2019.

Department of Job and Family Services
August disbursements for the Department of Job and Family Services totaled $30.5 million and were $9.4 million (23.5%) below estimate. This variance was primarily attributable to the Program Operations line item, which was approximately $3.7 million below estimate because program invoice payments were lower than anticipated. Additionally, the Children and Family Services line item was approximately $2.9 million below estimate due to multiple county allocations being lower than originally anticipated.

Department of Mental Health and Addiction Services
August disbursements for the Department of Mental Health and Addiction Services totaled $51.8 million and were $0.3 million (0.7%) below estimate. The Hospital Services line item was $0.9 million above estimate due to delayed Office of Pharmacy Services payments, which occurred in August instead of July. Additionally, the Community Innovations line item was $1.2 million above estimate, also due to the timing of payments. These variances were offset by the Criminal Justice Services line item, which was $1.7 million below estimate due to the timing of a portion of a quarterly allocation payment.

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.

August disbursements in this category totaled $195.9 million and were $11.2 million (5.4%) below estimate. Year-to-date disbursements were $462.9 million, which was $11.2 million (2.4%) below estimate. On a year-over-year basis, disbursements in this category were $40.4 million (26.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $8.7 million (1.9%) higher than at the same point in fiscal year 2019.

Department of Rehabilitation and Correction
August disbursements for the Department of Rehabilitation and Correction totaled $149.5 million and were $1.1 million (0.8%) below estimate. This variance was primarily attributable to below estimate spending in several line items. The Community Non-Residential Programs line item was $5.1 million below estimate, the Halfway House line item was $1.7 million below estimate, and the Community Residential Programs line item was $1.2 million below estimate. These variances were due to changes in the timing of payments and the recalculation of grant distributions after the interim budget. These variances were partially offset by the Institutional Medical Services line item, which was $5.0 million above estimate due to the timing of major contracts. Finally, the Institutional Operations line item was $2.6 million above estimate due to timing of payments.

Department of Youth Services
August disbursements for the Department of Youth Services totaled $16.5 million and were $1.7 million (7.7%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was $1.2 million below estimate due to timing of payments.

Public Defender Commission
August disbursements for the Public Defender Commission totaled $7.3 million and were $2.2 million (22.9%) below estimate. This variance was primarily attributable to the timing of disbursements in the County Reimbursement line item, which were estimated to be $8.5 million in August. However, only $6.6 million was disbursed from this line item in August, and the remainder is expected to be disbursed in future months.

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.

August disbursements in this category totaled $34.8 million and were $4.9 million (16.5%) above estimate. Year-to-date disbursements were $81.6 million, which was $4.9 million (6.4%) above estimate. On a year-over-year basis, disbursements in this category were $2.3 million (7.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $6.7 million (8.9%) higher than at the same point in fiscal year 2019.

Department of Agriculture
August disbursements for the Department of Agriculture totaled $6.9 million and were $5.1 million (295.7%) above estimates. This variance was primarily attributable to the Soil and Water District Support line item, which was approximately $3.9 million above estimate because of subsidy payments that were originally estimated for later in the quarter.

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. Property tax reimbursements totaled $201.4 million in August and were $20.4 million (9.2%) below estimate. A variance of this size is not unusual in this disbursement category and reflects reimbursement requests being received from counties later than anticipated.

Debt Service

August payments for debt service totaled $137.9 million and were at estimate. Year-to-date expenses in this category total $386.0 million and are also at estimate. Year-over-year, payments were $1.1 million (0.3%) higher than at the same time in the previous fiscal year.

Transfers Out

August and year-to-date transfers out totaled $648.4 million and were $5.6 million (0.9%) above estimate. This variance was primarily attributable to a $20 million transfer to the Tourism Ohio fund occurring in August rather than October, as estimated. Partially offsetting this overage were expected transfers to the Information Technology Development fund ($9.0 million) and the State Parks fund ($5.0 million) that have not yet occurred. These transfers are likely to occur in the next few months.

Table 3

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2020 VS ESTIMATE FY 2020
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL AUGUST	MONTH ESTIMATED AUGUST	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	753,993	758,575	(4,582)	-0.6%	1,456,515	1,461,097	(4,582)	-0.3%
Higher Education	185,908	187,713	(1,805)	-1.0%	353,466	355,271	(1,805)	-0.5%
Other Education	9,002	9,054	(52)	-0.6%	17,656	17,708	(52)	-0.3%
Medicaid	1,119,861	1,167,732	(47,871)	-4.1%	3,048,542	3,096,414	(47,871)	-1.5%
Health and Human Services	99,462	110,445	(10,982)	-9.9%	223,563	234,545	(10,982)	-4.7%
Justice and Public Protection	195,883	207,095	(11,212)	-5.4%	462,916	474,128	(11,212)	-2.4%
General Government	34,753	29,839	4,914	16.5%	81,627	76,713	4,914	6.4%
Property Tax Reimbursements	201,355	221,795	(20,440)	-9.2%	201,355	221,795	(20,440)	-9.2%
Debt Service	137,906	137,906	0	0.0%	386,012	386,012	0	0.0%
Total Expenditures & ISTV's	**2,738,123**	**2,830,154**	**(92,031)**	**-3.3%**	**6,231,653**	**6,323,684**	**(92,031)**	**-1.5%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	648,403	642,775	5,628	0.9%	648,403	642,775	5,628	0.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**648,403**	**642,775**	**5,628**	**0.9%**	**648,403**	**642,775**	**5,628**	**0.9%**
Total Fund Uses	**3,386,526**	**3,472,929**	**(86,403)**	**-2.5%**	**6,880,056**	**6,966,459**	**(86,403)**	**-1.2%**

Table 4

GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2020 VS ACTUAL FY 2019
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**AUGUST FY 2020**	**AUGUST FY 2019**	**$ VAR**	**% VAR**	**ACTUAL FY 2020**	**ACTUAL FY 2019**	**$ VAR**	**% VAR**
Primary and Secondary Education	753,993	682,920	71,074	10.4%	1,456,515	1,443,273	13,243	0.9%
Higher Education	185,908	190,203	(4,296)	-2.3%	353,466	374,997	(21,531)	-5.7%
Other Education	9,002	10,734	(1,732)	-16.1%	17,656	18,562	(906)	-4.9%
Medicaid	1,119,861	1,377,104	(257,243)	-18.7%	3,048,542	2,876,450	172,092	6.0%
Health and Human Services	99,462	96,101	3,362	3.5%	223,563	223,129	434	0.2%
Justice and Public Protection	195,883	155,492	40,391	26.0%	462,916	454,243	8,673	1.9%
General Government	34,753	32,441	2,312	7.1%	81,627	74,963	6,664	8.9%
Property Tax Reimbursements	201,355	279,343	(77,987)	-27.9%	201,355	279,337	(77,981)	-27.9%
Debt Service	137,906	141,790	(3,884)	-2.7%	386,012	384,878	1,134	0.3%
Total Expenditures & ISTV's	**2,738,123**	**2,966,127**	**(228,004)**	**-7.7%**	**6,231,653**	**6,129,832**	**101,821**	**1.7%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	657,503	(657,503)	N/A
Operating Transfer Out	648,403	2,500	645,903	25,836.1%	648,403	84,355	564,048	668.7%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**648,403**	**2,500**	**645,903**	**25,836.1%**	**648,403**	**741,858**	**(93,455)**	**-12.6%**
Total Fund Uses	**3,386,526**	**2,968,627**	**417,899**	**14.1%**	**6,880,056**	**6,871,689**	**8,366**	**0.1%**

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for fiscal year 2020. Based on the estimated revenue sources for fiscal year 2020 and the estimated fiscal year 2020 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for fiscal year 2020 is estimated to be $593.2 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in fiscal year 2020 because the biennial budget includes carrying-over this balance into fiscal year 2021, nor should it be considered as equivalent to the fiscal year 2020 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 2020
($ in thousands)

JULY 1, 2019 Beginning Cash Balance*	**1,538,011.8**
Plus FY 2020 Estimated Revenues	23,981,102.1
Plus FY 2020 Estimated Federal Revenues	9,868,943.2
Plus FY 2020 Estimated Transfers to GRF	215,044.4
Total Sources Available for Expenditures & Transfers	**35,603,101.5**
Less FY 2020 Estimated Disbursements**	33,969,087.5
Less Estimated Total Encumbrances as of June 30, 2020	357,122.8
Less FY 2020 Estimated Transfers Out	683,675.1
Total Estimated Uses	**35,009,885.3**
FY 2020 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**593,216.2**

*** Includes reservations of $391.6 million for prior year encumbrances. After accounting for this adjustment, the estimated unencumbered beginning fund balance for fiscal year 2020 is $1,146.4 million.**

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

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