Ohio Office of Budget and Management

2020 MONTHLY FINANCIAL REPORT

January 10, 2020

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

FROM: Kimberly Murnieks, Director

SUBJECT: Monthly Financial Report

Report Overview:

In Ohio, total employment increased by 96,900 workers during the year ending in November and the number of unemployed people decreased by 19,500, reflecting an increase in the labor force of 77,400 people.

	NOV 2019	NOV 2018	CHG OVER 12 MONTHS	PCT CHG OVER 12 MONTHS
Civilian Labor Force (thousands)	5,834.0	5,756.6	77.4	1.3%
Employment (thousands)	5,586.9	5,490.0	96.9	1.8%
Unemployment (thousands)	247.1	266.6	-19.5	-7.3%
Unemployment Rate	4.2%	4.6%	NA	-0.4%

The consensus among forecasters is that real GDP growth is continuing in the fourth quarter at a 1.2 to 2.5 percent pace, approximately the same as in the third quarter.

The Department of Taxation was able to identify at least $23 million in additional sales tax revenues in December that were attributable to the collection of Ohio sales tax from out of state sellers and "marketplace facilitators". This figure significantly exceeds the originally estimated $13 million in increased revenues.

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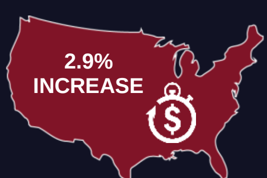
December auto sales tax revenues were $119.4 million, $0.4 million (0.4%) under the estimate. This makes December the first month of this fiscal year in which revenues did not exceed the estimate, although year-to-date revenues remain $39.0 million above estimate.

Nonfarm payrolls across the country increased by 145,000 jobs in December.

GRF non-tax revenues in December totaled $1,303.2 million and were $286.6 million (28.2%) above estimate. This variance was primarily attributable to the Federal Grants category, which was $283.7 million (27.9%) above estimate.



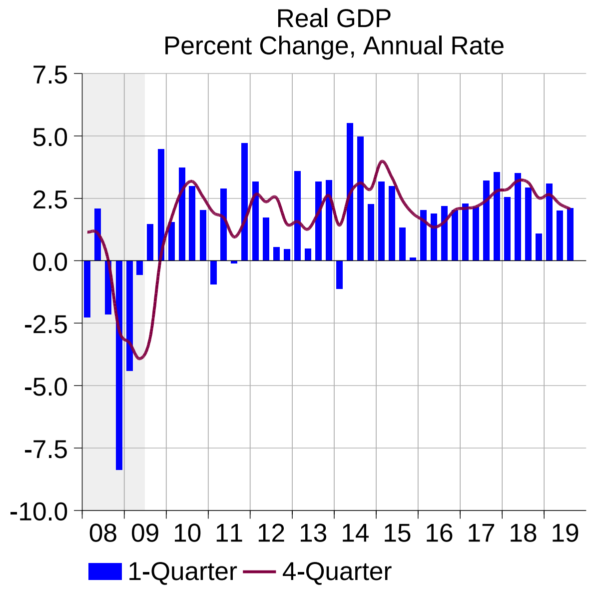
Average hourly earnings increased by 0.1 percent in December, bringing the year-over-year increase to 2.9 percent.

The national unemployment rate remained at a 50-year low of 3.5 percent for a second month, indicating continued strength in the current business cycle.

Economic Growth

The U.S. economy has now expanded for a record 41 straight quarters at a compound annual rate of 2.3 percent. National economic growth continued at about the same pace as in the second quarter during the July through September period 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 on a year-over-year basis reached a peak of 3.2 percent in the second quarter of 2018.

As shown in the table below, the **consensus among forecasters** is that real GDP growth is continuing in the fourth quarter at a 1.2 percent-2.5 percent pace, approximately the same as in the third quarter.



Source	Date	2019-Q4 GDP Forecast
Atlanta FRB (GDPNow)	1/7/20	2.3%
New York FRB (Nowcast)	1/3/20	1.2%
Philadelphia FRB (SPF*)	11/15/19	1.9%
Blue Chip	1/7/20	1.8%
IHS	1/7/20	2.5%
*Survey of Professional Forecasters (2nd month of each quarter)		

The difference between the yields on the 10-year and 1-year Treasury notes increased farther into positive territory for a third month in December 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. Even so, the indicator bears continued monitoring.

Sentiment among small businesses increased back to its July level in November, according to the Index of Small Business Optimism from the **National Federation of Independent Business (NFIB)**. The index, which peaked in August 2018, remains at an historically high level that indicates a positive business environment for small companies. Uncertainty decreased and reports of higher sales and the expansion outlook improved significantly. Job creation increased from the month before and plans to raise compensation increased to its highest level since 1989.

The increase in real GDP in the third quarter reflected positive contributions from Personal Consumption Expenditures (+2.12 percentage points), Government (+0.30pp), and Investment in Residential Structures (+0.17pp). Consumer spending was strong across categories, with durables, nondurables, and services all contributing. Federal and State and Local government spending made positive contributions, with federal non-defense expenditures making the largest contribution. The increase in Investment in Residential Structures was the first following decreases for six straight quarters totaling -5.4 percent.

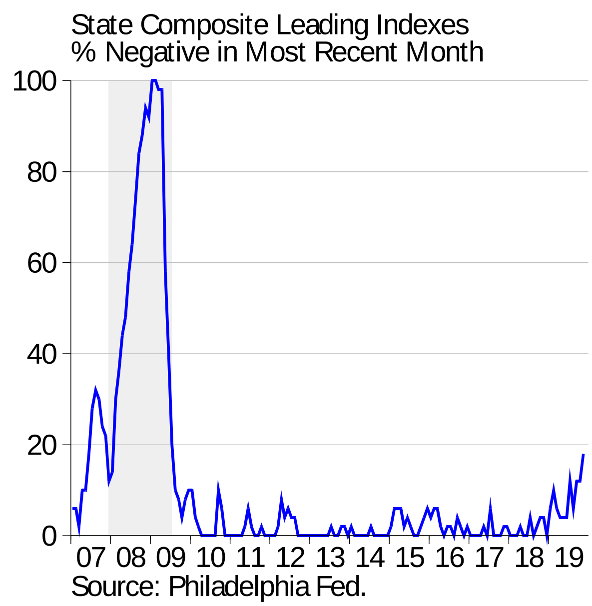
Subtracting from growth were Business Investment in Structures (-0.30pp) and Equipment (-0.22pp). The change in Net Exports also subtracted modestly (-0.14pp). Growth in Investment in Nonresidential Structures has slowed recently, from 15.3 percent during the period form the first quarter of 2016 through the second quarter of 2018 down to 7.2 percent from the second quarter of 2018 through the third quarter of 2019. Investment in Nonresidential Equipment was revised from a decrease to a small increase, extending the string of consecutive quarterly increases to 11.

Ohio economic activity continued to increase, according to the **Ohio coincident economic index** from the Philadelphia Federal Reserve. The index increased 0.1 percent for the second month in a row after no change in August and September. Compared with a year ago, the index was higher by 2.1 percent. The index is a composite of four labor market indicators – nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and real wage and salary disbursements.

We continue to monitor the diffusion of **state-level coincident economic indexes**. The level was lower than the month before for nine states, up from eight the prior month. Compared with three months earlier, the index was lower for five states, the same as the prior month. While indicating softness, revisions to recent months were positive and 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 nine in November from six in the two prior months. The current number of states with negative values is the highest since the last recession but is below historical thresholds – an average of eleven states three months before past recessions and an average of fifteen in the first month of recession.

The **Ohio leading index**, which is designed to predict growth in the coincident index six months ahead, popped up to 1.0 percent after three months at essentially zero. Even so, the index remains among the lowest on a 3-month moving average basis since 2009.



The Conference Board's composite **Leading Economic Index** (LEI) was unchanged in November after three monthly declines of 0.2 percent. Strength in residential construction, financial markets, and consumers' outlook offset weakness in manufacturing and labor markets. The pattern of the index is consistent with continued economic growth at about the recent pace near 2 percent.

Employment

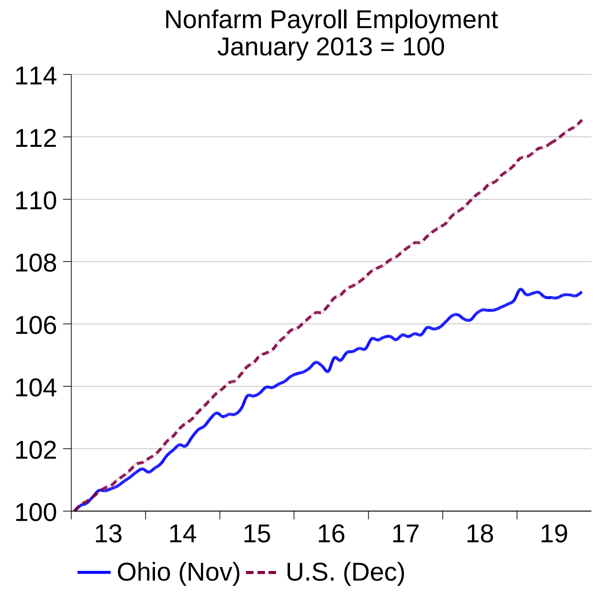
Nonfarm payrolls across the country increased by 145,000 jobs in December. The October and November increases were revised to 156,000 and 256,000, respectively. The December change, plus the two revisions, reduced the 3-month moving average to 184,000 per month, just slightly lower than the 193,000 average during the prior three-month period. Employment growth during the twelve months of 2019 slowed to 2.108 million, down from 2.679 million in 2018 -- still robust.

Changes in December were mixed, with pockets of strength and weakness across sectors and industries. A surge in employment at clothing and clothing related stores (+33,200) boosted Retail employment (+41,200), which in turn lifted the Trade, Transportation, and Utilities sector (+40,000). Employment at hotels and restaurants (+15,900) and entertainment venues (+14,700) lifted payrolls in the Leisure and Hospitality sector (+40,000). Health care (+28,100) was largely responsible for the gain in the Education and Health Services sector (+36,000). Construction employment was up by 20,000 jobs, mainly due to specialty trade contractors (+14,100).

Employment decreased in Manufacturing (-12,000), reflecting cutbacks in industries that are important to Ohio – fabricated metal products (-7,200), primary metals (-2,30), and machinery (-2,100). Mining and Logging employment decreased by 9,000 jobs, as mining fell by 7,600.

The **unemployment rate** stayed at the 50-year low of 3.5 percent for a second month. 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 offing. 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 0.1 percent to 2.9 percent year-over-year – the weakest by a small margin since July 2018.

Ohio nonfarm payroll employment increased by 6,700 jobs in November and the October change was revised from -1,000 jobs to -1,800 jobs. Employment has increased by 14,700 jobs year-to-date due to an increase of 19,100 jobs in January. Monthly gains have slowed to an average of 1,717 per month during the most recent twelve months from 3,725 during the twelve months ending in November 2018. The slowdown has occurred mainly in the Construction sector, the Manufacturing sector, and the Trade, Transportation and Utilities sector, in order of magnitude. Employment growth picked up during the period in the Leisure and Hospitality sector, the Government sector, and the Financial Activities sector.



Employment growth from a year ago was much stronger according to the household survey than to the establishment survey, continuing a pattern that has persisted since March. From the establishment survey, Ohio nonfarm payroll was higher than a year earlier by 20,600 jobs. Gains were concentrated in leisure and hospitality (+15,400), educational and health services (+9,800), and local government (+3,000). Employment decreased in construction (-7,800), and both retail trade (-4,400) and wholesale trade (-1,400). Employment also fell in manufacturing (-2,200).

The **Ohio unemployment rate** was steady at 4.2 percent for a third month in November, up from a low of 4.0 percent in June and July. Total employment increased by 96,800 workers during the year ending in November and the number of unemployed people decreased by 19,500, reflecting an increase in the labor force of 77,300 people. Across the country in November, the unemployment rate was not statistically different from the month before in thirty-eight states. South Carolina and North Carolina posted the largest decreases (0.2 percentage points each), while Louisiana and New Jersey had the largest increases (+0.2pp each).

Among the contiguous states, employment increased on a year-over-year basis in Kentucky (+1.2%), Pennsylvania (+0.8%), Indiana, Michigan, and Ohio (+0.4%), and West Virginia (+0.1%). Manufacturing employment increased year-over-year by 0.8 percent in Kentucky and decreased 0.3 percent in Ohio, 0.8 percent in Pennsylvania and West Virginia, 1.0 percent in Michigan, and 1.2 percent in Indiana.

Consumer Income and Consumption

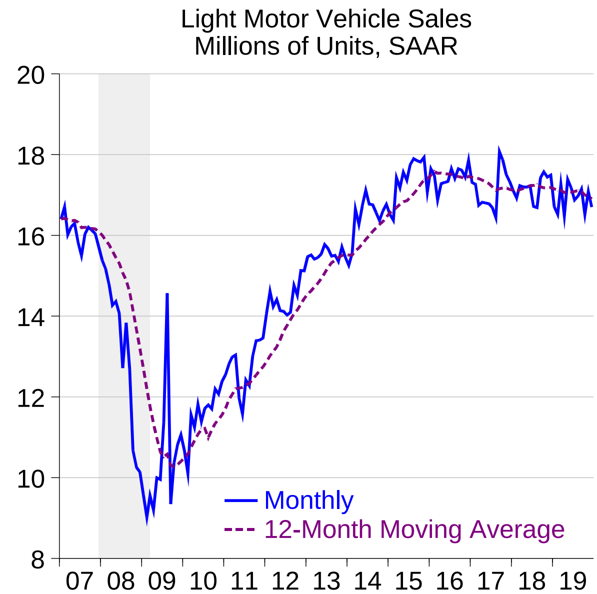
The household sector remained an important source of overall economic growth in November, fueled by a 0.5 percent increase in **personal income**. **Wage and salary disbursements** increased 0.4 percent. Personal income was boosted by a rebound in farm proprietors' income reflecting the latest swing in subsidy payments to farmers hurt by Chinese tariffs on agricultural products. Compared with a year earlier, personal income was higher by 4.9 percent and wage and salary disbursements were up by 5.3 percent.

Real personal income rose by 0.3 percent in November in its strongest gain since July, due to a 1.2 percent increase in durable goods spending. A 4.4 percent increase in real spending on motor vehicles was a major factor, while a 1.1 percent increase in purchases of recreational goods and vehicles also contributed. Real spending on non-durable goods and spending posted marginal gains.

Consumer price inflation remained subdued in November, with the Consumer Price Index (CPI) rising 0.3 percent and the price index for Personal Consumption Expenditures (PCE) increased 0.2 percent. Excluding food and energy, the core CPI increased 0.2 percent and the core PCE price index rose 0.1 percent. Compared with a year earlier, the CPI and core CPI were higher by 2.0 percent and 2.3 percent, respectively. The PCE and core PCE price indexes – the Federal Reserve's preferred inflation measures – were higher by a tame 1.5 percent and 1.6 percent, respectively.

Personal consumption expenditures (PCE) increased 0.4 percent in November. Increases in spending on services (+0.4%) and non-durable goods (+0.2%) tempered the 1.0 percent increase in durable goods spending, which in part reflected a 3.4 percent rise in unit sales of light motor vehicles. Compared with a year earlier, total consumer spending was up 3.9 percent, led by a 4.3 percent rise in services, followed by a 3.5 percent increase in durable goods and a 2.7 percent rise in non-durable goods. The consumer sector remains a key driver of overall economic growth, supported by strong demand for labor and rising incomes.

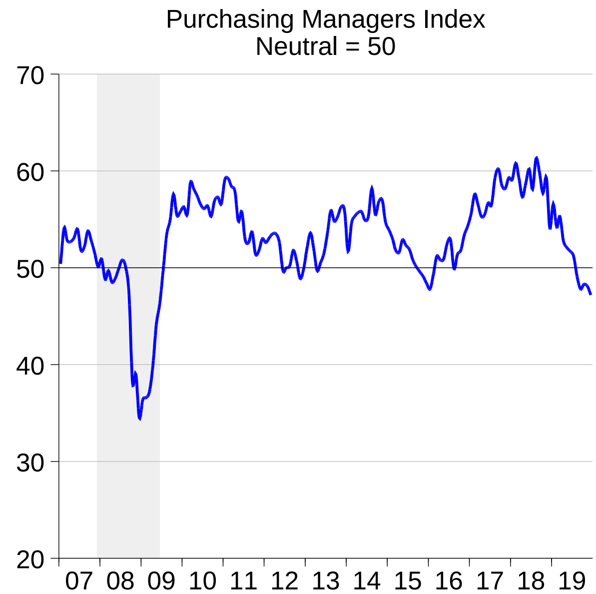
Consumer attitudes were stable again in December, as assessments of current conditions improved. The positive attitudes reflect strong labor markets and incomes, low inflation and interest rates, wide availability of credit, and the very strong recent performance of financial markets. The Conference Board survey found one of the widest-ever gaps between assessments of current conditions and expectations, reflecting improved conditions during the last three years while expectations were little changed. The University of Michigan survey found that the improvement in confidence in November varied directly with household income level, suggesting that strong financial market performance has boosted confidence.



Industrial Activity

Total **industrial production** increased by 1.1 percent in November after a 0.9 percent decrease the previous month for only the second increase in the last six months. Industrial production was down 0.8 percent from a year earlier. The November increase was widespread across sectors and industries, with manufacturing leading the way.

Manufacturing production also increased 1.1 percent, in large part due to the resumption of full production in the motor vehicles and parts industry following the resolution of the United Auto Workers strike against General Motors. Excluding the motor vehicles and parts industry, manufacturing production rose 0.3 percent. **Utility output** increased 2.9 percent and **mining output** decreased by 0.2 percent, largely reflecting weather patterns and energy extraction.



The **Purchasing Managers Index** (PMI) fell to a new low of 47.2 for this expansion in December on intensifying weakness in most major components. An index level below 50 suggests that activity in manufacturing is contracting, while a level of about 43 or less is consistent with contraction in the broader economy. Among the key components, the production index fell from 49.1 to 43.2 and the new orders index decreased from 47.2 to 46.8. A thin silver lining was made up of slightly more positive backlog of orders and supplier deliveries indexes, although they remained below 50.

The December decrease in the overall index was the fifth in a row. The index tends to lead the growth trend in manufacturing production, suggesting that activity will remain constrained for at least a few more months. At this point, however, implications for the overall economy are less dire. The index has had runs of at least five consecutive months below 50 on seven occasions in its 70-year history that have not been associated with or closely followed by recession. The larger picture, including the very solid report from purchasing managers outside of manufacturing, so far suggests that this run will be the eighth.

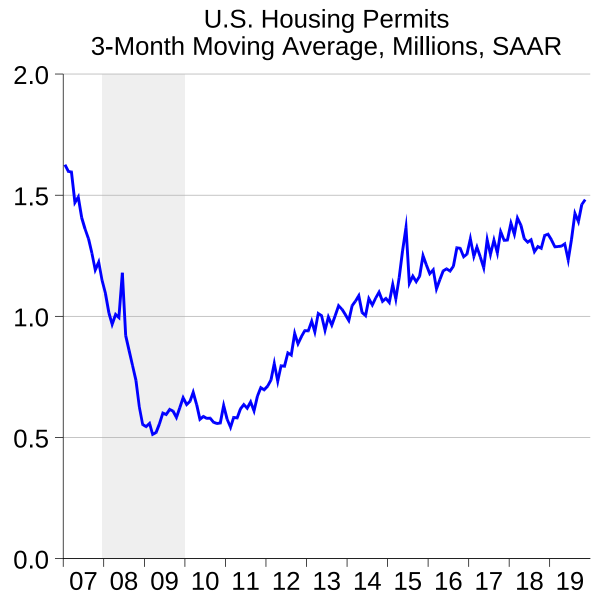
Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, only three reported growth in the latest month, down from five the month before. Almost all eighteen industries reported growth just a few months ago. Among industries with a major effect on Ohio manufacturing employment,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

A source in the Transportation Equipment industry was, "cautiously optimistic." A contact in the Machinery industry reported that "dealer inventories have rebounded, and overall customer market has softened, resulting in corrections to near-term production schedules and a tentative forecast outlook." A source in Fabricated Metal Products reported that "anticipated large export orders did not materialize," prompting a reduction in expected U.S. production."

Construction

Construction put-in-place increased 0.6 percent in November and previous months were revised higher. Private sector construction increased 0.4 percent and public sector construction was up 0.9 percent. The revisions significantly improved the recent pattern in private residential construction, which rose 1.9 percent in November on top of increases in each of four previous months that totaled 5.4 percent. Private non-residential construction sank by 1.2 percent for the third monthly decline in a row and the sixth in the last eight months.

The strength in residential has been in single-family and improvements, while multi-family was flat in November after declining in each of the three previous months. Single-family construction increased 6.2 percent from June through November after declining by 10.9 percent from May 2018 through June. Multi-family construction took the opposite path, falling 7.1 percent from May to November after rising 10.2 percent from August 2018 through May.



The **Housing Market Index** (HMI) from the National Association of Homebuilders (NAHB) increased substantially in December, fully recovering the steep drop during 2018. Nationally, the HMI jumped 5 points to 76, topping its peak of 74 in December 2017. The HMI for the Midwest jumped by 15 points to 73, topping the peak of 76 set at the end of 2017. The resurgence in single-family building activity is a very positive development, considering its record as a leading business cycle indicator.

Housing starts and sales generally were weak in November on a 3-month moving average basis. Starts edged down by 0.3 percent, a 3.2 percent slide in multi-family starts more than offset a 1.1 percent rise in single-family starts. The more-forward-looking permits were stronger, rising 1.3 percent on a 3-month moving average basis. Sales of existing homes dipped by 0.9 percent and sales of newly built homes increased by just 0.5 percent on a 3-month moving average basis. The patterns were similar across the Midwest, where starts fell 6.0 percent due to weakness in both single-family and multi-family categories. Permits were stronger in the Midwest than across the country, as were sales of both existing and new homes.

REVENUES

December GRF receipts totaled $3,203.1 million and were $284.9 million (9.8%) above estimate, largely due to greater-than-estimated Federal grant revenues. For the month, GRF tax revenues were $1.8 million (0.1%) below estimate. Non-tax receipts and transfers, excluding Federal grants, were $2.9 million (189.1%) above estimate. Federal grants were above estimate by $283.7 million (27.9%).

For the year, GRF revenues are $145.1 million (0.8%) above estimate. Tax revenues are $93.2 million (0.8%) above estimate. More broadly, total non-federal revenues through December are $134.8 million (1.1%) above estimate. Federal grants are $10.3 million (0.2%) above estimate.

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	$93.2	0.8%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$44.9	0.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$7.0	10.2%
TOTAL REVENUE VARIANCE:		**$145.1**	**0.8%**
Non-federal revenue variance		**$134.8**	**1.1%**
Federal grants variance		**$10.3**	**0.2%**

Federal grants had the largest overage for the month, at $283.7 million (27.9%), which is discussed in greater length below. The next largest positive variance was for personal income tax at $35.6 million (4.5%). Ten other sources had positive variances for the month that were each under $4 million. Categories below estimate for the month were headed by non-auto sales tax at $34.3 million (3.9% below estimate), followed by financial institutions tax at $4.8 million, and five other sources whose negative variances were each no larger than $3 million.

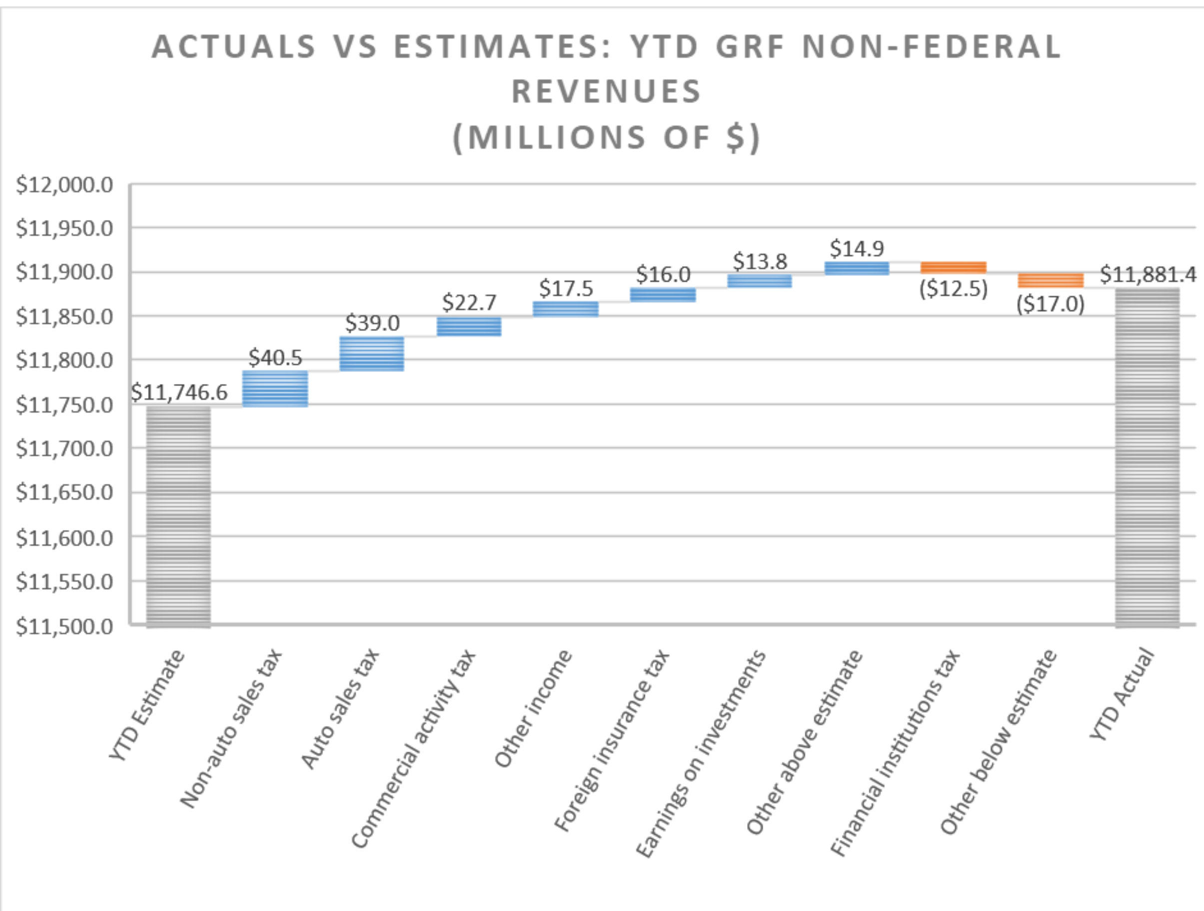
The table below shows that sources exceeding estimate (an excess totaling $329.5 million) in December outweighed the size of revenue underperformers (a shortfall of $44.6 million), resulting in a $284.9 million net positive variance from estimate. As previously noted, most of the positive variance is attributable to Federal grants.

GRF Revenue Sources Relative to Monthly Estimates – December 2019
($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Federal grants	$283.7	Non-auto sales	($34.3)
Personal income tax	$35.6	Financial institutions tax	($4.8)
Domestic insurance tax	$3.8	Foreign insurance tax	($2.3)
Other income	$2.5	Other sources below estimate	($3.2)
Other sources above estimate	$3.8		
Total above	**$329.5**	**Total below**	**($44.6)**

(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 December. Both the auto and non-auto sales taxes have exceeded estimate year-to-date. The financial institutions tax is the source with the largest year-to-date negative variance from estimate.



On a year-over-year basis, monthly receipts were $704.7 million (28.2%) larger than in December of the previous fiscal year. This net increase was mostly due to Federal grants, which were $634.5 million (95.5%) above last year, followed by personal income tax which was $67.8 million (8.9%) greater than last December. Non-auto sales tax receipts were $6.0 million (0.7%) below the prior year, followed by several other sources with even smaller declines.

For the year, total revenues are up $719.7 million (4.3%). Because of its December performance, the source with the highest growth was Federal grants at $367.0 million (7.3%). The next largest source of growth was non-auto sales tax at $195.8 million (4.3%). Cigarette and other tobacco products tax revenue accounts for the largest decline at $17.8 million (4.2%), followed by kilowatt-hour tax at $13.8 million (7.7%) and financial institutions tax at $10.6 million (37.3%).

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in December totaled $839.0 million and were $34.3 million (3.9%) below the estimate. Year-to-date non-auto sales tax revenue is over the estimate by $40.5 million (0.9%). For December, non-auto GRF sales tax revenue declined by $6.0 million (0.7%) from the previous year. For the year-to-date, non-auto sales tax revenue has grown by $195.8 million (4.3%) over last year.

Much of the December variance from estimate can be traced to higher than anticipated refunds. Refunds for the month were $38 million, more than twice as large as the $17 million in the prior year. This spike in refund activity, which is not expected to recur anytime soon, was not anticipated in the estimate.

December also marks the third month affected by a new law pertaining to the collection of Ohio sales tax by out-of-state sellers — including so-called “marketplace facilitators”. Data compiled by the Department of Taxation indicated that at least $23 million in additional state sales tax revenue collected in December was caused by the law change and was attributable to marketplace facilitators (MPFs). This figure exceeds the $13 million estimate for the month by $10 million.

The two impacts discussed above have opposite, but not fully offsetting, impacts on the December revenue variance. The unanticipated increase in refunds contributed to the overall negative variance in December, while the higher than expected MPF collections were a positive. The net result of these opposing impacts was about an $11 million negative GRF impact. Once one adjusts for these impacts, the remaining non-auto collections were about $23 million (2.6%) below estimate.

It is still too early to draw conclusions about the holiday shopping season from December collections. Non-auto sales tax collections are based on a mix of prior month and current month activity and therefore December collections are based partly on November sales activity and partly on December.

For a full assessment of holiday retail in Ohio, one needs to examine collections for November through January because these tax collections cover retail activity in the November through December period. Mastercard has reported that throughout the U.S., non-auto "holiday sales," essentially November and December combined, increased by 3.4 percent from the prior year, with online sales again outperforming brick and mortar store sales. However, under Ohio's new legal structure imposing sales tax on remote sellers, including marketplace facilitators, an increased share of online sales is not necessarily a negative for sales tax collections. Whether Ohio's non-auto tax revenue growth will mirror this national growth estimate is still an open question. Past experience shows that tax revenue growth does not always line up neatly with growth in retail sales, particularly over short periods.

Auto Sales Tax

December auto sales tax revenues were $119.4 million, $0.4 million (0.4%) under the estimate. This makes December the first month of this fiscal year in which revenues did not exceed the estimate. Year-to-date auto sales tax revenues are now $39.0 million (5.1%) over the estimate. December auto sales tax revenues were $6.2 million (5.4%) over the prior year, and year-to-date revenues are $57.3 million (7.7%) over the previous year.

U.S. light vehicle sales data reported by the Bureau of Economic Analysis for the month of December 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 then expressed as an annualized total), December sales were at 16.7 million units compared to 17.1 million units in November. December's level is down from 17.4 million units in the previous December, representing a 4.0 percent decrease.

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 $38,948 (before consumer incentives) in December, growing 1.7 percent over the prior December. Nevertheless, such modest price growth, combined with stagnating or slightly declining national light vehicle sales, does not fully explain Ohio's recent auto sales tax growth. Review of available Ohio-specific motor vehicle transaction data may shed further light as to why auto sales tax is performing as it has of late.

Personal Income Tax

December GRF personal income tax receipts totaled $829.3 million and were $35.6 million (4.5%) above the estimate. Year-to-date, personal income tax revenue is $2.8 million (0.1%) below estimate. On a year-over-year basis, December income tax collections were $67.8 million (8.9%) above December 2018 collections. Collections for the year-to-date are $58.0 million (1.3%) above the previous year. However, it is important to remember that a withholding rate reduction took effect in January 2019. That cut resulted in $150 million less in withholding collections between July and December; absent this change, collections would have grown by 4.8 percent.

Withholding tax payments exceeded the estimate in December by $12.1 million (1.5%). December performance relative to estimate makes November's shortfall appear to be an aberration, which was likely driven by hard-to-predict timing effects. Compared to last December, withholding increased by $46.6 million (5.9%). 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 $35.1 million (0.8%) above estimate through the first half of the fiscal year. It has grown 2.2 percent above the prior year, compared to 1.4 percent in anticipated growth.

Quarterly estimated payments exceeded estimate by $6.3 million (18.7%) in December, which puts this component $0.3 million (0.1%) above estimate for the year. The month's outcome was $7.0 million (21.0%) above the prior year. During the last several years, there were substantial changes in the timing and magnitude of first quarter estimated payments in reaction to the federal Tax Cuts and Job Creation Act (TCJA) of 2017, with a one-time build-up of payments in December 2017 (the last year of the unlimited deduction) followed by a major decline in December 2018 as taxpayers shifted payments to the following month or reduced their estimated payments altogether (whose effects were offset by higher annual return payments or lower refunds). Calendar year 2019 marks the second year of the TCJA's limitation on the state and local taxes paid deduction, so the dramatic changes in estimated payment behavior caused by that law have essentially ceased. The strong performance observed in December relative to the estimate (and buttressed by the year-over-year results) could bode well for estimated payments in the entire first quarter. That said, January is a far more significant month in terms of revenue size, so the quarter's outcome still hinges on that month.

Contrary to the trend demonstrated during this fiscal year as well as the entire calendar year, refunds ended well below estimate in December, falling short by $18.0 million (36.5%). Following successive overages in October and November, the large shortfall in December is likely due to faster processing of refunds in those two preceding months and lower December activity than had been anticipated in the estimate. On a fiscal year-to-date basis, refunds exceed estimate by $36.6 million (9.1%) and are $81.6 million (22.9%) above the preceding year.

December is not a significant month for collections from other tax payment categories (annual returns, trusts, and other). Nonetheless, total payments across these categories were $0.5 (2.8%) below estimate. For the year, each of these categories is above estimate.

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

	Actual December	Estimate December	$ Var	Actual Dec-2019	Actual Dec-2018	$ Var Y-0ver-Y
Withholding	$838.8	$826.7	$12.1	$838.8	$792.1	$46.6
Quarterly Est.	$40.1	$33.8	$6.3	$40.1	$33.2	$7.0
Annual Returns & 40 P	$9.6	$11.5	($1.9)	$9.6	$9.6	$0.0
Trust Payments	$2.1	$0.7	$1.4	$2.1	$0.8	$1.3
Other	$5.8	$5.8	$0.0	$5.8	$5.7	$0.1
Less: Refunds	($31.3)	($49.2)	$18.0	($31.3)	($44.7)	$13.3
Local Distr.	($35.8)	($35.6)	($0.2)	($35.8)	($35.1)	($0.7)
Net to GRF	$829.3	$793.7	$35.6	$829.3	$761.5	$67.8

(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)

December was the capstone of a quarter in which CAT revenues consistently fell short of estimate. December revenues were $1.2 million (11.7%) below estimate, while revenue for the entire quarter was $12.9 million (2.6%) under the estimate. Year-to-date, GRF revenue from the CAT is $22.7 million (2.9%) above estimate. December revenue was $1.0 million (10.2%) below December 2018 while year-to-date revenue from this source is $39.3 million (5.1%) above the first half of the prior fiscal year. Following the exuberance of the first quarter of fiscal year 2020, the tepid performance in the just-concluded quarter is not necessarily a sign of weakening tax performance. The continued strength of the economy does not suggest a change in direction of this revenue source. For instance, unanticipated growth in tax credits could have played a part in the quarter's outcome. Even fiscal year 2019 – which in its totality was a very strong year for CAT revenue performance – began with a weak first quarter; it is possible the second quarter will hold a similar role in fiscal year 2020. As with many taxes, the CAT possesses an element of dynamism that makes forecasting a challenge and which warrants sustained review and monitoring.

Financial Institutions Tax (FIT)

The FIT was $4.8 million below estimate in December, with actual net refunds exceeding estimated levels. This result offsets a $4.7 million overage in November. For the year, this source is now $12.5 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 reflected 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 the October through December period. Positive FIT revenue will finally resume in January when taxpayers make their first estimated payment for the 2020 tax year.

GRF Non-Tax Receipts

GRF non-tax revenues in December totaled $1,303.2 million and were $286.6 million (28.2%) above estimate. This variance was primarily attributable to the Federal Grants category, which was $283.7 million (27.9%) above estimate. Roughly $220 million of the variance was timing related, as revenue expected to be received at the end of November instead posted in early December. The remaining $60 million Federal Grants variance is associated with federal share Medicaid expenditures, which were also above estimate by $59 million, as discussed in the disbursements section of this report.

1/7/2020

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**ACTUAL DECEMBER**	**ESTIMATE DECEMBER**	**$ VAR**	**% VAR**	**ACTUAL Y-T-D**	**ESTIMATE Y-T-D**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	838,992	873,300	(34,308)	-3.9%	4,790,415	4,749,900	40,515	0.9%
Auto Sales & Use	119,378	119,800	(422)	-0.4%	800,865	761,900	38,965	5.1%
Subtotal Sales & Use	958,370	993,100	(34,730)	-3.5%	5,591,280	5,511,800	79,480	1.4%
Personal Income	829,347	793,700	35,647	4.5%	4,431,242	4,434,000	(2,758)	-0.1%
Corporate Franchise	9	0	9	N/A	52	0	52	N/A
Financial Institutions Tax	(9,042)	(4,200)	(4,842)	-115.3%	(38,958)	(26,500)	(12,458)	-47.0%
Commercial Activity Tax	9,007	10,200	(1,193)	-11.7%	808,022	785,300	22,722	2.9%
Petroleum Activity Tax	2,245	2,500	(255)	-10.2%	4,041	4,500	(459)	-10.2%
Public Utility	5,218	3,500	1,718	49.1%	64,445	68,400	(3,955)	-5.8%
Kilowatt Hour	20,587	21,900	(1,313)	-6.0%	165,435	169,200	(3,765)	-2.2%
Natural Gas Distribution	3	0	3	N/A	18,293	19,800	(1,507)	-7.6%
Foreign Insurance	(2,290)	0	(2,290)	N/A	171,964	156,000	15,964	10.2%
Domestic Insurance	3,819	0	3,819	N/A	3,826	0	3,826	N/A
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	73,248	72,000	1,248	1.7%	402,501	404,500	(1,999)	-0.5%
Alcoholic Beverage	4,926	4,800	126	2.6%	27,413	30,000	(2,587)	-8.6%
Liquor Gallonage	4,474	4,200	274	6.5%	26,053	25,400	653	2.6%
Estate	0	0	0	N/A	38	0	38	N/A
Total Tax Receipts	1,899,921	1,901,700	(1,779)	-0.1%	11,675,646	11,582,400	93,246	0.8%
NON-TAX RECEIPTS								
Federal Grants	1,298,733	1,015,036	283,696	27.9%	5,388,345	5,378,021	10,324	0.2%
Earnings on Investments	0	0	0	N/A	41,296	27,500	13,796	50.2%
License & Fees	687	424	263	62.0%	11,304	8,253	3,051	37.0%
Other Income	3,665	1,130	2,535	224.3%	77,342	59,871	17,471	29.2%
ISTV'S	142	0	142	N/A	255	0	255	N/A
Total Non-Tax Receipts	1,303,228	1,016,591	286,637	28.2%	5,518,543	5,473,645	44,898	0.8%
TOTAL REVENUES	**3,203,149**	**2,918,291**	**284,858**	**9.8%**	**17,194,189**	**17,056,045**	**138,144**	**0.8%**
TRANSFERS								
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%
TOTAL SOURCES	**3,203,149**	**2,918,291**	**284,858**	**9.8%**	**17,269,737**	**17,124,614**	**145,123**	**0.8%**

Preliminary
1/7/2020

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

	MONTH				YEAR-TO-DATE			
REVENUE SOURCE	**DECEMBER FY 2020**	**DECEMBER FY 2019**	**$ VAR**	**% VAR**	**ACTUAL FY 2020**	**ACTUAL FY 2019**	**$ VAR**	**% VAR**
TAX RECEIPTS								
Non-Auto Sales & Use	838,992	844,949	(5,957)	-0.7%	4,790,415	4,594,584	195,831	4.3%
Auto Sales & Use	119,378	113,211	6,167	5.4%	800,865	743,565	57,300	7.7%
Subtotal Sales & Use	958,370	958,160	210	0.0%	5,591,280	5,338,148	253,131	4.7%
Personal Income	829,347	761,503	67,844	8.9%	4,431,242	4,373,242	57,999	1.3%
Corporate Franchise	9	988	(979)	-99.1%	52	1,179	(1,127)	-95.6%
Financial Institutions Tax	(9,042)	(6,525)	(2,517)	-38.6%	(38,958)	(28,380)	(10,578)	-37.3%
Commercial Activity Tax	9,007	10,029	(1,022)	-10.2%	808,022	768,754	39,268	5.1%
Petroleum Activity Tax	2,245	2,732	(486)	-17.8%	4,041	4,750	(709)	-14.9%
Public Utility	5,218	4,972	245	4.9%	64,445	73,072	(8,627)	-11.8%
Kilowatt Hour	20,587	22,477	(1,891)	-8.4%	165,435	179,207	(13,773)	-7.7%
Natural Gas Distribution	3	0	3	N/A	18,293	20,253	(1,959)	-9.7%
Foreign Insurance	(2,290)	8	(2,298)	-28279.5%	171,964	159,037	12,927	8.1%
Domestic Insurance	3,819	0	3,819	N/A	3,826	2	3,824	227216.4%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	73,248	73,194	54	0.1%	402,501	420,313	(17,812)	-4.2%
Alcoholic Beverage	4,926	1,578	3,347	212.1%	27,413	27,055	358	1.3%
Liquor Gallonage	4,474	4,272	202	4.7%	26,053	25,171	882	3.5%
Estate	0	0	0	N/A	38	32	5	16.9%
Total Tax Receipts	1,899,921	1,833,389	66,532	3.6%	11,675,646	11,361,836	313,811	2.8%
NON-TAX RECEIPTS								
Federal Grants	1,298,733	664,222	634,511	95.5%	5,388,345	5,021,310	367,035	7.3%
Earnings on Investments	0	0	0	N/A	41,296	25,239	16,058	63.6%
License & Fee	687	555	133	23.9%	11,304	10,343	961	9.3%
Other Income	3,665	258	3,407	1318.4%	77,342	55,134	22,207	40.3%
ISTV'S	142	6	136	2323.5%	255	24	231	944.0%
Total Non-Tax Receipts	1,303,228	665,041	638,187	96.0%	5,518,543	5,112,051	406,492	8.0%
TOTAL REVENUES	**3,203,149**	**2,498,430**	**704,719**	**28.2%**	**17,194,189**	**16,473,886**	**720,303**	**4.4%**
TRANSFERS								
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%
TOTAL SOURCES	**3,203,149**	**2,498,430**	**704,719**	**28.2%**	**17,269,737**	**16,549,995**	**719,742**	**4.3%**

DISBURSEMENTS

December GRF disbursements, across all uses, totaled $2,850.5 million and were $20.1 million (0.7%) above estimate. This variance was primarily attributable to above estimate disbursements in the Medicaid category and was partially offset by expenditures that were below estimate in the Property Tax Reimbursement category. On a year-over-year basis, December total uses were $555.2 million (24.2%) 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.

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)	$735.8	4.3%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	($90.0)	(12.0%)
TOTAL DISBURSEMENTS VARIANCE:		**$645.8**	**3.6%**

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. December disbursements for this category totaled $619.2 million and were $2.4 million (0.4%) below estimate. This variance was primarily attributable to below estimated spending in the Pupil Transportation and Accountability/Report Cards line items. Disbursements for the Pupil Transportation line item were below estimate due to current year transportation data becoming available in December. Disbursements for the Accountability/Report Cards line item were below estimate due to timing of payments as a payment estimated to occur in December occurred in November.

Expenditures for the school foundation program totaled $606.6 million and were $5.1 million (0.8%) below estimate. Year-to-date disbursements were $4,175.6 million, which is $21.6 million (0.5%) below estimate. On a year-over-year basis, disbursements in this category were $26.5 million (4.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $21.5 million (0.5) lower than the same point in fiscal year 2019.

Higher Education

December disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $196.4 million and were $4.6 million (2.3%) below the estimate for the month. This variance was primarily attributable to spending in multiple programs because Memorandum of Understandings (MOUs), which are necessary prior to disbursement of funds, have not been completed resulting in spending below the monthly estimates by a total of $9.4 million. Additionally, the Ohio College Opportunity Grant Scholarship and Choose Ohio First Scholarship programs were below the monthly estimates by a total of $5.3 million because of lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by above estimate spending in multiple programs by $8.1 million because payments on MOUs anticipated to be disbursed in November were made in December. Also, spending in the National Guard Scholarship Program was above estimate by $2.6 million as a result of higher than expected requests for reimbursement from higher education institutions.

Year-to-date disbursements were $1,132.3 million, which was $67.8 million (5.6%) below estimate. On a year-over-year basis, disbursements in this category were $7.9 million (4.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $14.7 million (1.3%) 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.

December disbursements in this category totaled $6.8 million and were $0.3 million (4.9%) below estimate. Year-to-date disbursements were $50.8 million, which was $1.0 million (1.9%) below estimate. On a year-over-year basis, disbursements in this category were $0.5 million (6.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $5.6 million (12.4%) 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

December GRF disbursements for the Medicaid Program totaled $1,669.0 million and were $32.2 million (2.0%) above estimate and $582.8 million (53.7%) above disbursements for the same month in the previous fiscal year. The year-over year variance is primarily attributable to the timing of the use of non-GRF spending in the program and a managed care performance payment. The performance payment was slightly larger and disbursed in December of this fiscal year but was not fully disbursed until May in the previous fiscal year. Year-to-date GRF disbursements totaled $8,424.9 million and were $53.7 million (0.6 %) below estimate and $635.2 million (8.2%) above disbursements for the same point in the previous fiscal year.

December all-funds disbursements for the Medicaid Program totaled $2,608.1 million and were $90.6 million (3.6%) above estimate and $29.5 million (1.1%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled $14,033.2 million and were $151.8 million (1.1%) below estimate and $593.0 million (4.4%) above disbursements for the same point in the previous fiscal year.

The December all-funds variance was primarily attributable a regularly occurring reconciliation payment within the Department of Developmental Disabilities; this payment of approximately $70.0 million was expected to disburse in November but was delayed into December. Additionally, the variance is attributable to a greater than anticipated mid-year managed care reconciliation payment.

The year-to-date all-funds variance is partially attributable to delays in administration related payments, specifically IT related payments. Additionally, year-to-date spending has been below estimate in the fee-for-service program again due to delayed payments. Generally, in the managed care program enrollment in major categories has been at estimate, however, per-member-per-month costs have remained lower than anticipated resulting in underspending.

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

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

	Dec. Actual	Dec. Projection	Variance	Variance %
GRF	$ 1,669.0	$ 1,636.8	$ (32.2)	2.0%
Non-GRF	$ 939.1	$ 880.8	$ (58.3)	6.6%
All Funds	$ 2,608.1	$ 2,517.6	$ (90.5)	3.5%

Enrollment

Total December enrollment was 2.79 million, which was 18,087 (0.6%) below estimate and 60,400 (2.1%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 2.81 million and was essentially at estimate.

December enrollment by major eligibility category was: Covered Families and Children, 1.57 million; Aged, Blind and Disabled (ABD), 492,428; and Group VIII Expansion, 601,913.

**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.

December disbursements in this category totaled $110.9 million and were $7.6 million (6.4%) below estimate. Year-to-date disbursements were $742.5 million, which was $39.0 million (5.0%) below estimate. On a year-over-year basis, disbursements in this category were $1.4 million (1.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $67.5 million (10.0%) higher than at the same point in fiscal year 2019.

Department of Health
December disbursements for the Department of Health totaled $4.2 million and were $3.6 million (45.8%) below estimate. This variance was primarily attributable to the Medically Handicapped Children line item, which was $1.6 million (87.8%) below estimate due to delayed subsidy payments that were originally planned for December.

Department of Job and Family Services
December disbursements for the Department of Job and Family Services totaled $62.5 million and were $9.4 million (13.1%) below estimate. This variance was primarily attributable to the Child Care State/Maintenance of Effort line item, which was approximately $10.0 million below estimate. This was an indirect result of receiving a reduced amount of federal funds from the Child Care Development Fund grant during the federal continuing budget resolution. This resulted in a lower amount of expenditures in state matching funds from the state line item. These variances were partially offset by the Early Care and Education line item, which was approximately $1.7 million above estimate because of higher than estimated subsidy payments made to childcare providers as they transition to higher Step-up-to-Quality ratings.

Department of Mental Health and Addiction Services
December disbursements for the Department of Mental Health and Addiction Services totaled $34.6 million and were $6.4 million (22.7%) above estimate. The variance was primarily attributed to spending above estimate in the Continuum of Care Services line item, which was $5.4 above estimate, due to timing of payments for the Community Medication program. Disbursements scheduled for October were delayed and paid out in December.

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.

December disbursements in this category totaled $193.2 million and were $26.1 million (15.6%) above estimate. Year-to-date disbursements were $1,264.4 million, which was $21.1 million (1.6%) below estimate. On a year-over-year basis, disbursements in this category were $14.7 million (7.1%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $67.2 million (5.6%) higher than at the same point in fiscal year 2019.

Department of Rehabilitation and Correction
December disbursements for the Department of Rehabilitation and Correction totaled $136.6 million and were $16.6 million (13.8%) above estimate. This variance was primarily attributable to variances in the Halfway House line item, which was $17.4 million above estimate due to payments scheduled for January occurring in December. Additionally, the Institution Medical Services line item was $2.4 million above estimate due to greater than expected purchases of medical supplies for the month. This variance was partially offset by the Institutional Operations line item, which was $2.8 million below estimate due to variations from expected holiday overtime payments.

Public Defender Commission
December disbursements for the Public Defender Commission totaled $19.4 million and were $11 million (130.6%) above estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was $11.1 million above estimate due to catch up payments made after the implementation of additional data gathering and auditing requirements for the reimbursement process which had delayed payments in previous 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.

December disbursements in this category totaled $34.3 million and were $10.2 million (22.9%) below estimate. Year-to-date disbursements were $221.8 million, which was $31.9 million (12.6%) below estimate. On a year-over-year basis, disbursements in this category were $4.6 million (15.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $27.8 million (14.3%) higher than at the same point in fiscal year 2019.

Department of Administrative Services
December disbursements for the Department of Administrative Services totaled $4.4 million and were $4.1 million (373.5%) above estimate. This variance was mainly attributable to the State Agency Support Services line item, which was above estimate due to the timing of rent payments.

Department of Agriculture

December disbursements for the Department of Agriculture totaled $1.5 million and were $8.3 million (85%) below estimate. This variance was primarily attributable to the Soil and Water District Support line item and the Soil and Water Phosphorus Program line item, which were $2.9 million and $5 million below estimates, respectively, due to the timing of subsidy payments that were schedule for December but will occur in the next quarter.

Department of Transportation

December disbursements for the Department of Transportation totaled $1.6 million and were $7.9 million (82.7%) below estimate. This variance was primarily attributable to the Public Transportation – State line item, which was $8.1 million below estimate due to variances in the project schedule.

Developmental Services Agency

December disbursements for the Development Services Agency totaled $7.2 million and were $2.2 million (44.3%) above estimates. This variance was primarily attributable to disbursements in the Appalachia Assistance line item, which was $4.4 million above estimate due to the timing of a $5.0 million payment to the Foundation for Appalachian Ohio for this new program. This variance was partially offset by disbursements in the BSD Federal Programs Match line item and the Ohio Main Street Program line item, which were $0.6 million and $0.5 million below estimates, respectively, due to the timing of subsidy payments.

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 $1.7 million in December and were $12.9 million (88.2%) below estimate. Year-to-date expenses were $905.3 million and were $20.7 million (2.2%) below estimate. The monthly variance was the result of reimbursement requests being received from counties earlier in the fiscal year than anticipated.

Debt Service

December payments for debt service totaled $19.0 million and were $0.2 million (1.2%) below estimate. Year-to-date expenses in this category total $903.3 million and were $0.5 million (0.1%) below estimate.

Transfers Out

There were no transfers out in December, and none were anticipated. Year-to-date transfers totaled $662.8 million and were $7.2 million (1.1%) below estimate.

1/7/2020

Table 3

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

Functional Reporting Categories Description	MONTH ACTUAL DECEMBER	MONTH ESTIMATED DECEMBER	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	619,163	621,586	(2,423)	-0.4%	4,175,558	4,197,170	(21,611)	-0.5%
Higher Education	196,434	201,028	(4,594)	-2.3%	1,132,287	1,200,045	(67,758)	-5.6%
Other Education	6,770	7,117	(347)	-4.9%	50,769	51,732	(963)	-1.9%
Medicaid	1,668,974	1,636,793	32,181	2.0%	8,424,866	8,478,558	(53,693)	-0.6%
Health and Human Services	110,898	118,461	(7,562)	-6.4%	742,522	781,551	(39,029)	-5.0%
Justice and Public Protection	193,242	167,153	26,089	15.6%	1,264,437	1,285,511	(21,074)	-1.6%
General Government	34,259	44,452	(10,193)	-22.9%	221,776	253,720	(31,945)	-12.6%
Property Tax Reimbursements	1,727	14,577	(12,850)	-88.2%	905,289	926,004	(20,715)	-2.2%
Debt Service	18,987	19,208	(222)	-1.2%	903,325	903,838	(513)	-0.1%
Total Expenditures & ISTV's	**2,850,454**	**2,830,375**	**20,079**	**0.7%**	**17,820,829**	**18,078,129**	**(257,300)**	**-1.4%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	662,799	669,975	(7,177)	-1.1%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**0**	**0**	**N/A**	**662,799**	**669,975**	**(7,177)**	**-1.1%**
Total Fund Uses	**2,850,454**	**2,830,375**	**20,079**	**0.7%**	**18,483,627**	**18,748,104**	**(264,477)**	**-1.4%**

Preliminary
1/7/2020

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

Functional Reporting Categories Description	MONTH DECEMBER FY 2020	MONTH DECEMBER 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
Primary and Secondary Education	619,163	645,694	(26,531)	-4.1%	4,175,558	4,197,036	(21,477)	-0.5%
Higher Education	196,434	188,489	7,945	4.2%	1,132,287	1,147,019	(14,732)	-1.3%
Other Education	6,770	7,245	(476)	-6.6%	50,769	45,173	5,595	12.4%
Medicaid	1,668,974	1,086,133	582,841	53.7%	8,424,866	7,789,622	635,244	8.2%
Health and Human Services	110,898	109,489	1,409	1.3%	742,522	675,073	67,450	10.0%
Justice and Public Protection	193,242	207,923	(14,681)	-7.1%	1,264,437	1,197,257	67,180	5.6%
General Government	34,259	29,628	4,631	15.6%	221,776	193,952	27,824	14.3%
Property Tax Reimbursements	1,727	990	737	74.4%	905,289	905,520	(230)	0.0%
Debt Service	18,987	19,701	(715)	-3.6%	903,325	934,361	(31,036)	-3.3%
Total Expenditures & ISTV's	**2,850,454**	**2,295,294**	**555,160**	**24.2%**	**17,820,829**	**17,085,011**	**735,817**	**4.3%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	657,503	(657,503)	N/A
Operating Transfer Out	0	0	0	N/A	662,799	95,337	567,462	595.2%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**0**	**0**	**N/A**	**662,799**	**752,840**	**(90,041)**	**-12.0%**
Total Fund Uses	**2,850,454**	**2,295,294**	**555,160**	**24.2%**	**18,483,627**	**17,837,851**	**645,776**	**3.6%**

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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