April 10, 2020

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

FROM: Kimberly Murnieks, Director

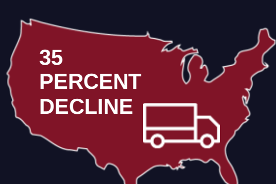
SUBJECT: Monthly Financial Report

Report Overview:

Leading economic indicators suggest that the national economy was pulling out of the late 2019 lull when the COVID-19 pandemic hit. The latest reports indicate that economic activity has dropped off sharply and that the economy slowed considerably in March.

U.S. nonfarm payroll employment decreased by 701,000 jobs in March. The unemployment rate increased from the expansion-low of 3.5% to 4.4%, as total employment decreased by almost 3 million workers. An unprecedented surge in unemployment insurance claims late in the month indicates that employment continues to decrease due to the impacts of the COVID-19 pandemic.

GRF non-auto sales and use tax collections in March totaled $622.5 million and were $66.6 million (-9.7%) below the estimate. March's non-auto sales tax performance is a first sign of the effects of the decline in economy activity caused by COVID-19, which is impacting many segments of the consumer economy.

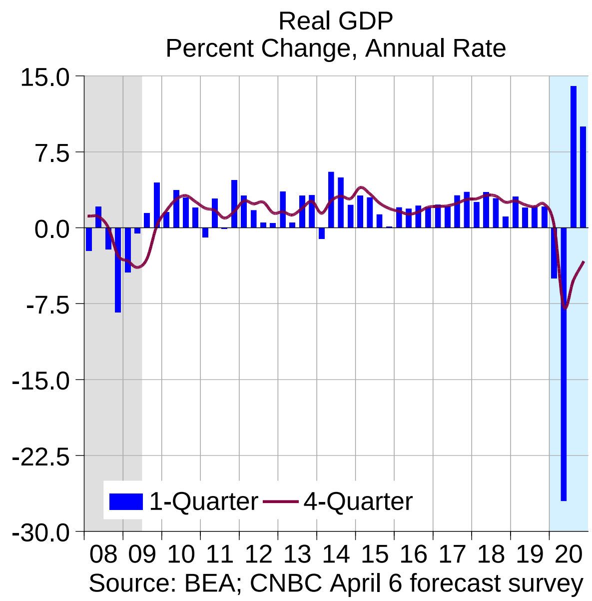


U.S. sales of new light vehicles in March are estimated to be an annualized 11.36 million units, a 35 percent decline from the 17.35 million annualized units in the previous March. The implications of this decrease on the auto sales tax will start to become apparent in Ohio's April revenues.

March GRF personal income tax receipts totaled $416.5 million and were $22.3 million (-5.1%) below the estimate. This is partially due to the recent extension of income tax payments. Legislation enacted in late March allows the Department of Taxation to grant taxpayers an extension, moving the filing deadline to July 15, 2020.

Economic Update

Economic data released over the course of the first quarter of calendar year 2020 had been consistent with continued – and maybe even a pickup in – growth until the onset of the COVID-19 pandemic in late March. The surge in unemployment insurance claims in the final two weeks of the month, the steep decline in employment, and the drop in sales of light motor vehicles lead forecasters to conclude that the economic expansion, which began in March 2009, is likely drawing to a close after a record 132 months.



The current economic downturn is unusual in that it came without warning. Traditional leading indicators had slowed markedly last year but did not clearly reach significant warning levels before staging a notable, if modest, recovery beginning around the turn of the year. The Survey of Professional Forecasters, compiled by the Federal Reserve Bank of Philadelphia, projected a 2.0 percent increase in real GDP for the year as recently as February.

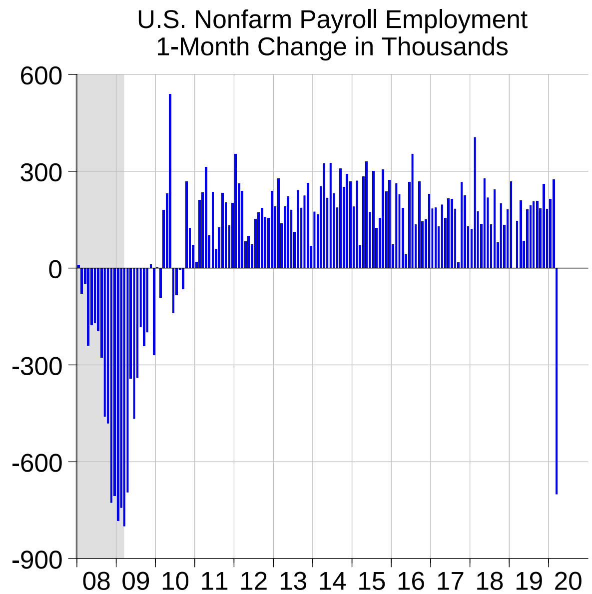
In light of recent events related to the pandemic, the question now turns to the so-called three Ds of the resulting economic slowdown: its Depth, Diffusion, and Duration. Judging from the steep deterioration in economic measures, the temporary closure of so many businesses necessary to slow the spread of coronavirus, and extension of shelter-in-place orders that will suppress economic activity through at least April, the slowdown appears likely to be deep. As shown in the table below, for example, forecasters project an annualized rate of decrease in real GDP in the second quarter at an extraordinary and unprecedented pace.

The downturn also is sure to be widely diffused across the country and across industries, although the hardest hit areas so far have been large cities and industries in or with ties to travel, leisure, and entertainment. Aside from grocery stores, pharmacies, and health-related entities, most businesses have been negatively affected. Clearly, the downturn is broad-based, although many are adapting to the new situation in innovative ways, such as remote office work, increased use of video conferencing, and the extension of pickup and delivery services across a wider range of goods and services.

The duration of the current conditions remains a very open and critical question, which largely hinges on progress in containing and treating COVID-19. A re-opening of the economy before the pandemic has ended could be a false start, but a delay beyond some critical point would risk permanent damage to the economy, as businesses that once provided jobs would no longer exist to provide jobs for former workers to return to. Forecasters currently project an explosive rebound in the economy in the second half but still a large decline in real GDP for the year.

Forecaster	Real GDP, annualized % change					
	20Q1	20Q2	20Q3	20Q4	2020 Q4/Q4	2021 Q4/Q4
IHS Markit (4/3)	-3.5%	-26.5%	-0.4%	+6.0%	-7.0%	+10.1%
CNBC Survey (4/6)	-5.0%	-27.0%	+14.0%	+10.0%	-3.4%	
Morgan Stanley (4/3)	-3.4%	-38.0%	+20.7%	+15.8%	-4.3%	+4.8%

Employment



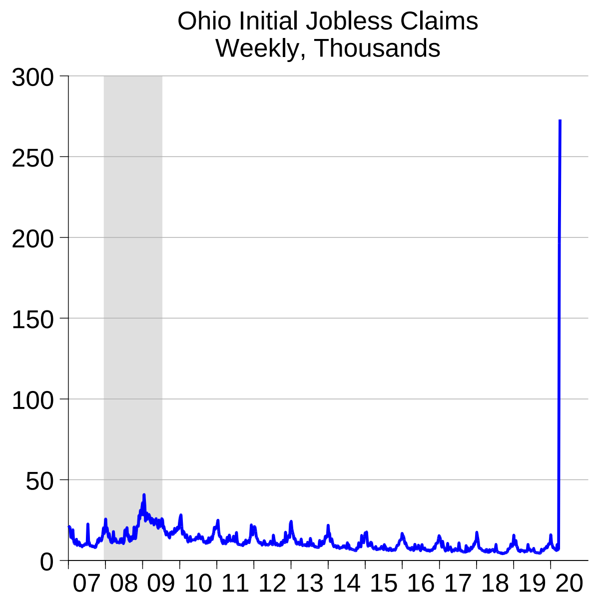
Nonfarm payrolls across the country decreased by 701,000 jobs in March, the largest decline since March 2009. Weakness was evident across industries, as only 55 percent of the 258 industries tracked reported higher employment than six months earlier.

Job losses were concentrated in Leisure and Hospitality, where a 459,000 decline in jobs represented nearly 60 percent of the total. Restaurants and bars accounted for 417,400 of lost jobs in the sector. Other pockets of weakness included the Education and Health Services sector, where 76,000 jobs were lost, mainly in the ambulatory health care services (-40,700) and social assistance (-18,700) industries. Within the ambulatory health care services segment, employment fell at offices of physicians (-12,000) and offices of dentists (-17,200). Employment in the Professional and Business Services sector declined by 52,000 jobs, largely due to a 49,500 job decline in temporary help services.

Retail Trade employment fell by 46,200 jobs with notable losses occurring at clothing and clothing accessories stores (-16,300), furniture and home furnishing stores (-10,400), and sporting goods, hobby, book, and music stores (-9,200). Interestingly, employment increased at general merchandise stores (10,300), primarily due to an increase at warehouse clubs and supercenters (7,900).

Construction employment fell by 29,000 jobs, with weakness focused in nonresidential, as employment in residential building increased modestly. Manufacturing employment fell by 18,000 jobs, split between durable and nondurable goods. Employment in other sectors was little changed, except for government, where the number of jobs increased by 12,000, reflecting increases at the federal and local levels that outweighed a decline at the state level. Employment at the state level declined in both education (-8,600) and noneducation (-5,500).

The **unemployment rate** jumped from an expansion-low of 3.5 percent in February to 4.4 percent in March, as **total employment** decreased by nearly 3 million workers. Differences in the timing of the survey of businesses (nonfarm payrolls) and the survey of households (total employment) account for some of the difference between the reported employment declines for the two measures. The historic spike in **jobless claims**, which totaled approximately 10 million filings in the last two weeks of March, point to additional increases in unemployment in the months ahead.



Total **number of hours worked** – a broad measure of labor input – fell by 1.1 percent in March, which was the largest decline since the 1.3 percent decline in the last month of recession in March 2009. Other similar-sized declines all occurred around economic downturns. **Average hourly** earnings got a small boost, rising 0.4 percent in March and 3.1 percent from a year earlier, presumably as lower-paid workers accounted for a disproportionate share of those laid off.

Ohio nonfarm payroll employment increased by 7,800 jobs in February and the unemployment rate was steady at 4.1 percent for the sixth straight month. The sharp rise in claims for unemployment compensation during the last two weeks of March, however, indicates that employment fell sharply in the month.

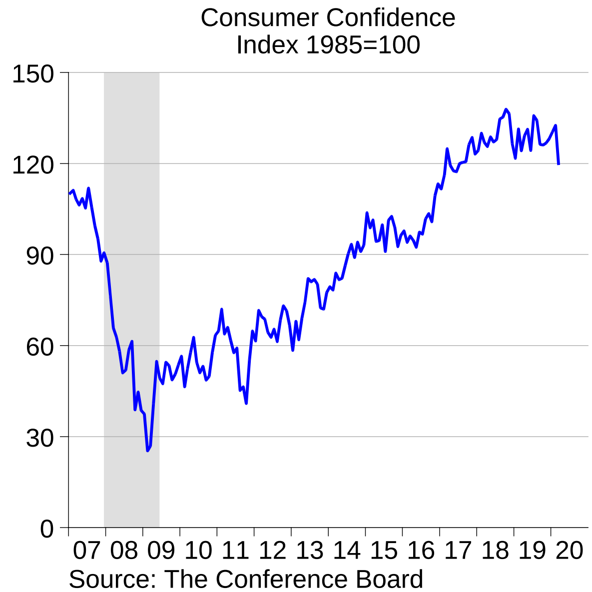
The year-over-year employment change was strongest in Education and Health Services (10,900), Leisure and Hospitality (7,300), and Construction (5,100). Employment was already falling in Government (-3,800), Manufacturing (-3,700), and Trade, Transportation, and Utilities (-2,700). Employment also was down from a year earlier in Financial Activities (-2,400) and Professional and Business Services (-2,400).

Consumer Income and Consumption

The household sector continued to strengthen through February, as **personal income** grew by 0.6 percent for a second straight month to 4.0 percent from a year earlier. **Wage and salary disbursements**, which make up more than half of personal income, increased 0.5 percent, also for a second straight month. It is clear that income was hit hard in March and that additional shocks are likely following.

Personal consumption expenditures (PCE) also remained on course in February, rising 0.2 percent for the second month in a row. The increase came solely from a 0.4 percent rise in spending for services that outweighed declines in spending on durables (-0.5%) and nondurables (-0.2%). The decline in durable goods spending reflected a 1.0 percent decrease in unit sales of new **light motor vehicles** during the month. Spending, of course, will have dropped significantly in March, as sales of light motor vehicles decreased 32.1 percent to an annual rate of 11.4 million, down from 16.7 million the month before.

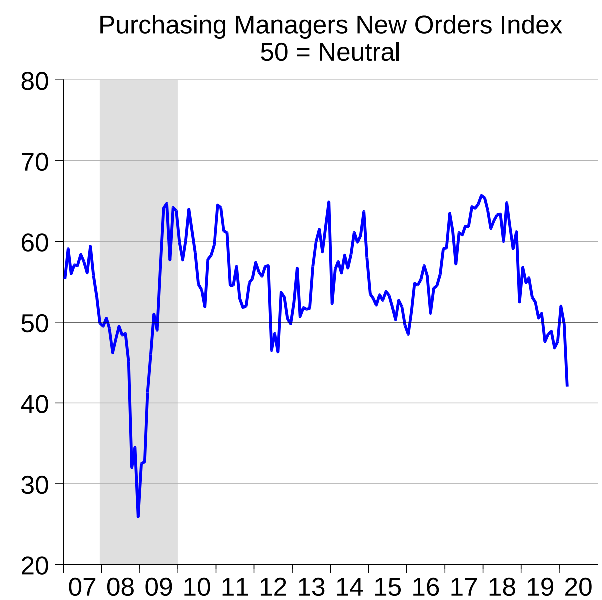
Government stabilization programs will provide some support to consumer spending in the months ahead, but some relief measures remain weeks away. In the meantime, **consumer attitudes** have started to deteriorate, although survey measures have not yet picked up the full measure of the shock due to timing. The Conference Board survey was concluded on March 19 before the full scope of the pandemic was recognized. Even so the main index fell 9.5 percent to its lowest level since June 2017. A darker outlook was responsible for almost all of the decline, as the expectations component fell by 18.4 percent while assessments of current conditions only edged lower.



The University of Michigan Consumer Sentiment Index fell by 11.8 percent during March in the largest one-month decrease since October 2008. Deterioration was evident in both assessments of current conditions (-9.7%) and expectations (-13.5%). Perceptions of buying conditions worsened during March, with plans to buy large household durable goods, homes, and vehicles all posting large declines. In addition to the course of the pandemic, consumer sentiment is likely to play a major role in determining the course of the economy.

Industrial Activity

Total **industrial production** increased 0.6 percent in February, just before the pandemic hit, mostly due to a 1.7 percent weather-related jump in utilities output. Mining fell 1.5 percent, reflecting broad-based declines among its components. Manufacturing production increased 0.1 percent but was still 0.4 percent below its year earlier level. The output of durable goods increased 0.3 percent. Among the components of durables, motor vehicle and parts recorded the largest gain, while aerospace and miscellaneous transportation equipment recorded the largest decline. The output of nondurable manufacturing decreased by 0.1 percent. Textile and product mills, petroleum and coal products, and chemicals all posted sizable declines. Food, beverage, and tobacco product, apparel and leather, and printing and support recorded large increases.



The **Purchasing Managers Index** (PMI) fell back below the neutral level of 50 in March after two months just above neutral. Weakness was evident across sub-indexes, led by New Orders, which fell from 49.8 to 42.2, and Production, which fell from 50.3 to 47.7. The indexes for Backlog of Orders, Employment, New Exports, Imports, and Prices all fell notably. Only Supplier Deliveries increased, but that was because of slowdowns related to the pandemic and not building strength.

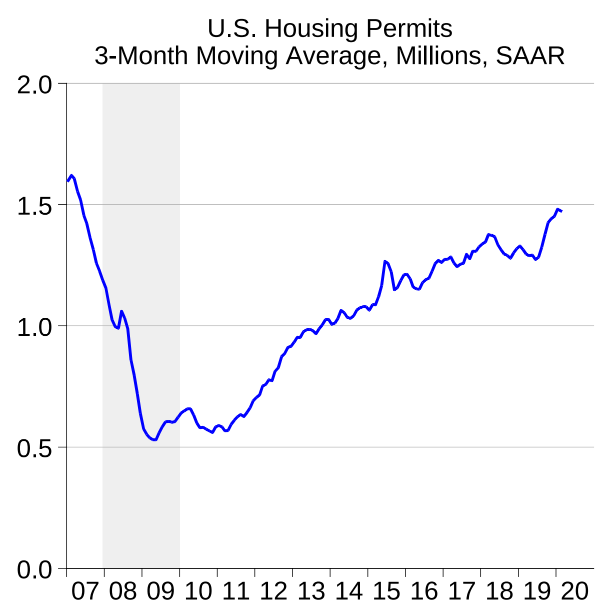
Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business*, ten reported growth in the latest month, down from fourteen in the previous month. Among industries with a major effect on Ohio manufacturing employment, only Primary Metals reported expansion. Transportation Equipment, Fabricated Metal Products, and Machinery reported contraction.

A source in the Transportation Equipment industry remarked that the pandemic "is affecting our purchasing and logistics operations," and they "have incurred air-shipment and production interruptions due to shortages of raw materials and components." A contact in the Fabricated Metal Products industry said that "COVID-19's spread in the U.S. may start impacting our domestic business. As for Asian suppliers, they are starting to get back up to speed." A respondent in the Machinery industry reported that "COIV-19 has caused a 30 percent reduction in productivity in our factory."

Construction

Construction put-in-place decreased 1.3 percent in February after a 2.8 percent increase the month before. Private construction decreased 1.2 percent and Public fell 1.5 percent. Within the Private sector, both residential (-0.6%) and nonresidential (-2.0%) pulled back. Within residential the weakness occurred exclusively in the hard-to-measure improvements category (-7.2%), whereas single-family increased 3.9 percent and multi-family edged higher by 0.1 percent. Weakness was widespread within nonresidential but most of the decline occurred in manufacturing, commercial, and lodging. Within the Public sector, both residential and nonresidential fell, with highway and street and education leading the way.

The **Housing Market Index** (HMI) from the National Association of Homebuilders (NAHB) remained strong in March, ahead of the impact of the pandemic. Nationally, the HMI edged down just two points to 72 – still an historically high level. The HMI for the Midwest bounced back up to 67 after a decline from the extraordinary high of 73 in December. The resurgence in single-family building activity during the second half of last year and into 2020 was a very positive development that signaled a strengthening economy before the pandemic began to unfold.



Housing starts and sales were strong again in February on a three-month moving average basis, no doubt aided by the mild winter weather. Starts increased 4.7 percent, as single-family (4.4%) and multi-family (5.4%) both increased. Starts rose 6.4 percent in the Midwest, reflecting a 9.5 percent increase in single-family and a 1.2 percent decline in multi-family.

The more-forward-looking permits decreased 0.5 percent across the country as a 6.6 percent decline in multi-family just outweighed a 3.0 percent increase in single-family. In the Midwest, permits fell 0.3 percent, as single-family increased 6.0 percent and multi-family decreased 10.0 percent, all on a three-month moving average basis.

Sales of both new and existing homes increased in February, rising 2.9 percent and 2.8 percent, respectively. In the Midwest, sales of new homes increased 3.9 percent and sales of existing homes edged higher by 0.3 percent. The expanding labor market, rising incomes, and very low mortgage rates continued to support housing activity.

REVENUES

The COVID-19 pandemic in the United States and the necessary responses taken in Ohio to limit its spread impacted the Ohio economy in March. The virus appears to have had some effect on the state's tax revenue performance for the month with the clearest evidence coming from the non-auto sales tax, which performed below estimate as discussed below. Nonetheless, March revenues largely benefited from the lagged nature of many state tax sources, which has temporarily insulated those sources from the recent economic shocks. More significant effects are expected to be evident in April tax revenues.

March GRF receipts totaled $2,009.1 million and were $164.4 million (-7.6%) below estimate, primarily due to GRF tax revenues. For the month, GRF tax revenues were $159.4 million below estimate (-10.5%). Non-tax receipts and transfers, excluding Federal grants, were $3.7 million (9.8%) above estimate. Federal grants receipts were $8.7 million (-1.4%) below estimate.

For the year, GRF revenues are $233.2 million (0.9%) above estimate. GRF tax revenues are $89.5 million (0.5%) above estimate. More broadly, total non-federal revenues through March are $135.8 million (1.8%) above estimate. Federal grants are $90.3 million (1.2%) 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	$89.5	0.5%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	$135.8	1.8%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$7.9	11.5%
TOTAL REVENUE VARIANCE:		**$233.2**	**0.9%**
Non-federal revenue variance		**$142.9**	**0.8%**
Federal grants variance		**$90.3**	**1.2%**

For the month, the largest overage relative to estimate occurred with the financial institutions tax, at $8.2 million (24.6%). The next largest positive variance was for public utility excise tax and licenses and fees at $3.3 million (209.0%, and 12.0%, respectively), followed by commercial activity tax at $2.8 million (30.1%).

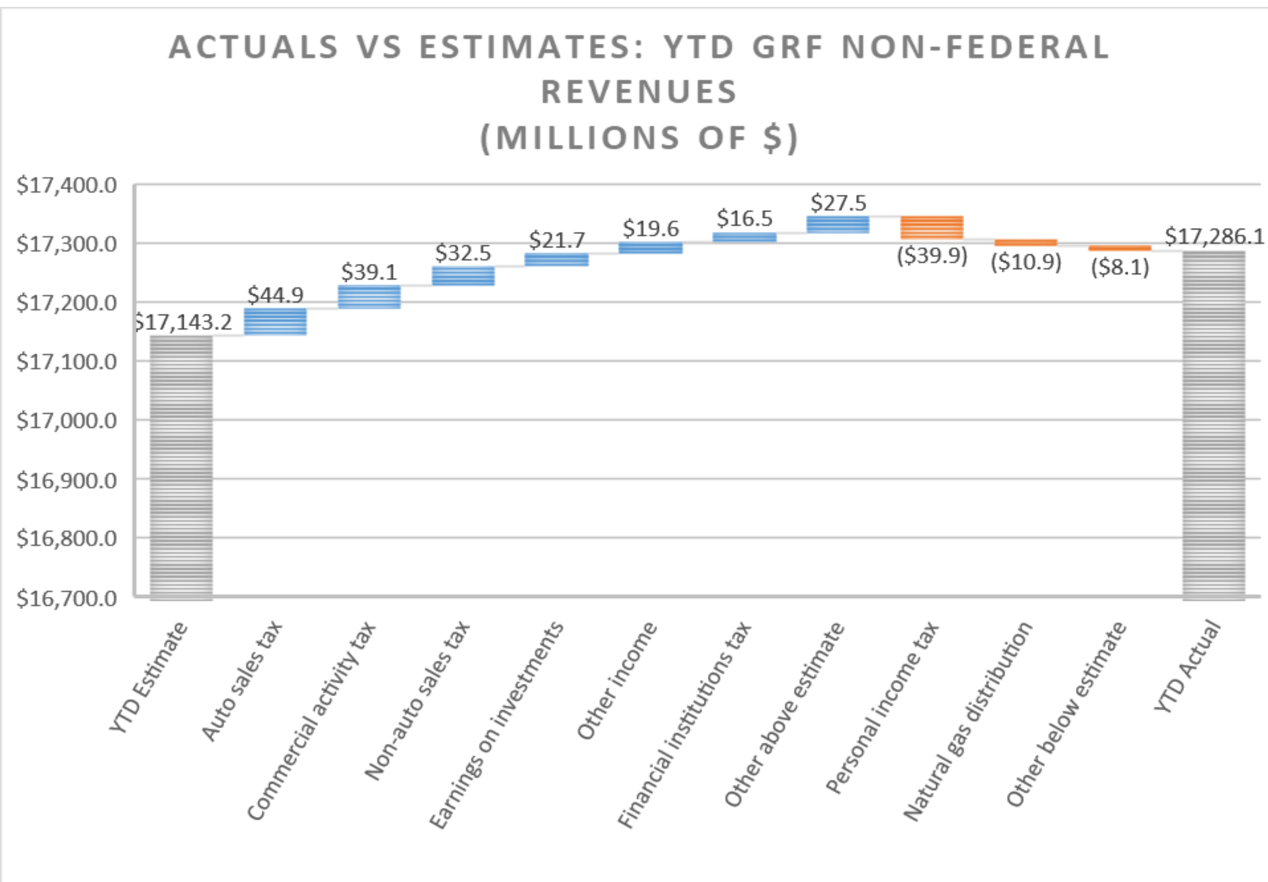
The foreign insurance tax provided the largest shortfall from estimate in March, at $78.3 million (-80.1%), which is discussed further below. The next largest shortfall was for the non-auto sales tax at $66.6 million (-9.7%), followed by personal income tax at $22.3 million (-5.1%), Federal grants at $8.7 million (-1.4%), and three sources with a shortfall ranging between $1.4 million and $2.6 million.

The table below shows that sources underperforming relative to estimate (a variance totaling $183.9 million) in March outweighed the size of revenue overperformers (an excess of $19.5 million), resulting in a $164.4 million net negative variance from estimate. Nearly one-half (47.6%) of the net revenue underperformance is attributable to the foreign insurance tax.

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

Individual Revenue Sources Above Estimate		**Individual Revenue Sources Below Estimate**	
Financial institutions tax	$8.2	Foreign insurance tax	($78.3)
Public utility excise tax	$3.3	Non-auto sales tax	($66.6)
Licenses and fees	$3.3	Personal income tax	($22.3)
Commercial activity tax	$2.8	Federal grants	($8.7)
Other sources above estimate	$1.8	Kilowatt-hour tax	($2.6)
		Domestic insurance tax	($2.3)
		Other sources below estimate	($3.1)
Total above	**$19.5**	**Total below**	**($183.9)**

(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 March. Both the auto and non-auto sales taxes have exceeded estimate year-to-date, as has commercial activity tax and several other sources. The personal income tax is the source with the largest year-to-date negative variance from estimate. Beginning next month, the chart will look substantially different, as many sources that have exceeded estimate begin to fall below estimate due to the coronavirus-induced economic decline.

On a year-over-year basis, monthly receipts were $357.9 million (-15.1%) lower than in March of the previous fiscal year. This net decline was mostly due to Federal grants, which were $244.2 million (-28.6%) below last year, followed by foreign insurance tax which was $52.1 million (72.8%) less than last March. Additionally, personal income tax came in at $48.6 million (-10.4%), non-auto sales tax at $30.3 million (-4.6%) and a variety of other sources also contributed to the net decline. Other than non-auto sales tax, most of those declines are related to timing issues. Financial institutions tax showed the largest increase at $12.0 million (40.5%); as with the revenue declines, the March increase was mostly due to differences in revenue timing between the two fiscal years.

For the year, total revenues and transfers are up $643.8 million (2.7%). The source with the highest growth is non-auto sales tax at $310.3 million (4.6%). Federal grants are next at $242.5 million (3.3%). Personal income tax revenue accounts for the largest decline at $65.6 million (-1.1%). As mentioned above, beginning in April, year-to-year tax receipts comparisons are expected to look more negative as the force of the economic downturn takes a toll on tax revenue performance.

Non-Auto Sales Tax

GRF non-auto sales and use tax collections in March totaled $622.5 million and were $66.6 million (-9.7%) below the estimate. Year-to-date non-auto sales tax revenue is over the estimate by $32.5 million (0.5%). For March, non-auto GRF sales tax revenue declined by $30.3 million (-4.6%) from the previous year. For the year-to-date, non-auto sales tax revenue has grown by $310.3 million (4.6%) over last year.

The 4.6 percent year-over-year decline in March revenue is somewhat understated because of changes in law that took effect in fiscal year 2020. After adjustments to remove the effects of two significant tax policy changes – i.e., a new exemption for prescription optical devices, and mandated Ohio sales tax collection by marketplace facilitators – the derived March 2020 baseline yields a 7.1 percent decline from the prior year.

March's non-auto sales tax performance is a first sign of the effects of the decline in economy activity caused by COVID-19, which is impacting many segments of the consumer economy. The sudden, downturn in the economy during March – the scope of which has not yet been measured – would likely have resulted in a steeper decline in March non-auto sales tax revenue if not for the fact that the slowdown primarily impacted the second half of the month, and much of the month's revenue emanated from sales activity that occurred in February. For this reason, April non-auto sales tax performance will be substantially more impacted than was March performance. Over the coming weeks and months, OBM will be examining a variety of data sources to monitor the scope and nature of the economic conditions on non-auto sales tax revenues.

Auto Sales Tax

March auto sales tax revenues were $129.0 million, $1.4 million (-1.1%) below the estimate. Year-to-date auto sales tax revenues are now $44.9 million (4.0%) over the estimate. March auto sales tax revenues were $7.0 million (5.7%) over the prior year, and year-to-date revenues are $79.5 million (7.4%) over the previous year.

Based on a seasonally adjusted annual rate (the amount of sales that occurred during the month after being adjusted for seasonal fluctuations and expressed as an annualized total), U.S. sales of new light vehicles in March are estimated at 11.36 million units, a 35 percent decline from the 17.35 million units sold in the previous March. For further context, unit sales in February 2020 were 17.04 million. Since most U.S. social distancing and stay-at-home orders did not take effect until the second half of March, even this month's plunge in national light vehicle sales will almost certainly be overshadowed by worse figures for April.

The fact that Ohio's auto sales tax revenues grew in March relative to the prior year does not appear to be consistent with the significant drop in U.S. new vehicle sales occurring in the same month. Three factors may explain much of these quite disparate results. First, the auto sales tax includes used vehicle sales, which typically account for about one-half of total auto sales tax revenues. It is quite possible that used vehicle sales did not decline as dramatically as new vehicle sales. Furthermore, anecdotal evidence suggests that some auto dealers experienced strong sales early in the month. Probably of greatest consequence, however, is the lag between when sales occur and when tax is ultimately paid into the state treasury. As new and used vehicles are sold by dealers, sales tax is paid to the county clerks of court. The clerks follow certain procedures to ensure that proper amounts have been remitted, and then ultimately send the tax payments to the state. Because the drop in sales did not take full effect until the middle of the month, the tax revenue pay-in lag likely largely insulated March from the sales decline.

Considerably worse performance is expected for April auto sales tax revenue. The question is not whether, but by how much, auto sales tax revenues will decline.

Personal Income Tax

March GRF personal income tax receipts totaled $416.5 million and were $22.3 million (-5.1%) below the estimate. Year-to-date, personal income tax revenue is $39.9 million (-0.7%) below estimate. On a year-over-year basis, March income tax collections were $48.6 million (-10.4%) below March 2019 collections. Collections for the year-to-date are $65.6 million (-1.1%) 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 March by $13.6 million (1.7%). Compared to last March, withholding increased by $28.5 million (3.6%). Withholding is now $57.4 million (0.8%) above estimate through March of this fiscal year. It has grown 2.0 percent above the prior year, compared to 1.2 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 COVID-19 pandemic caused a sudden, unprecedented spike in unemployment and furloughs during March, primarily starting in the middle of the month. This development will certainly impact withholding tax payments; however, the effects of the virus are not fully apparent in the March withholding tax performance. It appears that there is enough lag between withholding and the payment of the tax to the state to have mostly buffered March revenues from the effects of the virus. Those effects will become apparent with April withholding revenues.

The annual return filing season for tax year 2019 began in late January. March is a significant month for the season, with considerable refund activity. Refunds for March were $17.5 million (4.0%) larger than estimated and were $45.3 million (11.1%) higher than the previous March. For January through March, refunds have exceeded estimate by $62.1 million (5.7%) and are $139.9 million (13.8%) 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 0.6 percent increase in the number of payments, and a 9.3 percent increase in the average refund paid.

Although not as significant as in April, payments accompanying annual returns or annual return extensions traditionally constitute an appreciable amount of revenue in March. Such payments were $17.8 million (-24.5%) below estimate for the month, and $25.8 million (-32.0%) under the prior year. For the fiscal year-to-date, they are $13.5 million (-6.2%) below estimate.

The shortfall in March may be partially due to the recent extension of income tax payments. Legislation enacted in late March (House Bill 197, 133rd General Assembly) allows the Department of Taxation to grant income taxpayers an extension on annual return payments that were otherwise due on April 15, 2020 and on quarterly estimated tax return payments otherwise due on April 15, 2020 and on June 15, 2020. The Department has granted the payment extensions, with the extended due date being July 15, 2020. This payment postponement schedule is similar to the one recently granted by the Internal Revenue Service on U.S. income tax payments.

The postponement of Ohio income tax payments will result in a large shift of revenue from the remainder of fiscal year 2020 and into the first month of fiscal year 2021. The March annual return payment shortfall may be early evidence of some taxpayers choosing to postpone payment of Ohio income tax. OBM expects the impact on April payments will be much larger, since that month's payments are much greater than in March and as many taxpayers use the postponement option available to them.

March is not a particularly notable month for collections from other tax payment categories (estimated payments, trusts, and other). Total payments across these categories were $0.7 million (-2.4%) below estimate. For the year, each of these categories is above estimate although this will likely change next month, as the payment extension takes effect.

MARCH PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	Actual March	Estimate March	$ Var	Actual Mar-2020	Actual Mar-2019	$ Var Y-0ver-Y
Withholding	$819.5	$805.9	$13.6	$819.5	$791.0	$28.5
Quarterly Est.	$13.7	$11.3	$2.4	$13.7	$13.9	($0.2)
Annual Returns & 40 P	$54.9	$72.7	($17.8)	$54.9	$80.7	($25.8)
Trust Payments	$1.4	$1.7	($0.3)	$1.4	$2.0	($0.6)
Other	$11.3	$14.0	($2.7)	$11.3	$13.7	($2.5)
Less: Refunds	($454.1)	($436.6)	($17.5)	($454.1)	($408.8)	($45.3)
Local Distr.	($30.1)	($30.2)	$0.1	($30.1)	($27.4)	($2.7)
Net to GRF	$416.5	$438.8	$22.3	$416.5	$465.1	($48.6)

(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)

The typical quarterly CAT revenue payment pattern, wherein the final month is considerably smaller than the other two months, was clear as March revenue was modest in scale. Nonetheless, March revenue performed $2.8 million (30.1%) above estimate and therefore contributed to the entire quarter's $16.4 million (3.8%) overage. Year-to-date, GRF revenue from the CAT is $39.1 million (3.2%) above estimate. March revenue was $4.1 million (25.3%) below March 2019 while year-to-date revenue from this source is $58.2 million (4.8%) above the prior fiscal year.

Foreign Insurance Tax

The most significant variance from estimate in March was attributable to the foreign insurance tax, falling below estimate by $78.3 million (-80.1%). This outcome primarily reflects a reversal of the considerable overage in February revenue (when revenue was $64.7 million above estimate). Because of the end-of-month payment due date, the exact monthly revenue timing for this tax is quite difficult to forecast. For the year, this source is $4.9 million (1.5%) above estimate.

Financial Institutions Tax (FIT)

March is a significant month for FIT revenue since the second estimated payment of the current FIT tax year is due on the last day of that month. Because of revenue pay-in timing dynamics, it is difficult to predict how much of the total revenue from an estimated payment period will be posted into the due-date month and how much will flow into the following month.

In March, the FIT was $8.2 million (24.6%) above estimate and was $12.0 million (40.5%) above the prior year. Based on pay-ins made during early April, it is apparent that the March overage was due to timing. Those early April results suggest that combined March and April revenue may end up relatively close to estimate.

For the entire fiscal year to date, FIT revenue is $16.5 million (14.8%) above estimate and is $10.7 million (9.1%) above the previous year.

GRF Non-Tax Receipts

GRF non-tax revenues in March totaled $651.5 million and were $5.0 million (-0.8%) below estimate. This variance was attributable to the Federal Grants category, which was $8.7 million (-1.4%) below estimate. Partially offsetting this variance was the License & Fees category which was $3.3 million (12.0%) above estimate. This positive variance is due to stronger than projected surplus lines insurance revenue.

4/7/2020

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

REVENUE SOURCE	MONTH ACTUAL MARCH	MONTH ESTIMATE MARCH	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	622,516	689,100	(66,584)	-9.7%	7,010,689	6,978,200	32,489	0.5%
Auto Sales & Use	128,963	130,400	(1,437)	-1.1%	1,158,208	1,113,300	44,908	4.0%
Subtotal Sales & Use	751,479	819,500	(68,021)	-8.3%	8,168,897	8,091,500	77,397	1.0%
Personal Income	416,522	438,800	(22,278)	-5.1%	6,006,883	6,046,800	(39,917)	-0.7%
Corporate Franchise	(457)	0	(457)	N/A	(364)	0	(364)	N/A
Financial Institutions Tax	41,733	33,500	8,233	24.6%	128,097	111,600	16,497	14.8%
Commercial Activity Tax	12,232	9,400	2,832	30.1%	1,258,419	1,219,300	39,119	3.2%
Petroleum Activity Tax	2,573	3,200	(627)	-19.6%	6,614	7,700	(1,086)	-14.1%
Public Utility	4,943	1,600	3,343	209.0%	100,848	100,000	848	0.8%
Kilowatt Hour	29,816	32,400	(2,584)	-8.0%	258,200	261,600	(3,400)	-1.3%
Natural Gas Distribution	0	0	0	N/A	29,061	40,000	(10,939)	-27.3%
Foreign Insurance	19,456	97,800	(78,344)	-80.1%	335,930	331,000	4,930	1.5%
Domestic Insurance	(2,286)	0	(2,286)	N/A	1,685	200	1,485	742.7%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	73,552	72,400	1,152	1.6%	617,088	610,200	6,888	1.1%
Alcoholic Beverage	4,181	4,800	(619)	-12.9%	39,587	42,800	(3,213)	-7.5%
Liquor Gallonage	3,907	3,700	207	5.6%	39,049	37,800	1,249	3.3%
Estate	10	0	10	N/A	48	0	48	N/A
Total Tax Receipts	1,357,662	1,517,100	(159,438)	-10.5%	16,990,042	16,900,500	89,542	0.5%
NON-TAX RECEIPTS								
Federal Grants	609,997	618,648	(8,651)	-1.4%	7,614,467	7,524,202	90,265	1.2%
Earnings on Investments	0	0	0	N/A	76,731	55,000	21,731	39.5%
License & Fees	30,333	27,073	3,260	12.0%	51,142	47,173	3,969	8.4%
Other Income	11,126	10,695	431	4.0%	91,539	71,915	19,624	27.3%
ISTV'S	2	0	2	N/A	184	0	184	N/A
Total Non-Tax Receipts	651,458	656,416	(4,958)	-0.8%	7,834,064	7,698,290	135,774	1.8%
TOTAL REVENUES	**2,009,120**	**2,173,516**	**(164,395)**	**-7.6%**	**24,824,106**	**24,598,790**	**225,316**	**0.9%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	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	0	0	0	N/A	76,431	68,570	7,862	11.5%
TOTAL SOURCES	**2,009,120**	**2,173,516**	**(164,395)**	**-7.6%**	**24,900,537**	**24,667,360**	**233,177**	**0.9%**

4/7/2020

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

REVENUE SOURCE	MONTH: MARCH FY 2020	MONTH: MARCH FY 2019	MONTH: $ VAR	MONTH: % VAR	YEAR-TO-DATE: ACTUAL FY 2020	YEAR-TO-DATE: ACTUAL FY 2019	YEAR-TO-DATE: $ VAR	YEAR-TO-DATE: % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	622,516	652,792	(30,277)	-4.6%	7,010,689	6,700,379	310,310	4.6%
Auto Sales & Use	128,963	121,963	7,000	5.7%	1,158,208	1,078,723	79,484	7.4%
Subtotal Sales & Use	751,479	774,756	(23,277)	-3.0%	8,168,897	7,779,102	389,795	5.0%
Personal Income	416,522	465,081	(48,558)	-10.4%	6,006,883	6,072,488	(65,604)	-1.1%
Corporate Franchise	(457)	213	(670)	-314.4%	(364)	1,456	(1,820)	-125.0%
Financial Institutions Tax	41,733	29,704	12,029	40.5%	128,097	117,377	10,720	9.1%
Commercial Activity Tax	12,232	16,367	(4,134)	-25.3%	1,258,419	1,200,251	58,168	4.8%
Petroleum Activity Tax	2,573	3,650	(1,077)	-29.5%	6,614	8,400	(1,786)	-21.3%
Public Utility	4,943	247	4,696	1903.4%	100,848	104,200	(3,352)	-3.2%
Kilowatt Hour	29,816	34,232	(4,415)	-12.9%	258,200	272,923	(14,723)	-5.4%
Natural Gas Distribution	0	0	0	N/A	29,061	40,432	(11,371)	-28.1%
Foreign Insurance	19,456	71,543	(52,087)	-72.8%	335,930	327,588	8,342	2.5%
Domestic Insurance	(2,286)	25	(2,311)	-9073.3%	1,685	31	1,655	5360.8%
Other Business & Property	0	0	0	N/A	0	0	0	N/A
Cigarette and Other Tobacco	73,552	69,434	4,118	5.9%	617,088	626,849	(9,761)	-1.6%
Alcoholic Beverage	4,181	2,026	2,155	106.3%	39,587	39,297	290	0.7%
Liquor Gallonage	3,907	3,668	239	6.5%	39,049	37,658	1,392	3.7%
Estate	10	0	10	13661.6%	48	32	15	47.7%
Total Tax Receipts	1,357,662	1,470,945	(113,283)	-7.7%	16,990,042	16,628,083	361,959	2.2%
NON-TAX RECEIPTS								
Federal Grants	609,997	854,210	(244,214)	-28.6%	7,614,467	7,371,973	242,494	3.3%
Earnings on Investments	0	0	0	N/A	76,731	54,849	21,882	39.9%
License & Fee	30,333	30,355	(22)	-0.1%	51,142	52,250	(1,108)	-2.1%
Other Income	11,126	10,489	638	6.1%	91,539	66,513	25,026	37.6%
ISTV'S	2	1	1	54.5%	184	51	133	257.9%
Total Non-Tax Receipts	651,458	895,056	(243,598)	-27.2%	7,834,064	7,545,637	288,426	3.8%
TOTAL REVENUES	**2,009,120**	**2,366,001**	**(356,881)**	**-15.1%**	**24,824,106**	**24,173,721**	**650,385**	**2.7%**
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	1,014	(1,014)	N/A	76,431	83,039	(6,607)	-8.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	1,014	(1,014)	N/A	76,431	83,039	(6,607)	-8.0%
TOTAL SOURCES	**2,009,120**	**2,367,015**	**(357,894)**	**-15.1%**	**24,900,537**	**24,256,759**	**643,778**	**2.7%**

DISBURSEMENTS

NOTE: In response to the COVID-19 pandemic, agencies across the state have deviated from their original disbursement plans. Some agencies have increased spending in targeted areas to mitigate the health and economic effects of Coronavirus. Simultaneously, all agencies are under orders to reduce spending through pay and hiring freezes, and additional budgetary oversight from the Office of Budget and Management. These factors will begin to be reflected in the March disbursement estimates and may result in substantial variances from original disbursement plans.

March GRF disbursements, across all uses, totaled $2,541.3 million and were $11.7 million (0.5%) 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, March total uses were $210.6 million (-7.7%) lower than those of the same month in the previous fiscal year, with a decrease in the Medicaid 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)	($208.9)	(7.6%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	($1.7)	(26.8%)
TOTAL DISBURSEMENTS VARIANCE:		**($210.6)**	**(7.7%)**

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

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. March disbursements for this category totaled $666.1 million and were $11.8 million (1.8%) above estimate. This variance was primarily attributable to above estimate spending in the Student Assessment, Accountability/Report Card, and Foundation Funding line items. The Student Assessment and Accountability/Report Card line items were above estimate due to timing of payments to vendors. Disbursements for the Foundation Funding line item were above estimate due to most tuition adjustments occurring in March instead of April and March as estimated.

Expenditures for the school foundation program totaled $641.5 million and were $2.9 million (-0.6%) below estimate. Year-to-date disbursements were $6,391.1 million, which was $40.3 million (-0.6%) below estimate. On a year-over-year basis, disbursements in this category were $46.7 million (7.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $60.5 million (1.0%) higher than the same point in fiscal year 2019.

Higher Education

March disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $197.0 million and were $1.8 million (-0.9%) below the estimate. This variance was primarily attributable to disbursements in multiple line items that were below estimate by $5.4 million because of Memorandum of Understanding (MOU's), which are necessary prior to disbursement of funds, that have not been completed. Additionally, the Choose Ohio First and National Guard Scholarship program line items were below estimate in the amount of $3.4 million because of lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by the Ohio College Opportunity Grant program, which was $4.4 million above estimate because of higher than expected requests for reimbursement from higher education institutions. Additionally, spending in multiple program line items were above estimate by $2.8 million because payments on MOU's anticipated to be completed and disbursed in previous months were made in March.

Year-to-date disbursements were $1,743.3 million, which was $72.4 million (-4.0%) below estimate. On a year-over-year basis, disbursements in this category were $8.7 million (4.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $13.3 million (0.8%) 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.

March disbursements in this category totaled $10.5 million and were $3.3 million (46.8%) above estimate. Year-to-date disbursements were $71.2 million, which was $3.1 million (4.5%) above estimate. On a year-over-year basis, disbursements in this category were $4.4 million (72.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $10.7 million (17.7%) 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.

Expenditures

While the Medicaid program has begun its response to the COVID-19 pandemic, the associated increase in spending is not reflected in March. For example, the program saw an increase in enrollment of 14,000 individuals, which is the largest one-time enrollment increase in the last three years; however, costs associated with these individuals will largely affect spending beginning in April and will continue throughout the duration of the crisis. Enrollment is expected to drastically increase in the coming months, in part due to federal rules associated with various Coronavirus relief packages passed by Congress, and also due to the financial pressures associated with the pandemic. The dual nature of this crisis, that is that it is both a healthcare and financial crisis, and the various relief packages passed by Congress, will impact Ohio's Medicaid spending in the coming months. Large variances are expected as enrollment and costs increase and as the program receives additional funding from the federal government.

March GRF disbursements for the Medicaid Program totaled $1,044.3 million and were $36.3 million (3.6%) above estimate and $259.9 million (-20.0%) below disbursements for the same month in the previous fiscal year. GRF spending can change significantly on a monthly year-over-year basis due to the timing of the use of non-GRF funds in the program. Year-to-date GRF disbursements totaled $11,993.6 million and were $136.8 million (1.2%) above estimate and $612.1 million (5.4%) above disbursements for the same point in the previous fiscal year.

March all-funds disbursements for the Medicaid Program totaled $2,518.3million and were $67.6 million (2.8%) above estimate and $352.1 million (16.3%) above disbursements for the same month in the previous fiscal year. Year-to-date all-funds disbursements totaled $21,265.6 million and were $24.9 million (-0.1%) below estimate and $1,148.4 million (5.7%) above disbursements for the same point in the previous fiscal year.

The March all-funds variance was primarily attributable to above estimate costs in the managed care and fee-for-service programs. The managed care program was above estimate in part due to higher than anticipated managed care rates that took affect in January resulting in above estimate per-member, per-month costs. Additionally, the MyCare program was above estimate due to eligibility reconciliations. The fee-for-service program was above estimate due to the timing of payments as well as a supplemental payment made to providers by the Department of Developmental Disabilities as part of their response to the COVID-19 pandemic.

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 attributable 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 estimate due to lower than anticipated information technology expenses and delayed spending on prior year encumbrances. These underages were partially offset by above estimate spending in the managed care program due to the quality assurance corrective payments made in December and January and higher managed care rates as discussed above.

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	$1,044.3	$1,008.0	$36.3	3.6%
Non-GRF	$1,473.9	$1,442.7	$31.2	2.2%
All Funds	$2,518.3	$2,450.7	$67.6	2.8%

Enrollment

Total March enrollment was 2.80 million, which was 18,652 (-0.7%) below estimate and 27,472 (1.0%) below enrollment for the same period last fiscal year. Year-to-date average monthly enrollment was 2.80 million and was essentially at estimate.

March enrollment by major eligibility category was: Covered Families and Children, 1.56 million; Aged, Blind and Disabled (ABD), 491,337; and Group VIII Expansion, 613,274.

*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.

March disbursements in this category totaled $142.1 million and were $32.4 million (29.6%) above estimate. Year-to-date disbursements were $1,106.6 million, which was $42.4 million (-3.7%) below estimate. On a year-over-year basis, disbursements in this category were $47.0 million (49.4%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $106.9 million (10.7%) higher than at the same point in fiscal year 2019.

Department of Developmental Disabilities

March disbursements for the Department of Developmental Disabilities totaled $0.9 million and were $0.8 million (-47.5%) below estimate. This variance was primarily attributable to below estimate spending in the Early Intervention line item that was precipitated by uncertainty regarding the response to COVID-19. Available federal Early Intervention funding was used to meet program needs for March and the agency expects to fully expend available GRF Early Intervention funding by the end of the fiscal year.

Department of Job and Family Services

March disbursements for the Department of Job and Family Services totaled $101.8 million and were $30.3 million (42.3%) above estimate. This variance was primarily attributable to the Family and Children Services line item, which was $24.3 million above estimate because counties received the quarterly the Public Children Services Allocation in March instead of April. The Early Care and Education line item was $4.5 million above estimate because of higher than estimated subsidy payments made to childcare providers as they transition to higher Step-Up-to-Quality ratings and the allowance of childcare providers to bill for up to 21 pandemic days. Additionally, the Quality Infrastructure Grants line item was $2.3 million above estimate because grant agreements that were anticipated to be finalized in February were finalized in March. The Family Assistance Local line item was $1.6 million above estimate because counties requested more County Income Maintenance payments than estimated. 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.

Department of Mental Health and Addiction Services

March disbursements for the Department of Mental Health and Addiction Services totaled $28.6 million and were $4.9 million (20.6%) above estimate. This variance was primarily attributable to disbursements in the Hospital Services line item, which was $2.4 million below estimate due to an overestimated projection for March. This variance was partially offset by disbursements in Continuum of Care Services line item, which was $2.8 million above estimate, the Criminal Justice Services line item which was $1.9 million above estimate, and the Community Innovations line item which was $1.4 million above estimate. The above estimate line items were due to delayed payments in prior months being disbursed in March.

Justice and Public Protection

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

March disbursements in this category totaled $179.3 million and were $11.0 million (6.5%) above estimate. Year-to-date disbursements were $1,842.7 million, which was $23.9 million (-1.3%) below estimate. On a year-over-year basis, disbursements in this category were $11.8 million (7.1%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $119.1 million (6.9%) higher than at the same point in fiscal year 2019.

Department of Public Safety

March disbursements for the Department of Public Safety totaled $2.4 million and were $1.8 million (-76.6%) below estimate. This variance was primarily attributable to disbursements in the Local Disaster Assistance and Security Grants line items, which were $1.3 million below estimate due to the timing of subsidy payments. Additionally, the Recovery Ohio Law Enforcement line item was $0.3 million below estimate due to the timing of subsidy payments.

Department of Rehabilitation and Correction

March disbursements for the Department of Rehabilitation and Correction totaled $144.4 million and were $23.8 million (19.8%) above estimate. This variance was primarily attributable the Halfway House line item, which was $16.9 million above estimate due to the timing of payments and should be offset next month. Additionally, the Institutional Medical Services line item was $5.4 million above estimate due to higher costs for services from Ohio State University and increasing pharmaceutical costs. The Institutional Operations line item was $3.1 million above estimate due to growth in staff and the purchase of larger than usual amounts of cleaning supplies due to COVID-19. This variance was partially offset by disbursements in the Administrative Operations line item, which was $1.1 million below estimate due to deliberate spending reductions to comply with budgetary control measures instituted in response to COVID-19’s financial impact.

Department of Youth Services

March disbursements for the Department of Youth Services totaled $9.0 million and were $1.4 million (-13.7%) below estimate. This variance was primarily attributable to disbursements in the RECLAIM Ohio line item, which was $1.4 million below estimate due to a higher than expected rate of attrition, the timing of payments, and the transfer of a grant payment into a different line item for the month.

Public Defender Commission

March disbursements for the Public Defender Commission totaled $0.8 million and were $7.7 million (90.8%) below estimate. This variance was primarily attributable to disbursements in the County Reimbursement line item, which was $7.6 million below estimate due to timing of payments while the agency works to develop a plan to comply with budgetary control measures instituted in response to COVID-19's financial impact.

General Government

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

March disbursements in this category totaled $38.6 million and were $6.8 million (-14.9%) below estimate. Year-to-date disbursements were $333.3 million, which was $58.9 million (-15.0%) below estimate. On a year-over-year basis, disbursements in this category were $8.6 million (28.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $49.4 million (17.4%) higher than at the same point in fiscal year 2019.

Department of Administrative Services

March disbursements for the Department of Administrative Services totaled $5.2 million and were $3.8 million (273.7%) above estimate. This variance was primarily attributable to the State Agency Support Services line item, which was above estimate due to the timing of rent payments.

Department of Agriculture

March disbursements for the Department of Agriculture totaled $1.5 million and were $8.3 million (-84.7%) below estimate. This variance was primarily attributable to disbursements in the Soil and Water Phosphorus Program and the Soil and Water District Support line items, which were $5.0 million and $2.9 million below estimate respectively, due to the timing of subsidy payments that were scheduled for March but are expected to occur later in the fourth quarter.

Department of Transportation

March disbursements for the Department of Transportation totaled $9.9 million and were $0.4 million below estimate (-4.1%). This variance was primarily attributable to the due to the Airport Improvements-State line item, which was $1.0 million below estimate due to the timing of project expenditures and payments to grantees. This variance was partially offset by the Public Transportation – State line item, which was $0.7 million above estimate due to program expenses being paid in March that were originally planned for earlier in the year.

Developmental Services Agency

March disbursements for Development Services Agency totaled $4.5 million and were $2.1 million (-47.3%) below estimates. This variance was primarily attributable to underspending in the Technology Programs and Grants line item, which was $0.6 million below estimate due to the timing of subsidy payments; as well as the TechCred Program and Sector Partnership Networks (Industry Sector Partnership) lines, which were $0.6 million and $0.25 million below estimate respectively, due to delays in the programs implementations not related to COVID-19.

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 $98.1 million in March and were $74.0 million (-43.0%) below estimate. Year-to-date expenses were $1,003.4 million and were $94.7 million (-8.6%) below estimate. The monthly variance was the result of reimbursement requests being received from counties later in the fiscal year than anticipated.

Debt Service

Year-to-date expenses in this category total $1,261.8 million and were $7.9 million (-0.6%) below estimate. The monthly variance is primarily attributable to the downward movement in interest rates that impact variable rate debt and savings achieved from refunding higher interest rate bonds with lower rate debt.

Transfers Out

March transfers out totaled $4.5 million though none were estimated. Year-to-date transfers totaled $668.1 million and were $1.9 million (-0.3%) below estimate. The monthly variance was caused by a transfer to the IT Development Fund, which was planned for earlier in the fiscal year.

4/7/2020

Table 3

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL MARCH	ESTIMATED MARCH	$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	$ VAR	% VAR
Primary and Secondary Education	666,101	654,289	11,812	1.8%	6,391,174	6,431,449	(40,275)	-0.6%
Higher Education	197,026	198,870	(1,844)	-0.9%	1,743,287	1,815,720	(72,433)	-4.0%
Other Education	10,456	7,121	3,335	46.8%	71,241	68,168	3,074	4.5%
Medicaid	1,044,341	1,008,007	36,334	3.6%	11,993,585	11,856,744	136,841	1.2%
Health and Human Services	142,082	109,652	32,430	29.6%	1,106,555	1,148,978	(42,424)	-3.7%
Justice and Public Protection	179,267	168,289	10,978	6.5%	1,842,739	1,866,600	(23,860)	-1.3%
General Government	38,560	45,315	(6,756)	-14.9%	333,267	392,141	(58,874)	-15.0%
Property Tax Reimbursements	98,060	172,019	(73,959)	-43.0%	1,003,351	1,098,023	(94,672)	-8.6%
Debt Service	160,869	165,985	(5,116)	-3.1%	1,261,803	1,269,693	(7,890)	-0.6%
Total Expenditures & ISTV's	**2,536,761**	**2,529,547**	**7,213**	**0.3%**	**25,747,002**	**25,947,515**	**(200,513)**	**-0.8%**
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	4,500	0	4,500	N/A	668,120	669,975	(1,856)	-0.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**4,500**	**0**	**4,500**	**N/A**	**668,120**	**669,975**	**(1,856)**	**-0.3%**
Total Fund Uses	**2,541,261**	**2,529,547**	**11,713**	**0.5%**	**26,415,121**	**26,617,490**	**(202,368)**	**-0.8%**

4/7/2020

Table 4

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

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**MARCH FY 2020**	**MARCH FY 2019**	**$ VAR**	**% VAR**	**ACTUAL FY 2020**	**ACTUAL FY 2019**	**$ VAR**	**% VAR**
Primary and Secondary Education	666,101	619,357	46,744	7.5%	6,391,174	6,330,706	60,468	1.0%
Higher Education	197,026	188,308	8,718	4.6%	1,743,287	1,730,016	13,271	0.8%
Other Education	10,456	6,077	4,380	72.1%	71,241	60,503	10,738	17.7%
Medicaid	1,044,341	1,304,191	(259,851)	-19.9%	11,993,585	11,381,455	612,129	5.4%
Health and Human Services	142,082	95,128	46,954	49.4%	1,106,555	999,692	106,863	10.7%
Justice and Public Protection	179,267	167,461	11,806	7.1%	1,842,739	1,723,646	119,093	6.9%
General Government	38,560	29,932	8,628	28.8%	333,267	283,887	49,380	17.4%
Property Tax Reimbursements	98,060	186,379	(88,319)	-47.4%	1,003,351	1,091,920	(88,569)	-8.1%
Debt Service	160,869	148,859	12,009	8.1%	1,261,803	1,276,519	(14,716)	-1.2%
Total Expenditures & ISTV's	**2,536,761**	**2,745,692**	**(208,931)**	**-7.6%**	**25,747,002**	**24,878,346**	**868,656**	**3.5%**
Transfers Out:								
BSF Transfer	0	0	0	N/A	0	657,503	(657,503)	N/A
Operating Transfer Out	4,500	6,150	(1,650)	-26.8%	668,120	101,574	566,546	557.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	**4,500**	**6,150**	**(1,650)**	**-26.8%**	**668,120**	**759,077**	**(90,957)**	**-12.0%**
Total Fund Uses	**2,541,261**	**2,751,842**	**(210,581)**	**-7.7%**	**26,415,121**	**25,637,423**	**777,699**	**3.0%**

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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