Ohio | Office of Budget and Management

2020 MONTHLY FINANCIAL REPORT

March 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:

Leading economic indicators had rebounded in January, suggesting that the economy was on an upward trend from late in 2019 – before COVID-19. Because of the introduction of this new variable, leading economic indicators will be less reliable than usual this month.

Nonfarm payrolls across the country increased by a greater-than-expected 273,000 jobs in February even as the payroll increases in the two previous months were revised higher by a total of 85,000 jobs.

The Foreign Insurance Tax exceeded estimates by $64.7 million (81.2%) in February due to the timing of end-of-month payments. Early March results, however, indicate that this overage will be nearly entirely offset over the next month.

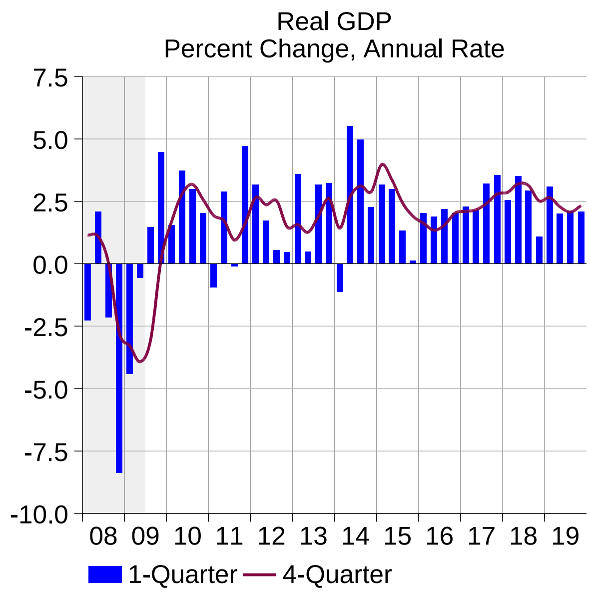
Commercial Activity Tax (CAT) revenue in February performed $2.5 million (0.7%) above estimate, bringing the total year-to-date revenue to $36.3 million (3.0%) above estimate. Because February is one of the four quarterly CAT payment months, this indicates that revenues for the quarter will likely be above estimate.

Economic Growth

The spread of the COVID-19 virus is a new development for the world economy, leading to increased uncertainty. The near-term economic outlook is clouded by anecdotes of global supply disruptions and questions about strength in demand across several industries, including travel and entertainment. As more accurate information on the nature and impact of COVID-19 becomes available, forecasts will be better able to predict its effects on the economy.

During the fourth quarter of calendar year 2019, the economy continued to grow through at a 2.1 percent annual pace, about the same as in the second and third quarters. The economy was 2.3 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 42 straight quarters at a compound annual rate of 2.3 percent.

The increase in real GDP in the fourth quarter reflected positive contributions from Personal Consumption Expenditures (1.17%) Government (0.46%), and Investment in Residential Structures (0.22%). Consumer spending slowed across durable and non-durable goods, while growth in spending on services was relatively steady. Federal and State and Local government spending made positive contributions, with defense expenditures making the largest contribution at the federal level. The increase in Investment in Residential Structures was the second quarterly increase in a row, following six consecutive quarterly decreases.

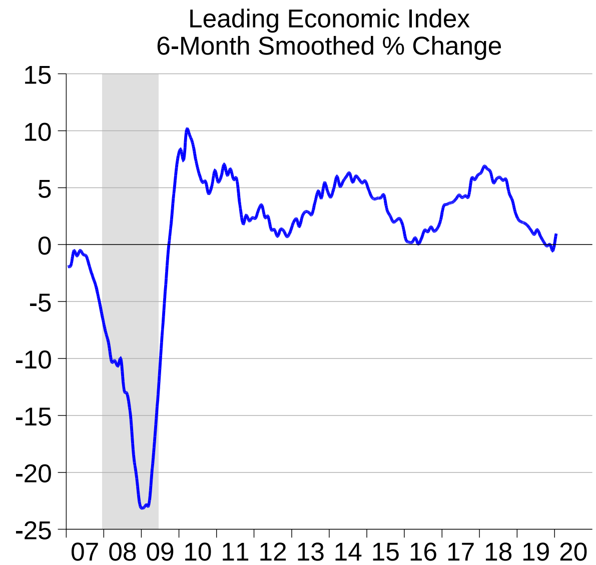


The largest factor subtracting from growth was the change in inventories (-0.98%), which remained positive but was lower by $56.5 billion at a seasonally adjusted annual rate. This pullback in inventory investment offset about three-quarters of the positive effect from the large decrease in imports, which fell 8.6 percent at an annual rate and added 1.29% to overall GDP growth. The change in inventories and imports were likely related to the effects of tariffs and other trade frictions. Exports increased 2.0 percent and added 0.24% to growth.

Sentiment among small businesses had edged up in January, remaining near the top end of the range over the last fifteen months, according to the Index of Small Business Optimism from the **National Federation of Independent Business (NFIB)**. The index is below the high reached in August 2018, but still indicates a positive environment for small companies. Six of the ten components in the index improved, two declined, and two were unchanged. Expected sales, earnings trends, and job creation all were reported significantly improved. It is important to note that this survey was conducted in January, before COVID-19 gained national attention.

January data on Ohio labor markets will not be available until mid-March due to the timing of annual revisions. In addition, the state level coincident and leading indexes compiled and reported by the Philadelphia Federal Reserve will not be released until early April. The diffusion of changes in the coincident and leading indexes across states appears to have had some leading properties at business cycle turning points in the past, but the longer time before the release of the January data will not impair analysis significantly because those data will not meaningfully reflect the effects of COVID-19 on the economy.

At the national level, leading indicators had rebounded in January, suggesting that the lull in growth last year might have been starting to end just as the COVID-19 virus began to spread. The Conference Board's composite **Leading Economic Index** (LEI) increased 0.8 percent in January. The index had declined in four of the previous five months, including a 0.3 percent decrease in December. Strength during the month came from a sharp drop in initial jobless claims, higher housing permits, consumer expectations, and financial indicators. The six-month smoothed annual rate of change jumped from -0.5 percent the month before to 1.0 percent – the fastest pace since last July. Again, it appears as though conditions were improving just as the virus began to affect behaviors.



Source: The Conference Board

As shown in the table below, the **consensus among forecasters** is that real GDP growth is continuing in the first quarter at a rate between 1.5 percent and 3.0 percent.

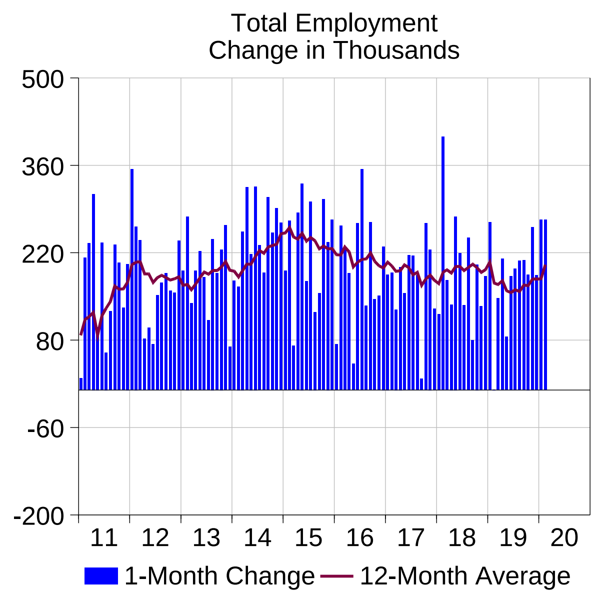
Source	Date	2020-Q1 GDP Forecast
Atlanta FRB (GDPNow)	3/6/20	3.1%
New York FRB (Nowcast)	3/6/20	1.7%
Philadelphia FRB (SPF*)	2/14/20	2.2%
Blue Chip	3/6/20	1.4% (0.9%-1.9%)
IHS	3/6/20	2.1%
*Survey of Professional Forecasters (2nd month of each quarter)		

Employment

Nonfarm payrolls across the country increased by a greater-than-expected 273,000 jobs in February. The cut-off for the survey period was February 12. Increases in the two previous months were revised higher by a total of 85,000 jobs – December was revised upward from 177,000 to 184,000 and January from 225,000 to 273,000. The three-month average was 243,000 jobs, up from the average of 218,000 recorded during the previous three-month period.

Changes in January were largely positive across sectors and industries. Hiring in Education and Health Services (54,000) led the way for a second month in a row, reflecting hiring in Health Care (31,600). Leisure and Hospitality (51,000) was the second-largest job gainer, with all the increase coming in restaurants and bars (52,600). Government added a net 45,000 jobs, spread across federal, state, and local, with a concentration in state level education (15,500). Construction (42,000) was the fourth-largest job gainer, at least in part reflecting milder-than-normal weather again during the month. Employment growth in Professional Business Services (41,000) was broad-based. Manufacturing employment increased by 15,000 jobs.

Partially offsetting gains were decreases in Retail (-7,000), where the decline was greatest at clothing and accessory stores (-12,200), and transportation and warehousing (-4,000), where employment of couriers and messengers also dropped by 12,200 jobs.



The **unemployment rate** edged back down to the 50-year low of 3.5 percent in February. The rate has been 3.5 percent or 3.6 percent for the past six months. While today's low unemployment rate 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 was not forthcoming prior to COVID-19 materializing. 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 0.3 percent to 3.0 percent year-over-year, down from a high of 3.3 percent in November.

Ohio nonfarm payroll employment decreased by 6,300 jobs in January. Employment in goods-producing industries decreased by 900 jobs, reflecting declines in manufacturing (-1,700) and mining and logging (-100) that outweighed an increase in employment in construction (900). Employment in the private service-producing sector increased by 3,200 jobs, led by education and health services (5,200), leisure and hospitality (4,300), and trade, transportation, and utilities (1,900). Employment decreased in professional and business services (-6,900), financial services (-1,600), and information (-100).

The **Ohio unemployment rate** was steady at 4.1 percent for the fifth straight month. The rate has been stable at 4.1 percent or 4.2 percent in each of the most recent twelve months. The number of unemployed increased by 1,000 people on the month but was down by 10,000 from a year ago.

Consumer Income and Consumption

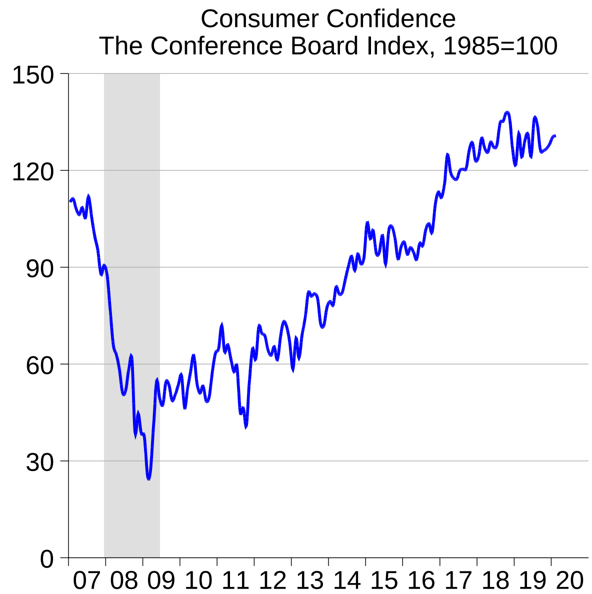
The household sector continued to strengthen in the new year, as **personal income** grew by 0.6 percent from the month before – the best since February last year. **Wage and salary disbursements**, which make up more than half of personal income, increased 0.5 percent. Personal income was boosted by annual cost of living adjustments to social security payments, and other government transfers, including the Affordable Care Act refundable tax credit. Compared with a year earlier, personal income was higher by 4.0 percent and wage and salary disbursements were up by 3.7 percent, although both were down by 0.5 percentage points from the year-over-year rate of change in January 2019.

Personal consumption expenditures (PCE) rose 0.2 percent in January and the December gain was revised up from 0.3 percent to 0.4 percent. Increases in spending on services (0.3%) and durable goods (0.5%) more than offset a 0.2 percent decrease in non-durable goods spending. The increase in durable goods spending in part reflected a 1.4 percent increase in unit sales of **light motor vehicles**. Vehicle sales totaled 16.9 million units in January, up from 16.7 million units the month before, but right in line with the 2019 level and the average since 2013. Compared with a year earlier, total consumer spending was up 4.5 percent. Prior to the impacts of COVID-19, the consumer sector was a key driver of overall economic growth, supported by strong demand for labor and rising incomes.

A contributing factor to the strength in the consumer sector has been the low and stable rate of **consumer price inflation**, which was below 2.5 percent each year during 2012-2019. Inflation has increased recently, but so far remains moderate. The Consumer Price Index (CPI) increased 0.1 percent in January to 2.5 percent above the year earlier level. That was the highest 12-month rate of change since summer 2018 and largely reflected what is likely a transitory jump in energy prices in December and January. The Federal Reserve's preferred measure of inflation also increased 0.1 percent in January to just 1.6 percent above the year earlier level.

Consumer attitudes had generally improved in February. The Conference Board survey detected a strong increase in expectations that just outweighed less enthusiastic assessments of current conditions. The University of Michigan survey found both expectations and views about current conditions improved during the month, lifting the composite index to its highest level in almost two years. Consumers reported increased plans to purchase big-ticket items in both surveys.

The Conference Board survey was based on data collected through February 13, while the Michigan survey had a cut-off of February 25, meaning that the collection period for both surveys included partial news about COVID-19. March readings are expected to be much lower, because the index score for the 20 percent of respondents to the Michigan survey who mentioned the COVID-19 virus was approximately 10 percent lower than the score for those who did not mention it. In addition, much of the large drop in stock prices related to concerns about impacts of the virus on the economy and corporate profits occurred after the survey cut-off dates, and stock prices typically have a large direct effect on confidence measures.



Industrial Activity

Total **industrial production** decreased 0.3 percent in January for the fourth decline in five months. A large weather-related decrease in utility output offset a second solid increase in mining output and added to a 0.1 percent decrease in manufacturing production. The decline was caused by production cutbacks at Boeing related to the 737-MAX plane, which pulled down production in the aerospace and miscellaneous transportation equipment group by 7.4 percent in January. Excluding aircraft and parts, manufacturing production increased 0.3 percent.

Mining was up 3.1 percent year-over-year and utilities output was down 6.2 percent. Reflecting a long string of difficulties, including trade disputes and mounting tariffs, appreciation of the U.S. dollar during the past two years, an abrupt slowdown in economic growth overseas, the GM strike last fall and the issues at Boeing, industrial production was down 0.8 percent from a year earlier.

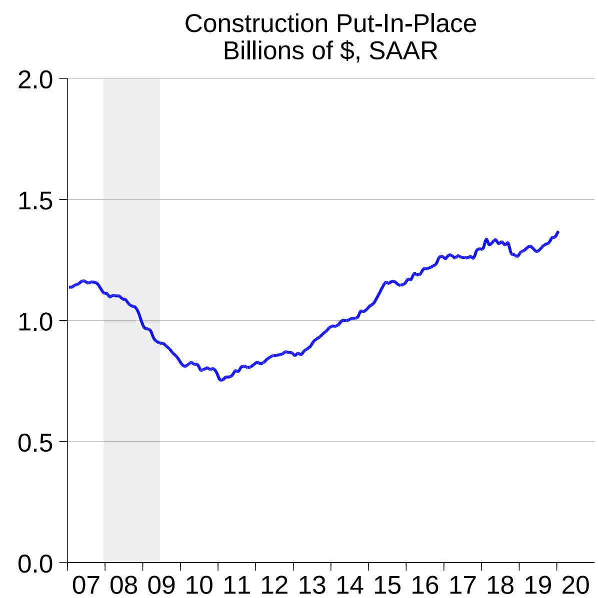
Adding further support to the notion that the trend in manufacturing activity might have been turning up, the **Purchasing Managers Index** (PMI) remained at the neutral level in February after rebounding to just above neutral in January after five consecutive months in contraction territory. The overall index decreased from 50.9 to 50.1, pulled down by retreats in both the important New Orders and Production indexes but buoyed by a jump in the Supplier Deliveries index from 52.9 to 57.3. With the exception of Employment, all other components were lower. The fact that the historically strong January improvement was essentially sustained in February suggests that the manufacturing sector was on the mend just as economic headwinds from the virus began to build.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, fourteen reported growth in the latest month, up reassuringly from eight in the previous month and only three the month before that. Among industries with a major effect on Ohio manufacturing employment, Primary Metals, Fabricated Metal Products, and Machinery reported expansion, in order from largest to smallest increase. Transportation Equipment reported contraction.

Anecdotal information is varied at this time. A source in the Transportation Equipment industry remarked that "layoffs are here." A contact in the Fabricated Metal Products industry said that "Coronavirus continues to be front and center as a major supply chain risk." Meanwhile, a respondent in the Machinery industry reported that "sales continue to be strong," and a Primary Metals source reported a "current favorable forecast to budget for first-quarter sales."

Construction

Construction put-in-place increased 1.8 percent in January and the December change was revised from a decrease of 0.2 percent up to an increase of 0.2 percent. To at least some extent, the strong January gain was weather-related, as temperatures were higher than normal and snowfall was lower than normal. Some of the strength probably was reversed in February, during which temperatures returned to close to normal for the season.



Residential construction put-in-place jumped 2.0 percent in January for the third strong monthly increase in a row and nonresidential flipped from a 0.7 percent decrease in December to a 1.6 percent rise in January. Positive revisions took the fourth-quarter change in private nonresidential from a previously-reported 1.0 percent annual rate of decrease to a 6.7 percent rate of increase. Compared with a year earlier, total construction was up by 6.8 percent. Residential was up 9.2 percent year-over-year and nonresidential increased 5.1 percent.

The January report underscored what now clearly appears to have been a strengthening in the construction in the second-half of last year. Total construction spending increased by 9.6 percent at an annual rate in the final six months, compared with a 3.3 percent annualized increase during the first six months. Key contributors, which continued into the new year, were the strong and growing demand for labor and declines in mortgage rates to very low levels.

The **Housing Market Index** (HMI) from the National Association of Homebuilders (NAHB) remained strong in February after fully recovering last year from the steep drop during 2018. Nationally, the HMI edged down one point to 74, matching the previous high in December 2017. The HMI for the Midwest retreated further to 62 from the extraordinary high of 73 in December. 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 were strong again in January on a three-month moving average basis, no doubt aided by the mild winter weather. Starts jumped 5.2 percent, as a 9.2 percent jump in multi-family starts amplified a 3.3 percent gain in single-family starts. The more-forward-looking permits were also positive but not as strong, rising 2.0 percent on a three-month moving average basis as single-family permits grew 2.8 percent and multi-family permits were up 0.8 percent. Starts increased 0.2 percent across the Midwest and permits were up 6.9 percent, all on a three-month moving average basis.

Sales of existing homes rose 0.3 percent in January, on a three-month moving average basis, while sales of newly built homes increased 0.3 percent, more than recouping the declines in the previous two months. Sales were positive across the Midwest, where existing home sales rose 0.3 percent and sales of newly built homes increased 12.4 percent.

REVENUES

February General Revenue Fund (GRF) receipts totaled $2,352.8 million and were $113.5 million (5.1%) above estimate, largely due to greater-than-estimated foreign insurance tax revenues. For the month, GRF tax revenues were $111.0 million (7.2%) above estimate. Non-tax receipts and transfers, excluding Federal grants, were $2.1 million (23.8%) below estimate. Federal grants were above estimate by $4.6 million (0.7%).

For the year, GRF revenues are $397.6 million (1.8%) above estimate. Tax revenues are $249.0 million (1.6%) above estimate. More broadly, total non-federal revenues through February are $298.7 million (1.9%) above estimate. Federal grants are $98.9 million (1.4%) 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	$249.0	1.6%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$140.7	2.0%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$7.9	11.5%
TOTAL REVENUE VARIANCE:		**$397.6**	**1.8%**
Non-federal revenue variance		**$298.7**	**1.9%**
Federal grants variance		**$98.9**	**1.4%**

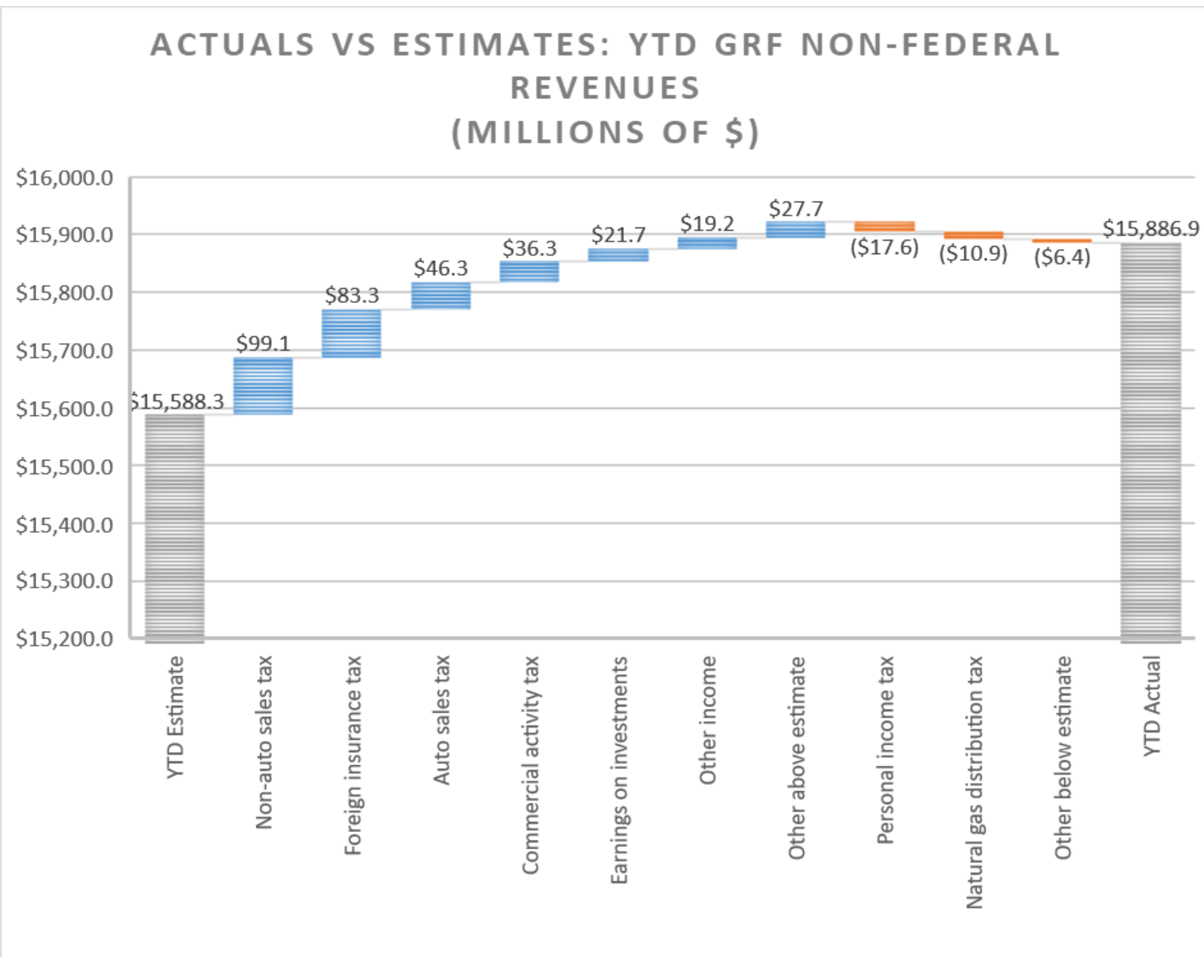
The foreign insurance tax had the largest overage for the month, at $64.7 million (81.2%), which is further discussed below. The next largest positive variance was for non-auto sales tax at $24.2 million (3.7%), followed by auto sales tax at $10.6 million (11.5%), cigarette and other tobacco products tax at $6.5 million (10.8%), financial institutions tax at $6.2 million (14.0%), three sources with overages ranging between $1.5 million and $3.5 million, and six sources each with overages of less than $1.0 million. Only four categories were below estimate for the month: natural gas distribution tax revenues were $9.3 million (-51.9%) below estimate, licenses & fees were $2.8 million (-34.7%) under the estimate, and two other sources each had a negative variance of less than $1.0 million.

The table below shows that sources exceeding estimate (an excess totaling $125.9 million) in February outweighed the size of revenue underperformers (a shortfall of $12.4 million), resulting in a $113.5 million net positive variance from estimate. Over one-half of the total revenue overperformance is attributable to the foreign insurance tax, which, as discussed further below, is the result of the timing of payments.

GRF Revenue Sources Relative to Monthly Estimates – February 2020
($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Foreign insurance tax	$64.7	Natural gas distribution tax	($9.3)
Non-auto sales tax	$24.2	Other sources below estimate	($3.1)
Auto sales tax	$10.6		
Cigarette and other tobacco products tax	$6.5		
Financial institutions tax	$6.2		
Federal grants	$4.6		
Kilowatt hour tax	$3.5		
Other sources above estimate	$5.5		
Total above	**$125.9**	**Total below**	**($12.4)**

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



The preceding chart displays the relative contributions of various revenue sources to the overall variation between actual and estimated non-federal revenues through February. Both the auto and non-auto sales taxes have exceeded estimate year-to-date, as has foreign insurance tax in large part due to February performance. The personal income tax is the source with the largest year-to-date negative variance from estimate.

On a year-over-year basis, monthly receipts were $89.3 million (3.9%) larger than in February of the previous fiscal year. This net increase was mostly due to non-auto sales tax, which increased by $59.8 million (9.6%) above last year, followed by foreign insurance tax which was $41.8 million (40.7%) greater than last February, and a variety of other sources. Personal income tax receipts were $43.9 million (-19.7%) below the prior year, followed by several other sources with smaller declines.

For the year, total revenues are up $1,001.7 million (4.6%). The source with the highest growth is Federal grants at $486.7 million (7.5%). The next largest source of growth is non-auto sales tax at $340.6 million (5.6%). Personal income tax revenue accounts for the largest decline at $17.0 million. Despite there being 11 sources with year-to-date declines in revenue, these declines only amount to $72.4 million. In contrast, another 11 sources have demonstrated year-over-year growth, with their growth amounting to $1,074.0 million.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in February totaled $680.9 million and were $24.2 million (3.7%) above the estimate. Year-to-date non-auto sales tax revenue is over the estimate by $99.1 million (1.6%). For February, non-auto GRF sales tax revenue increased by $59.8 million (9.6%) from the previous year. For the year-to-date, non-auto sales tax revenue has grown by $340.6 million (5.6%) over last year.

In February, non-auto sales tax again exceeded expectations. Non-auto sales tax growth for the month was estimated to be 5.7 percent, compared to 9.6 percent in actual growth. After making adjustments to remove the effects of two significant policy changes that took effect in fiscal year 2020 – i.e., a new exemption for prescription optical devices, and mandated Ohio sales tax collection by marketplace facilitators – the resulting baseline revenue growth figure in February was 5.8 percent. Such growth modestly exceeds the approximately 3.5 percent year-over-year growth rate in US retail and food service sales (excluding motor vehicle & parts, gasoline stations, and food & beverage store sales) for January per the advance data release issued last month by the Census Bureau. For the year, baseline revenue growth of the non-auto sales tax is approximately 4.3 percent.

Auto Sales Tax

February auto sales tax revenues were $102.9 million, $10.6 million (11.5%) above the estimate. Year-to-date auto sales tax revenues are now $46.3 million (4.7%) over the estimate. February auto sales tax revenues were $14.0 million (15.7%) over the prior year, and year-to-date revenues are $72.5 million (7.6%) over the previous year.

U.S. light vehicle sales data is not yet available from the Bureau of Economic Analysis for the month of February. However, based on 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), February sales are estimated at the 16.8-17.0 million unit level, which is higher than the 16.5 million units sold in the previous February. Given developments related to the COVID-19 virus, it is quite possible that demand will decline in coming months. Average transaction prices remain a source of slight growth in auto sales tax revenues. Per Kelley Blue Book, the average U.S. transaction price for new vehicles was $37,876 (before consumer incentives) in February, growing 2.6 percent over the prior February.

As discussed in last month's report, the growth trends observed using national new light vehicle sales data are not consistent with Ohio's recent auto sales tax growth, which has demonstrated a year-to-date increase of 7.6 percent. Used motor vehicles appear to help explain the larger growth of auto sales tax revenue relative to US new motor vehicle sales. Although Ohio data for the current quarter is not yet available, data issued by the Bureau of Motor Vehicles shows that taxable sales of new motor vehicles titled during the fourth quarter of calendar year 2019 grew by 3.2 percent over the previous year; in contrast, taxable used motor vehicle sales grew by 9.6 percent.

Personal Income Tax

February GRF personal income tax receipts totaled $178.6 million and were $1.5 million (0.9%) above the estimate. Year-to-date, personal income tax revenue is $17.6 million (-0.3%) below estimate. On a year-over-year basis, February income tax collections were $43.9 million (-19.7%) below February 2019 collections, which is primarily an artifact of increased income tax refunds. Collections for the year-to-date are $17.0 million (-0.3%) below the previous year.

The fiscal year 2020-2021 budget bill (House Bill 166) enacted a four percent reduction in personal income tax rates effective with tax year 2019. Consistent with this rate cut, a four percent employer withholding rate reduction took effect in January 2020. The personal income tax revenue estimates for the last six months of fiscal year 2020 incorporate the expected effects of the rate changes as well as several other enacted personal income tax policy changes.

Withholding tax payments exceeded the estimate in February by $5.4 million (0.7%). Compared to last February, withholding increased by $6.8 million (0.9%). Withholding is now $43.8 million (0.7%) above estimate through February of this fiscal year. It has grown 1.8 percent above the prior year, compared to 1.1 percent in anticipated growth. Withholding growth throughout fiscal year 2020 would have been higher if not for the fact that July-December 2019 rates were 3.3 percent lower than in the prior year, and the fact that effective in January 2020 withholding tax rates were reduced by 4.0 percent from the previous year.

The annual return filing season for tax year 2019 began in late January, making February the first full month to reflect refund activity for that tax year. Refunds for February were $13.8 million (2.6%) larger than estimated and were $51.3 million (10.3%) higher than the previous February. For the combined months of January and February, refunds have exceeded estimate by $44.7 million (6.8%) and are $94.6 million (15.6%) higher than the previous year. For the tax year 2019 annual return filing season to date, both the total number of refunds paid and the average refund amount have grown relative to last year: there has been a 5.9 percent increase in the number of payments, and an 11.9

percent increase in the average refund paid. That said, it is still relatively early in the filing season: only 39 percent of total estimated January-June 2020 refunds have been paid during the January-February period. OBM will continue to monitor and report on refund performance during the coming months.

February 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 million (54.4%) above estimate. For the year, each of these categories is above estimate.

FEBRUARY PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Actual February	Estimate February	$ Var	Actual Feb-2020	Actual Feb-2019	$ Var Y-0ver-Y
Withholding	$740.0	$734.6	$5.4	$740.0	$733.2	$6.8
Quarterly Est.	$7.2	$3.4	$3.8	$7.2	$6.7	$0.5
Annual Returns & 40 P	$9.7	$5.7	$4.0	$9.7	$9.2	$0.5
Trust Payments	$0.9	$0.7	$0.2	$0.9	$0.9	$0.0
Other	$10.5	$8.5	$2.0	$10.5	$8.4	$2.2
Less: Refunds	($549.1)	($535.3)	($13.8)	($549.1)	($497.8)	($51.3)
Local Distr.	($40.6)	($40.5)	($0.1)	($40.6)	($37.9)	($2.6)
Net to GRF	$178.6	$177.1	$1.5	$178.6	$222.5	($43.9)

(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)

February is one of the four quarterly CAT payment months and is therefore a highly significant month for this tax source. CAT revenue in February performed $2.5 million (0.7%) above estimate. Year-to-date, GRF revenue from the CAT is $36.3 million (3.0%) above estimate. February revenue was $5.5 million (1.6%) above February 2019 while year-to-date revenue from this source is $62.3 million (5.3%) above the prior fiscal year. The current quarter is likely to perform comfortably above estimate, since combined January and February revenues exceeded estimate by $13.6 million (3.2%) and only $9.4 million is expected in March.

Foreign Insurance Tax

The most significant variance from estimate in February was attributable to the foreign insurance tax, exceeding estimate by $64.7 million (81.2%). Because of the end-of-month payment due date, the exact monthly revenue timing for this tax is quite difficult to forecast. The February overage stems from earlier-than-anticipated revenue pay-ins. Early March pay-in information confirms that the February overage will be offset by a substantial negative variance in March.

Financial Institutions Tax (FIT)

January is a significant month for FIT revenue since the first estimated payment of the current FIT tax year is due on the last day of that month, unless the 31st of January is on a weekend in which case the due date is February 1st. Because of these timing dynamics, February is also an important revenue month.

In February, the FIT was $6.2 million (14.0%) above estimate and was $10.4 million (25.8%) above the prior year. Combined January and February revenue was $20.7 million (19.8%) above estimate. For the entire fiscal year to date, FIT revenue is $8.3 million (10.6%) above estimate and is $1.3 million (-1.5%) below the previous year.

Although the stronger than anticipated January and February results might imply a similar outcome for the remainder of the fiscal year (when the last two FIT payments for tax year 2020 are made), OBM maintains a cautious perspective. This is informed by relatively recent experience as during fiscal year 2019 revenues in January and February exceeded estimate by $20.9 million but this overage was followed by March-June results that were $7.3 million below estimate.

Natural Gas Distribution Tax

February revenue from the natural gas distribution tax was $9.3 million (-51.9%) below estimate and is now $10.9 million (-27.3%) below estimate for the year. Although this source had performed somewhat below estimate through January, the apparent substantial underperformance in February was mostly due to $7.6 million in refunds which had not been anticipated in the forecast. These refunds are expected to be non-recurring in nature. If February revenue is adjusted to remove the effects of the month’s refunds, then year-to-date revenue would instead have been $3.3 million (-8.3%) below estimate.

GRF Non-Tax Receipts

GRF non-tax revenues in February totaled $691.8 million and were $1.7 million (0.2%) above estimate. This variance was primarily attributable to the Federal Grants category, which was $4.6 million (0.7%) above estimate. Partially offsetting this variance was the License & Fees category which was $2.8 million (-34.7%) below estimate. This negative variance is likely timing-related and should be made up for in March and April as surplus lines insurance revenue continues to be received by the state.

3/6/2020

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

REVENUE SOURCE	MONTH ACTUAL FEBRUARY	MONTH ESTIMATE FEBRUARY	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	680,892	656,700	24,192	3.7%	6,388,173	6,289,100	99,073	1.6%
Auto Sales & Use	102,891	92,300	10,591	11.5%	1,029,245	982,900	46,345	4.7%
Subtotal Sales & Use	783,783	749,000	34,783	4.6%	7,417,418	7,272,000	145,418	2.0%
Personal Income	178,636	177,100	1,536	0.9%	5,590,361	5,608,000	(17,639)	-0.3%
Corporate Franchise	8	0	8	N/A	92	0	92	N/A
Financial Institutions Tax	50,746	44,500	6,246	14.0%	86,364	78,100	8,264	10.6%
Commercial Activity Tax	354,342	351,800	2,542	0.7%	1,246,186	1,209,900	36,286	3.0%
Petroleum Activity Tax	0	0	0	N/A	4,041	4,500	(459)	-10.2%
Public Utility	30,072	29,900	172	0.6%	95,904	98,400	(2,496)	-2.5%
Kilowatt Hour	35,044	31,500	3,544	11.2%	228,384	229,200	(816)	-0.4%
Natural Gas Distribution	8,609	17,900	(9,291)	-51.9%	29,061	40,000	(10,939)	-27.3%
Foreign Insurance	144,428	79,700	64,728	81.2%	316,474	233,200	83,274	35.7%
Domestic Insurance	1	200	(200)	-99.8%	3,971	200	3,771	1885.6%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	66,706	60,200	6,506	10.8%	543,536	537,800	5,736	1.1%
Alcoholic Beverage	3,916	3,600	316	8.8%	35,406	38,000	(2,594)	-6.8%
Liquor Gallonage	3,827	3,700	127	3.4%	35,143	34,100	1,043	3.1%
Estate	0	0	0	N/A	38	0	38	N/A
Total Tax Receipts	1,660,116	1,549,100	111,016	7.2%	15,632,380	15,383,400	248,980	1.6%
NON-TAX RECEIPTS								
Federal Grants	686,003	681,417	4,587	0.7%	7,004,470	6,905,554	98,916	1.4%
Earnings on Investments	0	0	0	N/A	76,731	55,000	21,731	39.5%
License & Fees	5,311	8,132	(2,821)	-34.7%	20,809	20,101	709	3.5%
Other Income	484	574	(89)	-15.5%	80,413	61,220	19,193	31.4%
ISTV'S	6	0	6	N/A	182	0	182	N/A
Total Non-Tax Receipts	691,805	690,122	1,683	0.2%	7,182,606	7,041,875	140,731	2.0%
TOTAL REVENUES	**2,351,920**	**2,239,222**	**112,698**	**5.0%**	**22,814,986**	**22,425,275**	**389,711**	**1.7%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	833	0	833	N/A	76,431	68,570	7,862	11.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	833	0	833	N/A	76,431	68,570	7,862	11.5%
TOTAL SOURCES	**2,352,754**	**2,239,222**	**113,531**	**5.1%**	**22,891,417**	**22,493,844**	**397,573**	**1.8%**

3/6/2020

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	FEBRUARY FY 2020	FEBRUARY FY 2019	$ VAR	% VAR	ACTUAL FY 2020	ACTUAL FY 2019	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	680,892	621,135	59,757	9.6%	6,388,173	6,047,586	340,587	5.6%
Auto Sales & Use	102,891	88,906	13,985	15.7%	1,029,245	956,760	72,485	7.6%
Subtotal Sales & Use	783,783	710,041	73,741	10.4%	7,417,418	7,004,346	413,072	5.9%
Personal Income	178,636	222,520	(43,884)	-19.7%	5,590,361	5,607,407	(17,046)	-0.3%
Corporate Franchise	8	16	(8)	-51.5%	92	1,243	(1,150)	-92.6%
Financial Institutions Tax	50,746	40,354	10,391	25.8%	86,364	87,673	(1,309)	-1.5%
Commercial Activity Tax	354,342	348,796	5,545	1.6%	1,246,186	1,183,885	62,302	5.3%
Petroleum Activity Tax	0	0	0	N/A	4,041	4,750	(709)	-14.9%
Public Utility	30,072	30,866	(794)	-2.6%	95,904	103,953	(8,048)	-7.7%
Kilowatt Hour	35,044	29,579	5,464	18.5%	228,384	238,692	(10,308)	-4.3%
Natural Gas Distribution	8,609	17,937	(9,328)	-52.0%	29,061	40,432	(11,371)	-28.1%
Foreign Insurance	144,428	102,669	41,759	40.7%	316,474	256,044	60,429	23.6%
Domestic Insurance	1	3	(3)	-85.5%	3,971	5	3,966	73579.2%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	66,706	63,656	3,050	4.8%	543,536	557,415	(13,879)	-2.5%
Alcoholic Beverage	3,916	4,742	(826)	-17.4%	35,406	37,271	(1,864)	-5.0%
Liquor Gallonage	3,827	3,654	173	4.7%	35,143	33,990	1,153	3.4%
Estate	0	0	0	N/A	38	32	5	16.9%
Total Tax Receipts	1,660,116	1,574,836	85,280	5.4%	15,632,380	15,157,138	475,242	3.1%
NON-TAX RECEIPTS								
Federal Grants	686,003	679,938	6,065	0.9%	7,004,470	6,517,763	486,708	7.5%
Earnings on Investments	0	0	0	N/A	76,731	54,849	21,882	39.9%
License & Fee	5,311	8,235	(2,924)	-35.5%	20,809	21,895	(1,086)	-5.0%
Other Income	484	403	81	20.1%	80,413	56,025	24,388	43.5%
ISTV'S	6	7	(1)	-12.6%	182	50	132	263.0%
Total Non-Tax Receipts	691,805	688,583	3,222	0.5%	7,182,606	6,650,582	532,024	8.0%
TOTAL REVENUES	**2,351,920**	**2,263,419**	**88,502**	**3.9%**	**22,814,986**	**21,807,720**	**1,007,266**	**4.6%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	833	0	833	N/A	76,431	82,025	(5,594)	-6.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	833	0	833	N/A	76,431	82,025	(5,594)	-6.8%
TOTAL SOURCES	**2,352,754**	**2,263,419**	**89,335**	**3.9%**	**22,891,417**	**21,889,745**	**1,001,672**	**4.6%**

DISBURSEMENTS

February GRF disbursements, across all uses, totaled $2,419.0 million and were $60.8 million (-2.5%) below estimate. This variance was primarily attributable to below estimate disbursements in the Primary and Secondary Education category and was partially offset by expenditures that were above estimate in the Other Education category. On a year-over-year basis, February total uses were $48.6 million (-2.0%) lower than those of the same month in the previous fiscal year, with a decrease in the Primary and Secondary Education category largely responsible for the difference. Year-over-year 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)	($48.6)	(2.0%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	0.0	N/A
TOTAL DISBURSEMENTS VARIANCE:		**($48.6)**	**(2.0%)**

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. February disbursements for this category totaled $738.5 million and were $22.2 million (-2.9%) below estimate. This variance was primarily attributable to disbursements in the Foundation Funding line item, which was $24.0 million (-4.1%) below estimate due to scholarship payments planned for February being disbursed in January.

Expenditures for the school foundation program totaled $625.6 million and were $24.7 million (-3.8%) below estimate. Year-to-date disbursements were $5,725.1 million, which was $52.1 million (-0.9%) below estimate. On a year-over-year basis, disbursements in this category were $132.8 million (-15.2%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $13.7 million (0.2%) higher than the same point in fiscal year 2019.

Higher Education

February disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $215.1 million and were $11.1 million (-4.9%) below the estimate. This variance was primarily attributable to disbursements in the Ohio College Opportunity Grant, the Choose Ohio First and the National Guard Scholarship program line items, which were $9.5 million below estimate as a result of lower than expected requests for reimbursement from higher education institutions. Additionally, disbursements in multiple program line items were below estimate in the amount of $5.4 million because Memorandums of Understanding (MOU's), which are necessary prior to disbursement of funds, have not been completed. This variance was partially offset by spending in multiple program line items that were above estimate by $4.5 million because payments on MOU's anticipated to be completed and disbursed in December and January were made in February.

Year-to-date disbursements were $1,546.3 million, which was $70.6 million (-4.4%) below estimate. On a year-over-year basis, disbursements in this category were $4.3 million (2.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $4.6 million (0.3%) higher 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.

February disbursements in this category totaled $5.7 million and were $0.4 million (7.6%) above estimate. Year-to-date disbursements were $60.8 million, which was $0.3 million (-0.4%) below estimate. On a year-over-year basis, disbursements in this category were $0.9 million (17.9%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $6.4 million (11.7%) 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.

<u>Expenditures</u>
February GRF disbursements for the Medicaid Program totaled $1,083.3 million and were $7.7 million (-0.7%) below estimate and $28.8 million (2.7%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled $10,949.2 million and were $100.5 million (0.9%) above estimate and $872.0 million (8.7%) above disbursements for the same point in the previous fiscal year.

February all-funds disbursements for the Medicaid Program totaled $2,262.0 million and were $74.5 million (-3.2%) below estimate and $219.1 million (10.7%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled $18,747.3 million and were $92.4 million (-0.5%) below estimate and $796.3 million (4.4%) above disbursements for the same point in the previous fiscal year.

The February all-funds variance was primarily attributable to a payment reconciliation in the Hospital Care Assurance Program (HCAP), which reduced expenses in February**.** Additionally, and as expected, program spending has normalized with continued general underspending in major categories including managed care, fee-for-service and administration. The managed care program tracked closely with estimates but remained below them due to underspending in some major eligibility categories. The fee-for-service program was below estimate due mostly to the timing of payments and administration was below estimate due primarily to delays in information technology expenditures.

The year-to-date all-funds variance was primarily attributable to below estimate spending in the fee-for-service program, in administration related expenses, and in the premium assistance program. Underspending in the fee-for-service program was largely due to delayed payments, while the underspending in the premium assistance program was largely attributable to lower than anticipated enrollment. Year-to-date administrative expenses were below budget largely due to lower than anticipated information technology expenses and delayed spending on prior year encumbrances. These lower than estimate expenses were partially offset by above estimate spending in the managed care program due to the quality assurance corrective payments made in December and January.

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

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

	Feb. Actual	Feb. Projection	Variance	Variance %
GRF	$ 1,083.3	$ 1,090.9	$ (7.7)	-0.7%
Non-GRF	$ 1,178.7	$ 1,245.6	$ (66.9)	-5.4%
All Funds	$ 2,262.0	$ 2,336.5	$ (74.5)	-3.2%

Enrollment

Total February enrollment was 2.78 million, which was 29,710 (-1.1%) below estimate and 46,806 (1.7%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 2.80 million and was essentially at estimate.

February enrollment by major eligibility category was: Covered Families and Children, 1.55 million; Aged, Blind and Disabled (ABD), 490,098; and Group VIII Expansion, 604,564.

**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.

February disbursements in this category totaled $105.3 million and were $1.3 million (-1.3%) below estimate. Year-to-date disbursements were $964.5 million, which was $74.9 million (-7.2%) below estimate. On a year-over-year basis, disbursements in this category were $25.1 million (31.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $59.9 million (6.6%) higher than at the same point in fiscal year 2019.

Department of Health
February disbursements for the Department of Health totaled $10.4 million and were $1.6 million (18.3%) above estimate. This variance was primarily attributed to the Help Me Grow line item which was $2.7 million above estimate due to a payment going out later than planned, as well as, the implementation of new provider rates.

Department of Job and Family Services
February disbursements for the Department of Job and Family Services totaled $64.3 million and were $0.9 million (1.5%) above estimate. This variance was primarily attributable to the Early Care and Education line item, which was $4.6 million above estimate because of higher than estimated subsidy payments made to childcare providers as they transition to higher Step-Up-to-Quality ratings. This variance was partially offset by the Program Operations line item, which was $2.8 million below estimate because of delayed invoices from information technology vendors, and administrative payments for the Bridges Program were not made as anticipated. Additionally, the Quality Infrastructure Grants line item was $1.4 million below estimate due to a delay in finalizing grant agreements. Some agreements have now been finalized, and expenditures are expected to increase through the end of the fiscal year.

Department of Mental Health and Addiction Services
February disbursements for the Department of Mental Health and Addiction Services totaled $22.4 million and were $1.9 million (-1.6%) below estimate. This variance was primarily attributable to disbursements in the Hospital Services line item, which was $1.5 million below estimate due to delayed payments.

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.

February disbursements in this category totaled $163.2 million and were $3.2 million (-1.9%) below estimate. Year-to-date disbursements were $1,663.5 million, which was $34.8 million (-2.1%) below estimate. On a year-over-year basis, disbursements in this category were $9.7 million (6.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $107.3 million (6.9%) higher than at the same point in fiscal year 2019.

Department of Public Safety
February disbursements for the Department of Public Safety totaled $1.7 million and were $2.2 million (-129.2%) below estimate. This variance was primarily attributable to disbursements in the Local Disaster Assistance and Security Grants line items, which were $1.4 million below estimate due to the timing of subsidy payments. Additionally, the Recovery Ohio Law Enforcement line item was $0.5 million below estimate due to timing of new program expenses.

Department of Rehabilitation and Correction

February disbursements for the Department of Rehabilitation and Correction totaled $117.3 million and were $3.6 million (-3.0%) below estimate. This variance was primarily attributable to variances in the Institutional Operations line item, which was $3.5 million below estimate due to lower than expected expenses for supplies, maintenance and purchased personnel services.

Department of Youth Services

February disbursements for the Department of Youth Services totaled $11.4 million and were $1.6 million (16.2%) above estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was $1.7 million above estimate due to payments scheduled for January occurring in February.

Public Defender Commission

February disbursements for the Public Defender Commission totaled $11.8 million and were $3.3 million (39.0%) above estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was $3.4 million above estimate due to continued payment of reimbursements that were delayed in previous months because of computer system upgrades.

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.

February disbursements in this category totaled $31.5 million and were $13.6 million (-30.2%) below estimate. Year-to-date disbursements were $294.7 million, which was $52.1 million (-15.0%) below estimate. On a year-over-year basis, disbursements in this category were $4.0 million (14.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $40.8 million (16.0%) higher than at the same point in fiscal year 2019.

Department of Administrative Services

February disbursements for the Department of Administrative Services totaled $1.6 million and were $4.5 million (-74.3%) below estimate. This variance was primarily attributable to the State Agency Support Services line item, which was below estimate due to the timing of rent payments.

Department of Transportation

February disbursements for the Department of Transportation totaled $6.3 million and were $6.1 million below estimate (-49.2%). This variance was primarily attributable to the Public Transportation – State line item, which was $5.4 million below estimate due to the implementation of a new project planning system being more intricate than anticipated. Additionally, the Airport Improvements-State line item was $1.1 million below estimate due to the timing of project expenditures and payments to grantees.

Developmental Services Agency

February disbursements for Development Services Agency totaled $3.2 million and were $1.4 million (-30.1%) below estimates. This variance was primarily attributable to underspending in the TechCred Program and Appalachia Assistance line items, which were $1.3 million below estimate 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. There were $2.0 thousand in property tax reimbursements in February, though none were estimated. Year-to-date expenses were $905.3 million and were $20.7 million (-2.2%) below estimate. This variance is attributable to requests for reimbursements coming in lower than anticipated.

Debt Service

February payments for debt service totaled $76.3 million and were $2.1 million (-2.7%) below estimate. Year-to-date expenses in this category total $1,100.9 million and were $2.8 million (-0.3%) below estimate. The monthly variance is largely attributable to variable rate debt components coming in below estimate.

Transfers Out

There were no transfers out in the month of February, and none were estimated. Year-to-date transfers totaled $663.6 million and were $6.4 million (-0.9%) below estimate.

3/6/2020

Table 3

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

Functional Reporting Categories Description	MONTH ACTUAL FEBRUARY	ESTIMATED FEBRUARY	$ VAR	% VAR	YEAR-TO-DATE YTD ACTUAL	YTD ESTIMATE	$ VAR	% VAR
Primary and Secondary Education	738,529	760,773	(22,244)	-2.9%	5,725,073	5,777,160	(52,087)	-0.9%
Higher Education	215,124	226,222	(11,098)	-4.9%	1,546,261	1,616,849	(70,589)	-4.4%
Other Education	5,740	5,334	406	7.6%	60,785	61,046	(261)	-0.4%
Medicaid	1,083,269	1,090,936	(7,667)	-0.7%	10,949,244	10,848,737	100,507	0.9%
Health and Human Services	105,287	106,620	(1,333)	-1.3%	964,473	1,039,326	(74,853)	-7.2%
Justice and Public Protection	163,247	166,442	(3,195)	-1.9%	1,663,473	1,698,311	(34,838)	-2.1%
General Government	31,497	45,127	(13,630)	-30.2%	294,707	346,826	(52,118)	-15.0%
Property Tax Reimbursements	2	0	2	N/A	905,292	926,004	(20,712)	-2.2%
Debt Service	76,287	78,370	(2,083)	-2.7%	1,100,934	1,103,708	(2,774)	-0.3%
Total Expenditures & ISTV's	**2,418,983**	**2,479,825**	**(60,842)**	**-2.5%**	**23,210,241**	**23,417,967**	**(207,726)**	**-0.9%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	0	0	N/A	663,620	669,975	(6,356)	-0.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**0**	**0**	**N/A**	**663,620**	**669,975**	**(6,356)**	**-0.9%**
Total Fund Uses	**2,418,983**	**2,479,825**	**(60,842)**	**-2.5%**	**23,873,861**	**24,087,942**	**(214,082)**	**-0.9%**

3/6/2020

Table 4

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

Functional Reporting Categories Description	MONTH FEBRUARY FY 2020	MONTH FEBRUARY 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	738,529	871,304	(132,775)	-15.2%	5,725,073	5,711,349	13,723	0.2%
Higher Education	215,124	210,796	4,329	2.1%	1,546,261	1,541,708	4,553	0.3%
Other Education	5,740	4,870	871	17.9%	60,785	54,426	6,359	11.7%
Medicaid	1,083,269	1,054,469	28,799	2.7%	10,949,244	10,077,264	871,980	8.7%
Health and Human Services	105,287	80,215	25,072	31.3%	964,473	904,564	59,909	6.6%
Justice and Public Protection	163,247	153,514	9,733	6.3%	1,663,473	1,556,186	107,287	6.9%
General Government	31,497	27,495	4,002	14.6%	294,707	253,956	40,752	16.0%
Property Tax Reimbursements	2	22	(20)	-89.5%	905,292	905,542	(250)	0.0%
Debt Service	76,287	64,895	11,392	17.6%	1,100,934	1,127,660	(26,726)	-2.4%
Total Expenditures & ISTV's	**2,418,983**	**2,467,580**	**(48,598)**	**-2.0%**	**23,210,241**	**22,132,654**	**1,077,587**	**4.9%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	657,503	(657,503)	N/A
Operating Transfer Out	0	0	0	N/A	663,620	95,424	568,196	595.4%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**0**	**0**	**0**	**N/A**	**663,620**	**752,927**	**(89,307)**	**-11.9%**
Total Fund Uses	**2,418,983**	**2,467,580**	**(48,598)**	**-2.0%**	**23,873,861**	**22,885,581**	**988,279**	**4.3%**

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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