

December 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:



Nonfarm payrolls across the country increased by 266,000 jobs in November, exceeding estimates, which had predicted an increase of approximately 190,000 jobs.



The consensus among forecasters is that real GDP growth is continuing in the fourth quarter at a 0.8-1.6 percent pace, somewhat weaker than in the third quarter.



November auto sales tax revenues were \$118.5 million, \$12.6 million (11.9%) over the estimate. This month builds on the four prior months' overages, now putting year-to-date auto sales tax revenues \$39.4 million (6.1%) over the estimate.



The Department of Taxation was able to identify at least \$20 million in additional sales tax revenues attributable to House Bill 166 of the 133rd General Assembly, which allows collection of Ohio sales tax from out of state sellers and "marketplace facilitators", particularly those that make and enable online sales.



Total employment increased by 95,509 workers during the year ending in October and the number of unemployed people decreased by 18,902, reflecting an increase in the labor force of 76,607 people.



November GRF personal income tax receipts totaled \$603.5 million and were \$36.6 million (5.7%) below the estimate. Year-to-date, personal income tax revenue is \$38.4 million (1.1%) below estimate.

## **Economic Growth**

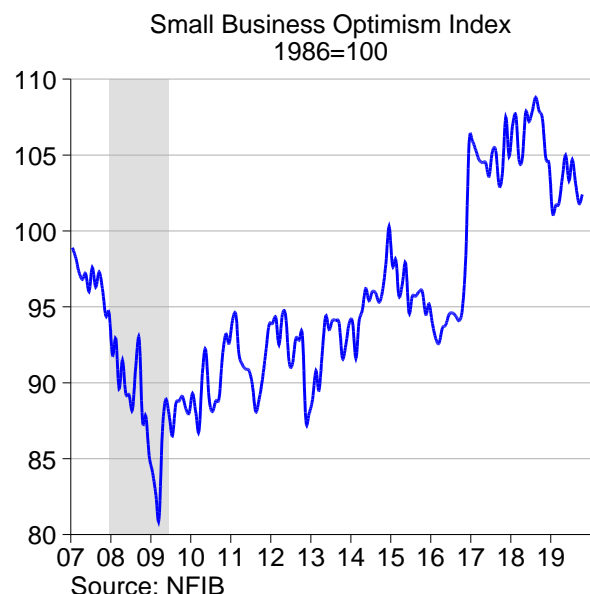
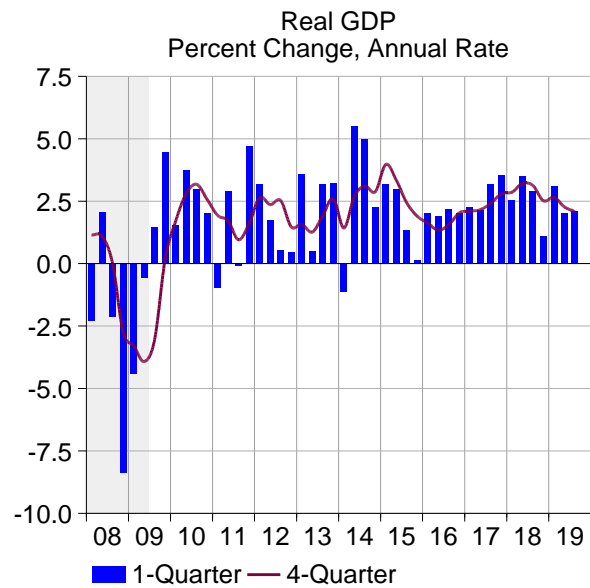
Growth continued over the summer at about the same pace as in the second quarter, as consumption fueled growth and investment held it back. **Real GDP** expanded by 2.1 percent during the third quarter, a bit faster than initially reported. The economy was 2.1 percent larger than a year earlier. Growth has slowed on a year-over-year basis since reaching 3.2 percent in the second quarter of 2018. The U.S. economy has now expanded for a record 41 straight quarters at a compound annual rate of 2.3 percent.

The increase in real GDP in the third quarter reflected positive contributions from personal consumption expenditures (1.97 percentage points), government (0.28pp), and Investment in Residential Structures (0.18pp). Consumer spending was strong across categories, with durables, nondurables, and services all contributing. Federal, state, and local government spending all made positive contributions, with federal non-defense expenditures having the largest impact. The increase in Investment in Residential Structures was the first following decreases for six straight quarters totaling -5.4 percent.

Subtracting from growth were Business Investment in Structures (-0.37pp) and Equipment (-0.22pp). The change in Net Exports also subtracted modestly (-0.11pp). Investment in Nonresidential Structures decreased by 7.7 percent from the second quarter of 2018 through the third quarter, after increasing by 15.3 percent from a low-point in the first quarter of 2016 to the second quarter of 2018. Investment in Nonresidential Equipment decreased in the third quarter for the first meaningful decline since 2016 after a flattening-out during 2018 that followed rapid growth in 2017.

Sentiment among small businesses remained on the plateau of the past year in October, still at a relatively high level but below the peak reached in the summer of 2018, according to the Index of Small Business Optimism from the **National Federation of Independent Business (NFIB)**. Activity was said to be very solid during the month. Eight of the ten index components advanced, led by hiring plans, inventory investment, and capital spending.

Ohio economic activity ticked up in October after two flat months, according to the **Ohio coincident economic index** from the Philadelphia Federal Reserve. The index increased 0.1 percent and the previous month was revised up to unchanged. Compared with a year ago, the index was higher



by 2.1 percent, up from a recent low of 1.6 percent in February. Economic activity in and around Ohio was reported to have increased modestly on balance into mid-November after several months of little growth, according to a regular survey of businesses conducted by the Cleveland Federal Reserve Bank.

The diffusion of **state-level coincident economic indexes** continued to deteriorate in October. The level was lower than the month before for ten states in October, up from seven the prior month. Compared with three months earlier, the index was lower for seven states, up from four states the month before. While indicating weakness, both readings remain better than those observed shortly before recessions in the past.

The number of negative readings among individual **state-level composite leading indexes** compiled by the Philadelphia Federal Reserve increased to six in October. The September number was revised down from seven to five. The current number of states with negative values is below levels observed prior to the three previous recessions.

The **Ohio leading index**, which is designed to predict growth in the coincident index six months ahead, was essentially zero for the third consecutive month in October. The 3-month average reading is the lowest since shortly after the end of the 2007-09 recession.

The difference between the yields on the 10-year and 1-year Treasury notes increased farther into positive territory in November after being slightly negative in August and September. The shift reversed the so-called inverted yield curve, which had raised concerns that the economy was at heightened risk of a near-term recession. The recent inversion is noteworthy and might very well portend 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, also have proven reliable, often avoiding false signals. In addition, recessions have followed yield curve inversions with extended delays.

The Conference Board's composite **Leading Economic Index** (LEI) is a well-known composite index with a long track record. The LEI fell 0.1 percent in October for the third monthly decline in a row. The Conference Board attributed the recent weakness to new orders of manufactured goods, average weekly hours, and unemployment insurance claims, concluding that "the economy will end the year on a weak note."

As shown in the table below, the **consensus among forecasters** is that real GDP growth is continuing in the fourth quarter at a 0.8-1.6 percent pace, somewhat weaker than in the third quarter.

Source	Date	2019-Q4 GDP Forecast
Atlanta FRB (GDPNow)	12/5/19	1.5%
New York FRB (Nowcast)	11/29/19	0.8%
Philadelphia FRB (SPF*)	11/15/19	1.9%
Blue Chip	12/5/19	1.5% (1.0%-2.0%)
IHS	12/5/19	1.6%
*Survey of Professional Forecasters (2 <sup>nd</sup> month of each quarter)		

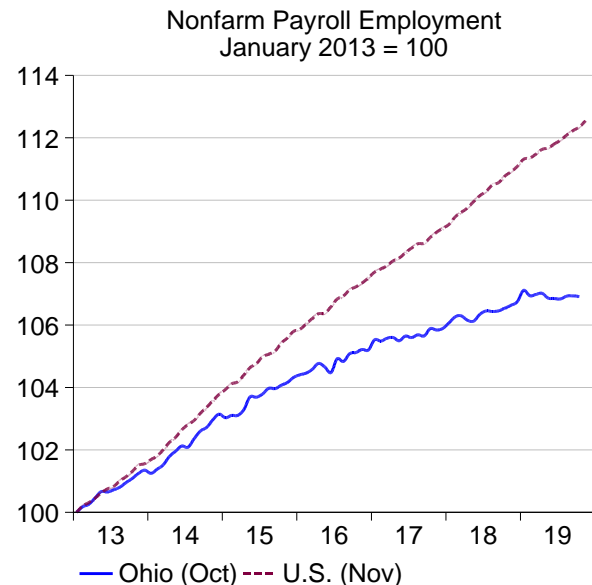
## **Employment**

**Nonfarm payrolls** across the country increased by 266,000 jobs in November, compared with expectations of approximately 190,000. The October increase was revised up by 28,000 jobs to 156,000 and the September increase was revised up by 13,000 jobs to 193,000 for a total upward revision for the two months of 41,000 jobs. The increases lifted the 3-month moving average to 205,000 per month, up considerably from the tally a month ago and somewhat higher than the 188,000 average during the prior three months. Employment growth during the first eleven months of the year slowed to 1.977 million, down from 2,452 million in the year earlier period.

Gains were widespread across sectors during November, with only Mining registering a decrease (-7,000). Education and Health Services had the largest increase (74,000), reflecting gains in Health Care (45,200), Social Assistance (15,000), and Educational Services (13,600). The next largest gain occurred in Manufacturing (54,000), where an increase of 41,300 in Motor Vehicles and Parts reversed the strike-related decrease of about the same size that occurred in October. Professional and Business Services added 38,000 jobs, including a 4,800 gain in Temporary Help Services, followed by smaller additions in Trade, Transportation, and Utilities (14,000) and Government (12,000), where more than all of the increase occurred at the local level. Construction added just 1,000 jobs.

The **unemployment rate** ticked back down by 0.1 percentage point to the 50-year low of 3.5 percent. While the low level of unemployment is not a guarantee of future growth, the fact that the rate is generally flat to down over various recent intervals is a reliable indication that a business cycle downturn is not in the immediate future. The rate has typically increased at least 0.4 percentage points above its low during the previous twelve months just before or as the economy has transitioned into recession in the past. Worker pay continued to rise as **average hourly earnings** increased 0.2 percent to 3.1 percent year-over-year, which is about the recent run-rate.

**Ohio nonfarm payroll employment** decreased by 1,000 in October and the September change was revised up from a decrease of 1,500 jobs to an increase of 400 jobs. Employment has increased by 8,800 jobs year-to-date. Monthly gains have slowed to an average of 1,633 per month during the most recent twelve months from 2,850 during the twelve months ending in October 2018. The slowdown has occurred in the Manufacturing, the Trade, Transportation and Utilities, and the Construction sectors in order of magnitude. Employment growth picked up during the period in the Educational and Health Services and the Leisure and Hospitality sectors and flipped from a decline to an increase in the Government sector.



Compared with a year earlier, Ohio employment was higher by 19,600 jobs in October. Educational and Health Services (12,600), Leisure and Hospitality (12,400), and Government (6,400) made the largest contributions. Employment decreased in Construction (-8,600), Trade, Transportation and Utilities (-6,000), and Manufacturing (-2,000).

Employment was said to be increasing slightly in and around Ohio, according to the Cleveland Fed survey. Professional and business services firms continued to add staff in response to strong customer demand. Construction contractors reported that typical seasonal layoffs have been delayed. Nonseasonal retail staffing levels were reportedly stable.

The **Ohio unemployment rate** was steady at 4.2 percent for a second month in October, up from a low of 4.0 percent in June and July. Total employment increased by 95,509 workers during the year ending in October and the number of unemployed people decreased by 18,902, reflecting an increase in the labor force of 76,607 people. Across the country in October, the unemployment rate was not statistically different from the month before in forty-four states. South Carolina posted the largest decrease (-0.3 percentage points) among the four states with meaningful declines, while Delaware and Pennsylvania had the only increases (0.2pp).

Among the **contiguous states**, employment increased on a year-over-year basis in Kentucky (1.6%), Indiana and Pennsylvania (0.5%), and Ohio and West Virginia (0.4%), and was unchanged in Michigan. Manufacturing employment increased year-over-year in Kentucky (1.1%) and West Virginia (0.6%) and decreased in Ohio (0.3%), Indiana (1.4%), Pennsylvania (1.7%), and Michigan (4.2%), with the Michigan decline reflecting the temporary effects of the now-resolved automobile workers strike.

### **Consumer Income and Consumption**

The household sector remained an engine of growth in October. **Personal income** was essentially unchanged in the month, due to decreases in tariff-related government support payments to farmers and decreases in personal interest income and dividends. Excluding those declines, personal income would have increased 0.3 percent. **Wage and salary disbursements** increased 0.4 percent, including strike pay and payments associated with the contract ratification for members of the United Automobile Workers. Compared with a year earlier, personal income was higher by 4.4 percent and wage and salary disbursements were up by 4.9 percent.

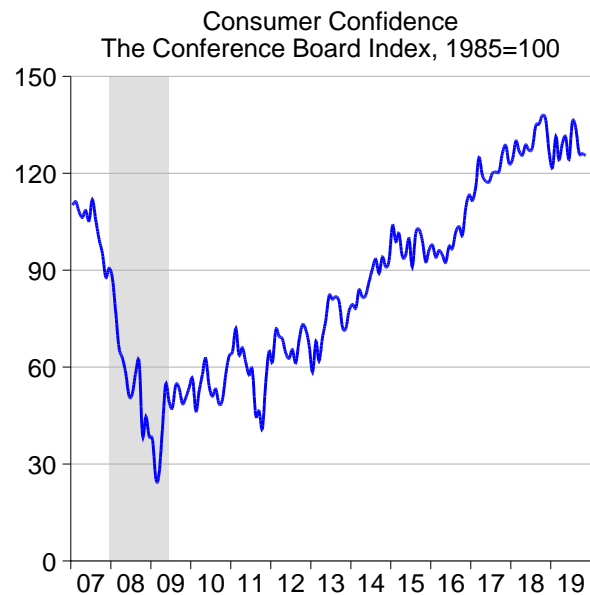
Real personal income fell during the month, but wage and salary disbursements kept up with or exceeded inflation, depending on the price index. The Consumer Price Index (CPI) increased 0.4 percent on the month, but the large increase came after no change the month before and has increased by an average of a moderate 0.2 percent during the most recent four months. The core CPI increased 0.2 percent and the core PCE price index – the Fed’s main measure of inflation – rose just 0.1 percent.

**Personal consumption expenditures (PCE)** increased 0.3 percent in October. Increases in spending on services (0.3%) and non-durable goods (0.6%) more than offset the decrease in spending for durable goods (-0.7%). Household electricity and gas was the largest contributor to the increase in spending on services, while new motor vehicles was the largest contributor to the decrease in spending for durable goods. Unit sales of light motor vehicles decreased 3.6 percent in October to an annual rate of 16.5 million units before rebounding 3.4 percent in November to a 17.1 million rate.



Retailers in and around Ohio reported slightly higher sales through mid-November than in late summer, according to the Cleveland Fed survey. Respondents in hospitality and apparel said that activity was mixed, with sales up only slightly. Nonetheless, retailers generally were upbeat about near-term sales prospects and a positive holiday shopping season.

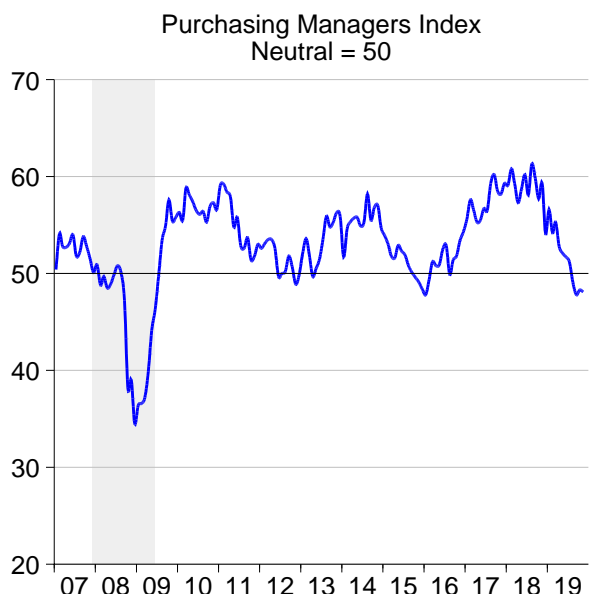
**Consumer attitudes** were stable in November, as expectations improved modestly and assessments of current conditions deteriorated a bit. Net expectations for income growth over the next six months remain strong, according The Conference Board survey. Purchasing plans were mixed and have trended lower during the past year. According to the University of Michigan survey, attitudes improved among higher-income households and deteriorated among lower-income households. Index levels from both surveys remain at historically very high levels, pointing toward continued growth in household income and spending.



### **Industrial Activity**

The United Autoworkers Union strike against General Motors (GM) depressed industrial activity during October, pulling down total **industrial production** by 0.8 percent and **manufacturing** output by 0.6 percent. Excluding the impact of the strike, manufacturing production still declined but by only 0.1 percent, keeping it on the modest and uneven path upward that began in May. Activity has been held back this year by a scaling back of inventory building, which appears to have run its course, and strength in the dollar, slower demand growth overseas, and tariffs.

In and around Ohio, manufacturers reported a slight increase in activity into mid-November as compared with late summer, according to the Cleveland Fed survey. Overall conditions were reported as relatively soft, although domestic demand has been better than anticipated. Within the context of normally slower activity during the holidays, manufacturers generally were upbeat and expected improved conditions in coming months. Several reported plans for higher capital spending in 2020.



The **Purchasing Managers Index** (PMI) edged down in November, remaining below the neutral level of 50 for a fourth consecutive month. The index was below 50 for the five months ending in February 2016, during which time it reached a low of 47.8. Notable developments in November included a 1.9 point drop in the New Orders component back to its August low of 47.2. At the same time, however, the Production index

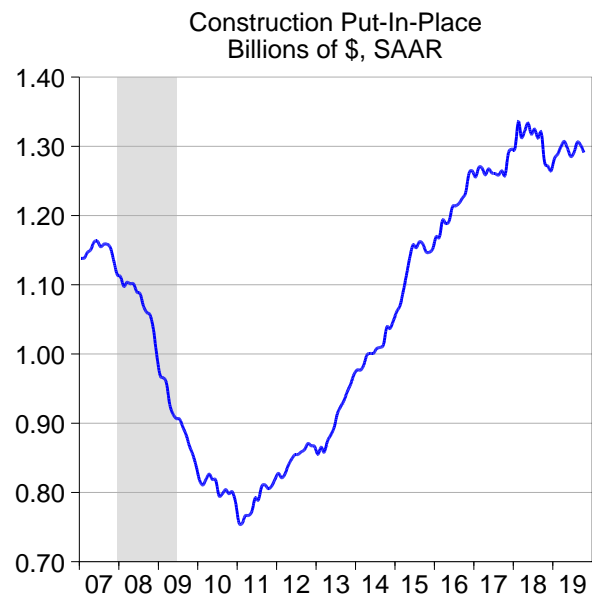
increased from 46.2 to 49.1. The Imports index increased but remained below 50, while the New Export Orders index fell from 50.4 to 47.9. A level of 50 or below for the composite PMI index is consistent with contraction in the manufacturing sector. A level of 46 or below is consistent with a broad business cycle recession.

Of the eighteen industries tracked by the Manufacturing ISM<sup>®</sup> *Report on Business*, only five reported growth in the latest month, the same as in the previous month. Almost all eighteen industries reported growth just a few months ago. Among industries with a major effect on Ohio manufacturing employment, Fabricated Metal Products, Transportation Equipment, Primary Metals, and Machinery, all reported contraction in order from largest to smallest decline.

A source in the Transportation Equipment industry said, “uncertainty continues,” but added that the “outlook ... is cautious, yet positive.” A contact in the Machinery industry reported that “production will be stable for the rest of this year.” A source in Fabricated Metal Products reported that orders continue “to shrink below our forecast levels” and said, “we’re unsure ... how much of the slowdown is tied to certain [one-time] events ... or a worsening economy.”

## **Construction**

**Construction put-in-place** unexpectedly decreased in October, falling 0.8 percent after a September decline of 0.3 percent that was revised down from a 0.5 percent increase. Private sector construction dropped 1.0 percent and the previous change was revised down from 0.2 percent to -1.1 percent. Both private residential and nonresidential declined in September and October, reflecting decreases in multi-family and improvements that more than offset increases in single-family. The October slide in nonresidential was led by the commercial and power industries. Public sector construction put-in-place dipped by 0.2 percent after a 1.9 percent increase the month before. The pace of overall construction activity is essentially unchanged since late 2017.



In and around Ohio, construction contacts reported strengthening demand, whereas real estate contacts said that demand was flat, according to the Cleveland Fed. Nonresidential contractors pointed to slight growth in demand from summer into mid-November across a wide array of industries and were upbeat about the future. Homebuilders noted that demand has increased modestly in recent months, attributing the progress to low mortgage rates and growing household incomes. Homebuilders expect growing demand, whereas realtors see demand staying the same.

The **Housing Market Index** (HMI) from the National Association of Homebuilders (NAHB) was stable in November, after recovering for the most part from the steep drop during 2018. Nationally, the HMI edged down by one point to 70, up 25.0 percent from its December 2018 low but still 5.4 percent below its December 2017 peak. The HMI for the Midwest inched up by one point to 58, remaining well below the one-month extreme high in December 2017, but up 18.4 percent from its January 2019 low. The index is based on assessments of current sales, expected sales in six months, and traffic of prospective buyers of new homes.

Housing activity generally strengthened in October. **Housing starts** increased 2.9 percent on a 3-month moving average basis, as both single-family and multi-family activity expanded. In the Midwest, starts increased 0.4 percent, also on a 3-month moving average basis, as a 4.0 percent gain in multi-family outweighed a 1.1 percent decline in single-family – the second monthly decline in a row. The more forward-looking housing permits also posted gains across unit types. Sales of both existing homes and newly built homes posted increases on a 3-month moving average basis both nationally and in the Midwest.



## **REVENUES**

**November GRF receipts totaled \$2,612.5 million** and were \$224.9 million (7.9%) below estimate, largely due to lower-than-estimated Federal grant revenues. For the month, GRF tax revenues were \$1.99 million (0.1%) below estimate. Non-tax receipts and transfers, excluding federal grants, were \$0.9 million (31.9%) above estimate. Federal grants were below estimate by \$223.7 million (27.1%).

For the year, GRF revenues are \$139.7 million (1.0%) below estimate. Tax revenues are \$95.0 million (1.0%) above estimate. More broadly, total non-federal revenues through November are \$133.6 million (1.4%) above estimate. Federal grants are \$273.4 million (6.3%) below estimate.

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
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	\$95.0	1.0%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$241.7)	-5.4%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$7.0	10.2%
<b>TOTAL REVENUE VARIANCE:</b>		<b>(\$139.7)</b>	<b>-1.0%</b>
<b>Non-federal revenue variance</b>		<b>\$133.6</b>	<b>1.4%</b>
<b>Federal grants variance</b>		<b>(\$273.4)</b>	<b>-6.3%</b>

Non-auto sales tax had the largest overage for the month, at \$19.3 million (2.4%). There were also notable positive variances for auto sales tax at \$12.6 million (11.9%), foreign insurance tax at \$8.4 million (87.8%), and financial institutions tax at \$4.7 million (59.9%). Categories below estimate for the month included Federal grants as previously noted, personal income tax (5.7% below estimate), public utility tax (17.8% below), and commercial activity tax (1.4% below).

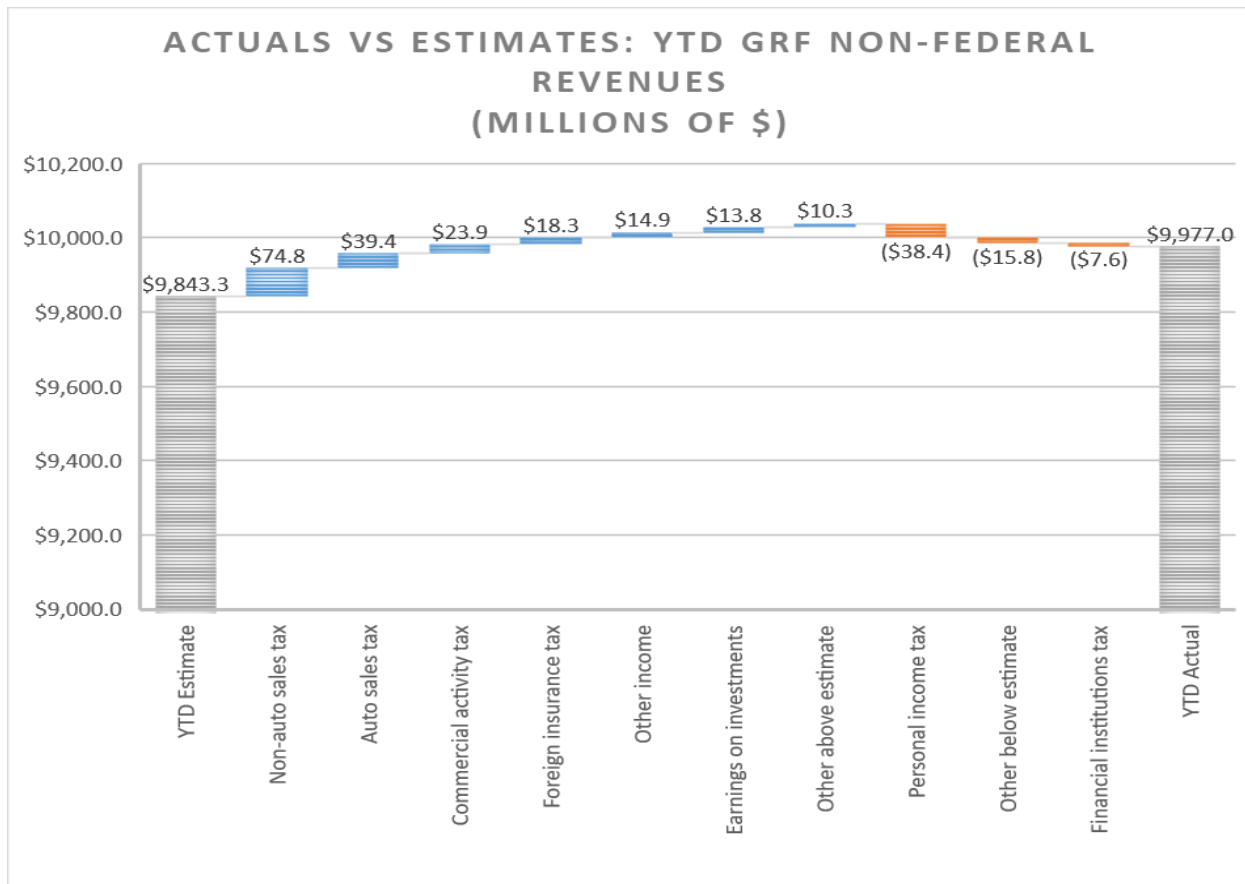
The table below shows that sources exceeding estimate (an excess totaling \$46.4 million) in November were outweighed by the size of revenue underperformers (a shortfall of \$271.3 million), resulting in a \$224.9 million net negative variance from estimate. As previously noted, most of the negative variance is attributable to the underage in Federal grants.

**GRF Revenue Sources Relative to Monthly Estimates – November 2019**  
**(\$ in millions)**

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Non-auto sales tax	\$19.3	Federal grants	(\$223.7)
Auto sales tax	\$12.6	Personal income tax	(\$36.6)
Foreign insurance tax	\$8.4	Public utility tax	(\$5.3)
Financial institutions tax	\$4.7	Commercial activity tax	(\$4.6)
Other sources above estimate	\$1.5	Other sources below estimate	(\$1.1)
<b>Total above</b>	<b>\$46.4</b>	<b>Total below</b>	<b>(\$271.3)</b>

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

The following chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues through November. Both the auto and non-auto sales taxes have exceeded estimate year-to-date. A small negative variance in the personal income tax is also apparent, mostly attributable to November's results.



On a year-over-year basis, monthly receipts were \$209.4 million (7.4%) lower than in November of the previous fiscal year. This net decline was mostly due to federal grants, which were \$173.4 million (22.4%) below last year, followed by personal income tax which was \$82.3 million (12.0%) lower than last November. Non-auto sales tax receipts were \$36.1 million (4.6%) higher than the prior year, while foreign insurance tax increased by \$17.4 million (93.7%).

For the year, total revenues are up \$15.0 million (0.1%). The growth was led by non-auto sales tax at \$201.8 million (5.4%), followed by auto sales tax at \$51.1 million (8.1%). Federal grant revenue accounts for the greatest portion of declining sources through the year, at \$267.5 million (6.1%).

### **Non-Auto Sales Tax**

GRF non-auto sales and use tax collections in November totaled \$823.4 million and were \$19.3 million (2.4%) above the estimate. Year-to-date non-auto sales tax revenue is over the estimate by \$74.8 million (1.9%). For November, year-over-year growth in non-auto GRF sales tax revenue was \$36.1 million (4.6%). For the year-to-date, non-auto sales tax revenue has grown by \$201.8 million (5.4%) over last year.

November continued to build on the strong overage experienced in October. November is the second month to be impacted by a new law pertaining to the collection of Ohio sales tax by out-of-state sellers — including so-called “marketplace facilitators” (enacted by House Bill 166, 133<sup>rd</sup> General Assembly). Data analysis completed by the Department of Taxation identified that at least \$20 million in additional state sales tax revenue in November was attributable to the law change. This figure exceeds the \$11 million estimate for the month by \$9 million.

### **Auto Sales Tax**

November auto sales tax revenues were \$118.5 million, \$12.6 million (11.9%) over the estimate. This month builds on the four prior months’ overages, putting year-to-date auto sales tax revenues \$39.4 million (6.1%) over estimate. November auto sales tax revenues were \$8.0 million (7.2%) over the prior year, and year-to-date revenues are \$51.1 million (8.1%) over the previous year.

U.S. light vehicle sales data reported by the Bureau of Economic Analysis for the month of November were up from the previous month. Using a seasonally adjusted annual rate (the amount of sales that occurred during the month after being adjusted for seasonal fluctuations and expressed as an annualized total), November sales were at 17.1 million units compared to 16.5 million units in October. November’s level is down from 17.4 million units in the previous November.

Once again, average transaction prices remain a source of growth in auto sales tax revenues. Per Kelley Blue Book, the average U.S. transaction price for new vehicles was over \$38,393 (before consumer incentives) in November, growing 1.0 percent over the prior November.

## Personal Income Tax

November GRF personal income tax receipts totaled \$603.5 million and were \$36.6 million (5.7%) below the estimate. Year-to-date, personal income tax revenue is \$38.4 million (1.1%) below estimate. On a year-over-year basis, November income tax collections were \$82.3 million (12.0%) below November 2018 collections. Collections for the year-to-date are \$9.8 million (0.3%) below the previous year. However, it is important to remember that a withholding rate reduction took effect in January 2019. That cut resulted in \$126 million less in withholding collections between July and November; absent this change, collections would have grown by 3.2 percent.

Withholding tax payments missed the estimate in November by \$9.3 million (1.3%). Compared to last November, withholding declined by \$47.9 million (6.3%). Interestingly, this result almost exactly offsets the year-over-year increase observed in October, a month which exceeded estimate. This offsetting suggests that hard-to-predict payment timing variations played some role in both months' results. As noted above, growth would have been higher if not for the fact that withholding tax rates are 3.3 percent lower than last calendar year. Withholding is now \$23.0 million (0.6%) above estimate through the first five months of the fiscal year. It has grown 1.4 percent above the prior year, compared to 0.8 percent in anticipated growth.

For taxpayers that claimed a tax return filing extension in tax year 2019, October was the month in which their annual returns were due. Refund activity in October was larger than anticipated. Although the absolute amounts in November were considerably lower than in October, refunds again exceeded estimate during the month: refunds were \$13.3 million (16.8%) greater than estimate. On a fiscal year-to-date basis, refunds exceed estimate by \$54.6 million (15.5%) and are \$95.0 million (30.6%) above the preceding year.

As discussed in last month's report, the larger than anticipated refunds in the last several months slightly dampen the final results of the 2019 tax filing season, but do not change the conclusion that the filing season was overwhelmingly positive. The unusual dynamics of the 2019 tax filing season – low fourth quarter estimated payments, extremely high annual return payments, high filing extension refunds – may all be partly the result of changes in taxpayer and tax preparer behavior from the 2017 federal tax reform bill, the Tax Cuts and Jobs Act (TCJA).

November is not a significant month for collections from other tax payment categories (estimated payments, annual returns, trusts, and other). Nonetheless, total payments across these categories were \$10.0 (29.8%) below estimate. For the year, each of these categories remains above estimate with the exception of quarterly estimated payments which are \$6.0 million (2.1%) below the forecast.

<b>NOVEMBER PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	Actual November	Estimate November	\$ Var	Actual Nov-2019	Actual Nov- 2018	\$ Var Y-Over-Y
Withholding	\$711.6	\$720.9	(\$9.3)	\$711.6	\$759.5	(\$47.9)
Quarterly Est.	\$8.2	\$10.0	(\$1.8)	\$8.2	\$9.1	(\$0.9)
Annual Returns & 40 P	\$9.4	\$14.8	(\$5.4)	\$9.4	\$12.3	(\$2.9)
Trust Payments	\$0.5	\$0.6	(\$0.1)	\$0.5	\$0.6	(\$0.1)
Other	\$5.5	\$8.2	(\$2.7)	\$5.5	\$8.0	(\$2.5)
Less: Refunds	(\$92.7)	(\$79.4)	(\$13.3)	(\$92.7)	(\$70.6)	(\$22.2)
Local Distr.	(\$38.9)	(\$35.0)	(\$3.9)	(\$38.9)	(\$33.2)	(\$5.8)
Net to GRF	\$603.5	\$640.1	(\$36.6)	\$603.5	\$685.7	(\$82.3)

(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)**

As in October, the CAT did not reach estimate in November, falling short by \$4.6 million (1.4%). Year-to-date, GRF revenue from the CAT is \$23.9 million (3.1%) above estimate. November revenue had no material variance from in November 2018, and year-to-date revenue from this source is \$40.3 million (5.3%) above the first five months of the prior fiscal year.

### **Public Utility Excise Tax**

The public utility excise tax was \$5.3 million (17.8%) below estimate in November. It has declined by \$8.0 million (24.7%) from the previous year. The preponderance of the tax is paid by natural gas companies on a quarterly schedule. The November 2019 results also reflect a marked decline from August 2019, the previous quarterly payment month, whose results also slightly exceeded estimate and were also close to the prior August. It is not yet clear whether short-term dynamics specific to the recent quarter accounted for the November downturn or if longer term effects are at play. OBM will continue to monitor this revenue source to discern possible causes and their implications for the remainder of the fiscal year.

### **Foreign Insurance Premiums Tax**

For a second successive month, the foreign insurance premiums tax exceeded the estimate. In November revenue was \$8.4 million above estimate. For the year, foreign insurance tax revenue is now \$18.3 million (11.7%) above estimate. To clarify, the November estimate had anticipated net negative revenue of \$9.6 million while the month ended with net negative revenue of \$1.2 million due to refunds exceeding tax payments. Year-to-date revenue is \$15.2 million (9.6%) over the prior year. It is too soon to tell if these results will be sustained through the remainder of this fiscal year.

## **Financial Institutions Tax (FIT)**

The FIT was \$4.7 million above estimate in November, with actual net refunds not reaching expected levels. For the year, this source is now \$7.6 million below estimate. For FIT taxpayers that had paid their current-year tax on an estimated basis (during the January through May 2019 period) with an annual return filing extension, their annual returns were required to be filed in October. Accordingly, October through December revenue outcomes reflect a reconciliation between the prior payments and final reported tax liability. After the Department of Taxation completes its review of those returns claiming refunds, properly computed refunds are issued thereafter. Such refund activity occurred in October and November and will occur in December. OBM has examined early December FIT revenue activity. It shows indicates that the November overage will be offset in December, with refunds this month already exceeding December's \$4.2 million net refund estimate by \$4.6 million.

## **GRF Non-Tax Receipts**

GRF non-tax revenues in November totaled \$604.3 million and were \$222.9 million (26.9%) below estimate. This variance was primarily attributable to the Federal Grants category, which was \$223.7 million (27.1%) below estimate. This variance, while large, was timing related. Revenue expected to be received at the end of November instead posted in early December. This timing issue will cause December's federal grants revenue to be higher than estimated – all other things being equal. Non-federal, non-tax revenues were \$3.6 million and were \$0.9 million (25.0%) above estimate. The License & Fees category contributed \$0.7 million of the positive variance, driven primarily by insurance salespersons licenses.



12/9/2019

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL NOVEMBER	ESTIMATE NOVEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	823,376	804,100	19,276	2.4%	3,951,423	3,876,600	74,823	1.9%
Auto Sales & Use	118,485	105,900	12,585	11.9%	681,487	642,100	39,387	6.1%
Subtotal Sales & Use	941,861	910,000	31,861	3.5%	4,632,910	4,518,700	114,210	2.5%
Personal Income	603,464	640,100	(36,636)	-5.7%	3,601,894	3,640,300	(38,406)	-1.1%
Corporate Franchise	47	0	47	N/A	43	0	43	N/A
Financial Institutions Tax	(3,129)	(7,800)	4,671	59.9%	(29,917)	(22,300)	(7,617)	-34.2%
Commercial Activity Tax	330,309	334,900	(4,591)	-1.4%	799,015	775,100	23,915	3.1%
Petroleum Activity Tax	0	0	0	N/A	1,796	2,000	(204)	-10.2%
Public Utility	24,342	29,600	(5,258)	-17.8%	59,228	64,900	(5,672)	-8.7%
Kilowatt Hour	25,621	26,300	(679)	-2.6%	144,848	147,300	(2,452)	-1.7%
Natural Gas Distribution	4,987	5,200	(213)	-4.1%	18,291	19,800	(1,509)	-7.6%
Foreign Insurance	(1,176)	(9,600)	8,424	87.8%	174,253	156,000	18,253	11.7%
Domestic Insurance	6	0	6	N/A	7	0	7	N/A
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	72,248	72,400	(152)	-0.2%	329,253	332,500	(3,247)	-1.0%
Alcoholic Beverage	5,329	5,000	329	6.6%	22,487	25,200	(2,713)	-10.8%
Liquor Gallonage	4,301	4,100	201	4.9%	21,579	21,200	379	1.8%
Estate	0	0	0	N/A	38	0	38	N/A
Total Tax Receipts	2,008,210	2,010,200	(1,990)	-0.1%	9,775,725	9,680,700	95,025	1.0%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	600,694	824,429	(223,735)	-27.1%	4,089,613	4,362,985	(273,372)	-6.3%
Earnings on Investments	(10)	0	(10)	N/A	41,296	27,500	13,796	50.2%
License & Fees	1,152	415	737	177.8%	10,617	7,829	2,788	35.6%
Other Income	2,325	2,282	42	1.9%	73,676	58,740	14,936	25.4%
ISTV'S	93	0	93	N/A	113	0	113	N/A
Total Non-Tax Receipts	604,253	827,126	(222,872)	-26.9%	4,215,315	4,457,054	(241,739)	-5.4%
<b>TOTAL REVENUES</b>	<b>2,612,464</b>	<b>2,837,326</b>	<b>(224,862)</b>	<b>-7.9%</b>	<b>13,991,040</b>	<b>14,137,754</b>	<b>(146,714)</b>	<b>-1.0%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	75,548	68,570	6,978	10.2%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	75,548	68,570	6,978	10.2%
<b>TOTAL SOURCES</b>	<b>2,612,464</b>	<b>2,837,326</b>	<b>(224,862)</b>	<b>-7.9%</b>	<b>14,066,588</b>	<b>14,206,323</b>	<b>(139,736)</b>	<b>-1.0%</b>

12/9/2019

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

<b>REVENUE SOURCE</b>	<b>MONTH</b>				<b>YEAR-TO-DATE</b>			
	<b>NOVEMBER FY 2020</b>	<b>NOVEMBER FY 2019</b>	<b>\$ VAR</b>	<b>% VAR</b>	<b>ACTUAL FY 2020</b>	<b>ACTUAL FY 2019</b>	<b>\$ VAR</b>	<b>% VAR</b>
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	823,376	787,298	36,078	4.6%	3,951,423	3,749,635	201,789	5.4%
Auto Sales & Use	118,485	110,487	7,998	7.2%	681,487	630,354	51,133	8.1%
Subtotal Sales & Use	941,861	897,785	44,076	4.9%	4,632,910	4,379,988	252,921	5.8%
Personal Income	603,464	685,732	(82,268)	-12.0%	3,601,894	3,611,739	(9,845)	-0.3%
Corporate Franchise	47	10	36	348.5%	43	192	(148)	-77.5%
Financial Institutions Tax	(3,129)	(2,988)	(141)	-4.7%	(29,917)	(21,855)	(8,061)	-36.9%
Commercial Activity Tax	330,309	330,347	(38)	0.0%	799,015	758,725	40,291	5.3%
Petroleum Activity Tax	0	0	0	N/A	1,796	2,019	(223)	-11.0%
Public Utility	24,342	32,342	(8,000)	-24.7%	59,228	68,100	(8,872)	-13.0%
Kilowatt Hour	25,621	27,344	(1,723)	-6.3%	144,848	156,730	(11,882)	-7.6%
Natural Gas Distribution	4,987	4,890	97	2.0%	18,291	20,253	(1,962)	-9.7%
Foreign Insurance	(1,176)	(18,551)	17,375	93.7%	174,253	159,029	15,225	9.6%
Domestic Insurance	6	1	6	698.6%	7	2	5	310.7%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	72,248	78,659	(6,410)	-8.1%	329,253	347,119	(17,866)	-5.1%
Alcoholic Beverage	5,329	6,603	(1,274)	-19.3%	22,487	25,476	(2,989)	-11.7%
Liquor Gallonage	4,301	4,086	215	5.3%	21,579	20,899	680	3.3%
Estate	0	0	0	N/A	38	32	5	16.9%
Total Tax Receipts	2,008,210	2,046,260	(38,049)	-1.9%	9,775,725	9,528,446	247,278	2.6%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	600,694	774,125	(173,431)	-22.4%	4,089,613	4,357,089	(267,476)	-6.1%
Earnings on Investments	(10)	0	(10)	N/A	41,296	25,239	16,058	63.6%
License & Fee	1,152	424	728	172.0%	10,617	9,788	829	8.5%
Other Income	2,325	1,055	1,270	120.5%	73,676	54,876	18,800	34.3%
ISTV'S	93	3	90	3568.5%	113	19	94	507.4%
Total Non-Tax Receipts	604,253	775,605	(171,352)	-22.1%	4,215,315	4,447,010	(231,695)	-5.2%
<b>TOTAL REVENUES</b>	<b>2,612,464</b>	<b>2,821,865</b>	<b>(209,401)</b>	<b>-7.4%</b>	<b>13,991,040</b>	<b>13,975,457</b>	<b>15,583</b>	<b>0.1%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	75,548	76,109	(561)	-0.7%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	0	0	N/A	75,548	76,109	(561)	-0.7%
<b>TOTAL SOURCES</b>	<b>2,612,464</b>	<b>2,821,865</b>	<b>(209,401)</b>	<b>-7.4%</b>	<b>14,066,588</b>	<b>14,051,565</b>	<b>15,022</b>	<b>0.1%</b>

## ***DISBURSEMENTS***

November GRF disbursements, across all uses, totaled \$2,660.8 million and were \$148.4 million (5.3%) below estimate. This variance was primarily attributable to below estimate disbursements in the Property Tax Reimbursements category and was partially offset by expenditures that were above estimate in the Primary and Secondary Education category. On a year-over-year basis, November total uses were \$198.9 million (8.1%) higher than those of the same month in the previous fiscal year, with an increase in the Medicaid category largely responsible for the difference. Year-to-date variances from the estimate by category are provided in the table below.

<b>Category</b>	<b>Description</b>	<b>Year-Over-Year Variance</b>	<b>% Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$198.3	8.1%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$0.6	120.5%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>\$198.9</b>	<b>8.1%</b>

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

### **Primary and Secondary Education**

This category contains GRF spending by the Ohio Department of Education. November disbursements for this category totaled \$694.5 million and were \$7.2 million (1.0%) above estimate. This variance was primarily attributable to above estimate spending in the Foundation Funding, EdChoice Expansion, and Accountability/Report Cards line items. The Foundation Funding and EdChoice Expansion line items were above estimate due to the timing of EdChoice payments, which partially offset underspending in September. Disbursements for the Accountability/Report Cards line item were above estimate due to timing of payments as a payment estimated to occur in December occurred in November.

Expenditures for the school foundation program totaled \$616.6 million and were \$7.6 million (1.3%) above estimate. Year-to-date disbursements were \$3,556.4 million, which is \$19.2 million (0.5%) below estimate. On a year-over-year basis, disbursements in this category were \$4.3 million (0.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$5.1 million (0.1%) higher than the same point in fiscal year 2019.

### **Higher Education**

November disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled \$196.7 million and were \$49.8 million (20.2%) below the estimate for the month. This variance was primarily attributable to spending in multiple programs because Memorandum of Understanding (MOUs), which are necessary prior to disbursement of funds, have not been completed and spending was below the monthly estimates by a total of \$46.6 million. The remaining monthly variance was due to spending in the Ohio College Opportunity Grant Scholarship and National Guard Scholarship programs that were below the

monthly estimates by \$4.7 million as a result of lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by spending in Higher Education Program Support and the Shawnee State Supplement in the amount of \$3.2 million because MOU's were executed later than anticipated and payments for the previous quarter were made in November.

Year-to-date disbursements were \$935.9 million, which was \$63.2 million (6.3%) below estimate. On a year-over-year basis, disbursements in this category were \$3.4 million (1.7%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$22.7 million (2.4%) lower than at the same point in fiscal year 2019.

## **Other Education**

This category includes non-debt service GRF expenditures made by the Broadcast Educational Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations.

November disbursements in this category totaled \$6.3 million and were \$0.7 million (13.2%) above estimate. Year-to-date disbursements were \$44.0 million, which was \$0.6 million (1.4%) below estimate. On a year-over-year basis, disbursements in this category were \$2.2 million (54.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$6.1 million (16.0%) higher 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.

### Expenditures

November GRF disbursements for the Medicaid Program totaled \$1,321.4 million and were \$5.9 million (0.4%) below estimate and \$165.5 million (14.3%) above 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. Year-to-date GRF disbursements totaled \$6,755.9 million and were \$85.9 million (1.3%) below estimate and \$52.4 million (0.8%) above disbursements for the same point in the previous fiscal year.

November all-funds disbursements for the Medicaid Program totaled \$2,114.4 million and were \$109.6 million (4.9%) below estimate and \$102.4 million (4.6%) below disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled \$11,425.1 million and were \$242.3 million (2.1%) below estimate and \$563.5 million (5.2%) above disbursements for the same point in the previous fiscal year.

The November all-funds variance was primarily attributable to a delayed, though regularly occurring, reconciliation payment within the Department of Developmental Disabilities; this payment of

approximately \$70.0 million is now expected to disburse in December. Several other administration related payments were also delayed, further contributing to the November all-funds variance. Additionally, in the managed care program enrollment in major categories was generally at or slightly above estimate. However, per-member-per-month costs remained lower than anticipated resulting in continued underspending. However, the ABD category was slightly above estimate as Medicaid completed some eligibility corrections. Despite this, the managed care category as a whole remained below estimate for November.

The year-to-date all-funds variance is remains primarily attributable to the Department disbursing the entirety of its hospital Health Care Assurance Program (HCAP) appropriation in August and September 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)*

	Nov. Actual	Nov. Projection	Variance	Variance %
GRF	\$1,321.4	\$1,327.4	\$(5.9)	-0.4%
Non-GRF	\$793.0	\$896.6	\$(103.7)	-11.6%
All Funds	\$2,114.4	\$2,224.0	\$(109.6)	-4.9%

#### Enrollment

Total November enrollment was 2.80 million, which was 8,427 (0.3%) below estimate and 71,747 (2.5%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 2.82 million and was 4,670 (0.2%) above estimate.

November enrollment by major eligibility category was: Covered Families and Children, 1.57 million; Aged, Blind and Disabled (ABD), 491,205; and Group VIII Expansion, 605,193.

*\*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.

November disbursements in this category totaled \$118.7 million and were \$8.7 million (6.8%) below estimate. Year-to-date disbursements were \$631.6 million, which was \$31.5 million (4.7%) below estimate. On a year-over-year basis, disbursements in this category were \$18.5 million (18.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$66.0 million (11.7%) higher than at the same point in fiscal year 2019.

#### Department of Job and Family Services

November disbursements for the Department of Job and Family Services totaled \$64.8 million and were \$0.6 million (0.9%) below estimate. This variance was primarily attributable to the Program Operations line item, which was approximately \$2.9 million below estimate and the Information Technology Projects line item, which was approximately \$2.1 million below estimate because invoices were not received from various vendors as anticipated. These variances were partially offset by the Early Care and Education line item, which was approximately \$3.5 million above estimate because of higher than estimated subsidy payments made to childcare providers as they transition to higher Step-up-to-Quality ratings. Additionally, the Family Assistance – Local line item was approximately \$2.0 million above estimate due to higher than anticipated county expenditures in the administration of the SNAP program.

#### Department of Mental Health and Addiction Services

November disbursements for the Department of Mental Health and Addiction Services totaled \$36.2 million and were \$4.9 million (12.0%) below estimate. The variance was primarily attributed to spending below estimate in the Community Innovations line item and the Addiction Services Partnership with Corrections line item, which were \$3.5 million and \$2.6 million below estimate, respectively, due to timing of subsidy payments. These variances were partially offset by the Hospital Services line item, which was \$1.9 million above estimate due to ongoing higher than estimate spending for hospital improvements for accreditation, as well as increase pharmacy costs.

### **Justice and Public Protection**

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

November disbursements in this category totaled \$204.2 million and were \$25.1 million (10.9%) below estimate. Year-to-date disbursements were \$1,071.2 million, which was \$47.2 million (4.2%) below estimate. On a year-over-year basis, disbursements in this category were \$35.2 million (20.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$81.9 million (8.3%) higher than at the same point in fiscal year 2019.

#### Department of Public Safety

November disbursements for the Department of Public Safety totaled \$3.0 million and were \$2.6 million (46.7%) below estimate. This variance was primarily attributable to the Local Disaster Assistance line item which was \$1.0 million below estimate due to the timing of subsidy payments.

#### Department of Rehabilitation and Correction

November disbursements for the Department of Rehabilitation and Correction totaled \$155.9 million and were \$9.6 million (5.8%) below estimate. This variance was primarily attributable to variances in the Institutional Operations line item, which was \$8.9 million below estimate due to timing of payments for a large contract that will instead be paid in December.



### Department of Youth Services

November disbursements for the Department of Youth Services totaled \$16.8 million and were \$1.1 million (7.1%) above estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was \$1.1 million above estimate due to the timing of subsidy payments to community correctional facilities that had been anticipated in the previous month occurring in November instead.

### Public Defender Commission

November disbursements for the Public Defender Commission totaled \$1.0 million and were \$7.8 million (88.3%) below estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was \$7.6 million below estimate due to delays caused by the implementation of additional data gathering and auditing requirements for the reimbursement process. The agency expects this variance to be offset through catch-up reimbursement payments during December.

## **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.

November disbursements in this category totaled \$34.8 million and were \$12.5 million (26.5%) below estimate. Year-to-date disbursements were \$187.5 million, which was \$21.8 million (10.4%) below estimate. On a year-over-year basis, disbursements in this category were \$4.7 million (15.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$23.2 million (14.1%) higher than at the same point in fiscal year 2019.

### Department of Administrative Services

November disbursements for the Department of Administrative Services totaled \$2.6 million and were \$4.1 million (61.7%) below estimate. This variance was mainly attributable to the State Agency Support Services line item, which was below estimate due to the timing of payments for first-quarter rent. These expenses will be split between November and December instead of entirely paid in November as originally planned.

### Department of Transportation

November disbursements for the Department of Transportation totaled \$1.7 million and were \$4.9 million below estimate (73.8%). This variance was primarily attributable to the Public Transportation – State line item, which was \$5.3 million below estimate due to variances in the project schedule and the timing of expenditures.

### Developmental Services Agency

November disbursements for the Development Services Agency totaled \$2.3 million and were \$2.5 million (52.5%) below estimates. This variance was primarily attributable to several grant program line items (e.g., TechCred Program, Industry Sector Partnerships and Appalachia Assistance), which were below estimate due to delays in program implementation. Additionally, BSD Federal Programs Match line item was below estimate due to grant payments that were schedule for November but will occur 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 \$52.2 million in November and were \$55.4 million (51.5%) below estimate. Year-to-date expenses were \$903.6 million and were \$7.9 million (0.9%) below estimate. A variance of this size is not unusual in this disbursement category and reflects reimbursement requests being received from counties earlier than anticipated.

## **Debt Service**

November payments for debt service totaled \$30.8 million and were \$8,000 thousand (0.0%) below estimate. Year-to-date expenses in this category total \$884.3 million, just \$300,000 (0.0%) below estimate.

## **Transfers Out**

November transfers out of the General Revenue Fund totaled \$1.1 million. Year-to-date transfers totaled \$662.8 million and were \$7.2 million (1.1%) below estimate. The monthly variance was caused primarily by an unplanned transfer to the Ohio College Opportunity Grant (OCOG) Program Reserve Fund in an amount equal to canceled prior-year encumbrances in the OCOG Program.

12/9/2019

**Table 3**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2020 VS ESTIMATE FY 2020**  
**(\$ in thousands)**

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL NOVEMBER	ESTIMATED NOVEMBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	694,505	687,318	7,187	1.0%	3,556,395	3,575,583	(19,188)	-0.5%
Higher Education	196,708	246,520	(49,812)	-20.2%	935,853	999,017	(63,164)	-6.3%
Other Education	6,255	5,527	728	13.2%	43,999	44,615	(616)	-1.4%
Medicaid	1,321,424	1,327,358	(5,933)	-0.4%	6,755,892	6,841,766	(85,874)	-1.3%
Health and Human Services	118,705	127,385	(8,680)	-6.8%	631,624	663,090	(31,466)	-4.7%
Justice and Public Protection	204,237	229,316	(25,079)	-10.9%	1,071,195	1,118,357	(47,163)	-4.2%
General Government	34,796	47,340	(12,544)	-26.5%	187,517	209,268	(21,751)	-10.4%
Property Tax Reimbursements	52,201	107,602	(55,401)	-51.5%	903,562	911,427	(7,865)	-0.9%
Debt Service	30,839	30,848	(8)	0.0%	884,338	884,630	(292)	0.0%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,659,671</b>	<b>2,809,214</b>	<b>(149,543)</b>	<b>-5.3%</b>	<b>14,970,375</b>	<b>15,247,754</b>	<b>(277,379)</b>	<b>-1.8%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	1,132	0	1,132	N/A	662,799	669,975	(7,177)	-1.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>1,132</b>	<b>0</b>	<b>1,132</b>	<b>N/A</b>	<b>662,799</b>	<b>669,975</b>	<b>(7,177)</b>	<b>-1.1%</b>
<b>Total Fund Uses</b>	<b>2,660,803</b>	<b>2,809,214</b>	<b>(148,411)</b>	<b>-5.3%</b>	<b>15,633,173</b>	<b>15,917,729</b>	<b>(284,555)</b>	<b>-1.8%</b>

12/9/2019

**Table 4**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2020 VS ACTUAL FY 2019**  
**(\$ in thousands)**

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	NOVEMBER FY 2020	NOVEMBER FY 2019	\$ VAR	% VAR	ACTUAL FY 2020	ACTUAL FY 2019	\$ VAR	% VAR
Primary and Secondary Education	694,505	698,832	(4,327)	-0.6%	3,556,395	3,551,341	5,054	0.1%
Higher Education	196,708	200,121	(3,412)	-1.7%	935,853	958,530	(22,677)	-2.4%
Other Education	6,255	4,056	2,199	54.2%	43,999	37,928	6,071	16.0%
Medicaid	1,321,424	1,155,939	165,485	14.3%	6,755,892	6,703,488	52,403	0.8%
Health and Human Services	118,705	100,247	18,457	18.4%	631,624	565,584	66,040	11.7%
Justice and Public Protection	204,237	169,069	35,168	20.8%	1,071,195	989,334	81,861	8.3%
General Government	34,796	30,052	4,744	15.8%	187,517	164,324	23,193	14.1%
Property Tax Reimbursements	52,201	75,510	(23,309)	-30.9%	903,562	904,529	(967)	-0.1%
Debt Service	30,839	27,544	3,295	12.0%	884,338	914,659	(30,321)	-3.3%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,659,671</b>	<b>2,461,369</b>	<b>198,302</b>	<b>8.1%</b>	<b>14,970,375</b>	<b>14,789,718</b>	<b>180,657</b>	<b>1.2%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	0	0	N/A	0	657,503	(657,503)	N/A
Operating Transfer Out	1,132	513	618	120.5%	662,799	95,337	567,462	595.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>1,132</b>	<b>513</b>	<b>618</b>	<b>120.5%</b>	<b>662,799</b>	<b>752,840</b>	<b>(90,041)</b>	<b>-12.0%</b>
<b>Total Fund Uses</b>	<b>2,660,803</b>	<b>2,461,882</b>	<b>198,920</b>	<b>8.1%</b>	<b>15,633,173</b>	<b>15,542,558</b>	<b>90,616</b>	<b>0.6%</b>

## ***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)

<b>JULY 1, 2019 Beginning Cash Balance*</b>	<b>1,538,011.8</b>
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
<b>Total Sources Available for Expenditures &amp; Transfers</b>	<b>35,603,101.5</b>
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
<b>Total Estimated Uses</b>	<b>35,009,885.3</b>
<b>FY 2020 ESTIMATED UNENCUMBERED ENDING FUND BALANCE</b>	<b>593,216.2</b>

\* 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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