



September 12, 2011

MEMORANDUM TO: The Honorable John R. Kasich, Governor
The Honorable Mary Taylor, Lt. Governor

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

ECONOMIC SUMMARY

Economic Performance Overview

- Real GDP growth slowed more than previously reported in the second quarter, reinforcing the tenuous nature of the economic recovery.
- The labor market picture deteriorated further in August, as the level of employment was unchanged. The unemployment rate remained at 9.1 percent and employment gains in previous months were revised lower.
- Ohio employment increased by 6,500 in July bringing the year-to-date increase to 79,200 jobs. The Ohio unemployment rate increased 0.2 points for the second month in a row to 9.0% following a long string of declines.
- Leading economic indicators, which previously signaled the recent economic slowdown, remain consistent with continued growth both nationally and in Ohio, but at a slow pace. Some forecasters now predict recession, but the consensus is for a modest pick-up in growth in the second half of 2011.

Economic Growth

Second-quarter real Gross Domestic Product (GDP) growth was revised down from an initial estimate of 1.3% to 1.0 percent. The economy expanded at an annual rate of only 0.4% in the first quarter, resulting in a first-half growth rate of only 0.7% – the weakest growth rate during an expansion since 1979.

The moderate increase in real GDP in the second quarter primarily reflected positive contributions from nonresidential fixed investment, exports, personal consumption expenditures, and federal government spending that were partly offset by a negative contribution from state and local government spending and the change in business inventories. Imports, which are a subtraction in the calculation of GDP, increased.

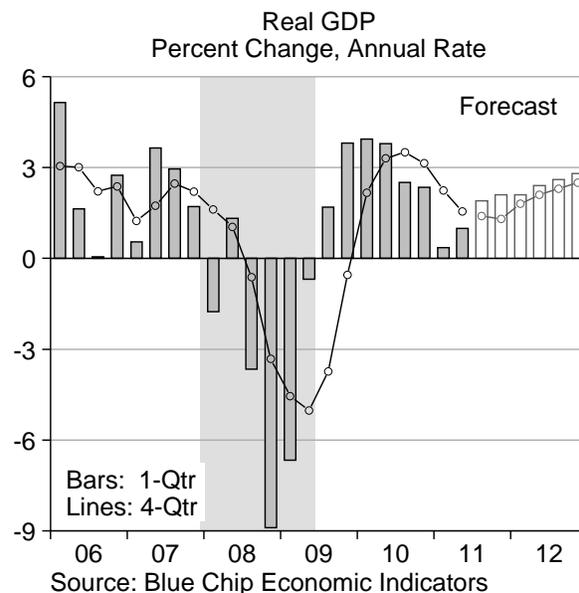
A leveling-off in personal consumption expenditures was a major cause of the slowdown from the first quarter. Real personal consumption expenditures increased just 0.4% in the second quarter, compared with an increase of 2.1% in the first quarter. Spending on durable goods

decreased 5.1%, in contrast to a first-quarter increase of 11.7 percent. Purchases of nondurable goods increased 0.4%, compared with a first-quarter increase of 1.6 percent. Spending on services increased 1.4%, compared with a first-quarter increase of 0.8 percent.

The recession was much deeper and the recovery slightly weaker than originally reported, according to the annual benchmark revisions. The level of activity in the second quarter was still below the peak achieved before the onset of the 2007-09 recession. Real GDP decreased 5.1% from the peak in fourth quarter 2007 to the trough in second quarter 2009, compared with the 4.1% decline originally reported. Meanwhile, real GDP grew at a 2.4% annual rate from the trough to second quarter 2011, compared with 2.8% that was originally reported from the trough through the first quarter.

The 2007-09 recession remains the most severe business cycle downturn in the post-war period in terms of peak-to-trough drop in real GDP. The second most severe was the 3.7% peak-to-trough decline in real GDP associated with the 1957-58 recession, followed by losses of 3.2% in 1973-75 and 2.9% in 1981-82. The recovery during the last eight quarters has been the weakest in the post-war period with the exception of the rebound following the 2001 recession. The recovery in real final sales, which excludes the effect of inventory accumulation, has been the weakest in the post-war period by a wide margin.

The recovery has been hobbled by efforts on the part of households and corporations to respond to the debt crisis that unfolded with the last recession. More recently, the effects of the earthquake and tsunami in Japan on the motor vehicle industry worldwide and the increase in the price of gasoline as well as concerns about the outlook for financial markets and the economy are deemed to be key reasons behind the subpar performance of the economy.



Composite leading indexes are mixed, but in combination do not unequivocally signal a near-term recession. The **Leading Economic Index** increased 0.5% in July on top of a 0.3% increase in June and a 0.7% gain in May. The index fell 0.3% in April after a long string of increases. The index has increased in eleven of the last twelve months and was higher by 6.2% from a year earlier. The **ratio of coincident to lagging indexes** – itself a leading indicator – increased 0.1% in July after three monthly declines in a row. Compared with a year earlier, the ratio is down by 0.2 percent.

Of some concern, the 4-week moving average of the **Weekly Leading Index** decreased for the fourth straight week in late August, pulling the 26-week smoothed rate of change down to -4.3 percent. The WLI remains consistent with continued economic growth but at a sluggish pace.

The rate of change fell to as low as -10.9% in mid-July last year without the economy experiencing a recession.

The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased by 0.1% in July – the smallest increase since the 0.1% increase in September 2010, but the 20th monthly rise in a row. The 12-month rate of change was 3.7%, down from a recent peak of 4.7% in March. The companion **Ohio Leading Economic Index**, however, fell to zero in July. Designed to predict the rate of increase in the coincident index during the next six months, the leading index for Ohio has declined from a recent peak of 3.3% in January. The pattern of the index in upcoming months warrants monitoring, because it moved modestly but consistently into negative territory well in advance of the previous three recessions.



The consensus among economic forecasters is still for slightly better growth in the second half of 2011, but only because first-half growth was so slow. The *Blue Chip Economic Indicators* consensus for September is for real GDP growth of 1.9% in the third quarter and 2.1% in the fourth quarter. The average of the approximately 50 separate forecasts is for growth to remain below 3.0% in each of the four quarters of 2012. The new September forecasts for the third and fourth quarters were revised downward from the August forecasts of 2.2% and 2.5%, respectively. The consensus forecast for third and fourth quarter growth ranged from 3.2% to 3.5% in the forecasts prepared in the months from January through July,

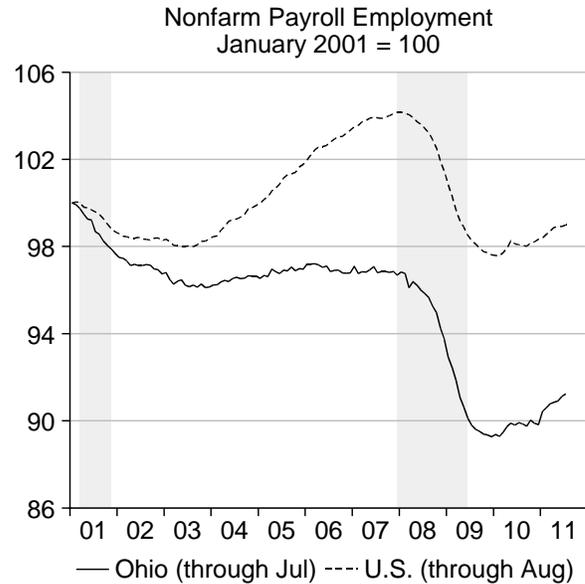
The Blue Chip panel puts the odds of a recession at one in three by the end of 2012, or almost exactly twice the observed frequency of recessions during the 768 months from January 1947 through December 2010. In addition, the consensus estimated that the long-run trend rate of real GDP growth is 2.3%, compared with an observed rate of 3.2% during 1947-2010.

Employment

Nonfarm payroll employment was exactly unchanged in August, and the June and July increases were revised lower by a total of 58,000 jobs. Temporary developments added to and subtracted from the total, although employment likely would have risen by a modest amount without the special factors. Nonetheless, labor markets remain weak. Only 52.2% of all industries and 42.0% of manufacturing industries reported higher payrolls than in July, and the unemployment rate remained high at 9.1 percent. The length of the workweek fell in manufacturing and the entire private sector, and aggregate hours worked declined 0.3% from July. Average hourly earnings of private sector production and non-supervisory workers fell 0.1% to 1.8% above the year earlier level.

Across sectors, **nonfarm payroll employment** increased in education and health services (+34,000) and professional business services (+28,000). Temporary help employment increased by 5,000 jobs. Payrolls declined in information (-48,000) and government (-17,000), where most of the losses occurred in local government education (-13,700). Payrolls also declined in manufacturing (-5,000) and construction (-3,000). By comparison, manufacturing employment had increased by a total of 221,000 jobs during the previous nine months, while construction employment had increased by 51,000 jobs since its low in January 2011.

The latest data reinforce the picture of a slow growing economy in which layoffs have moderated but hiring has yet to pick up. After rising by 0.3 percentage points from March to June, the **unemployment rate** declined from 9.2% to 9.1% in July and stayed there in August. Weekly initial unemployment claims remain at a relatively high level, but have not spiked upward as would be expected if the economy were entering recession.



From its peak twenty-two months ago in October 2009, the unemployment rate has decreased by approximately one percentage point – a typical pattern at this stage in the business cycle during past half-century. During the current episode, however, an unusual decline in the labor force has accounted for 26.0% of the decline in the unemployment rate, with the balance resulting from an increase in employment. Every other instance of a decline in the unemployment rate of this size over a 22-month period since the early 1960s has been accompanied by an increase rather than a decrease in the labor force, suggesting that labor markets are not as strong as implied by the decline in the unemployment rate since the peak for the cycle in October 2009.

The severity of unemployment also remained high. The average duration of unemployment in August was only 0.1 point below the record high of 40.4 weeks that was set in July. The median duration increased to 21.8 weeks – still elevated by historical standards and close to the all-time high of 25.5 weeks reached in June 2010. The broadest measure of unemployment, which includes people who have given up seeking a job because they do not expect to find one and people working part-time because they cannot find a full-time job, increased to 16.2 percent. In addition, the percentage of unemployed people who are not on temporary layoff was 50.0% in August, still close to the all-time high of 54.0% reached last September. Prior to the 2007-09 recession, this percentage had never been higher than 45.0 percent.

Ohio employment increased by 6,500 jobs in July. The June change was revised upward from an increase of 10,600 jobs to a gain of 11,900 jobs. Ohio employment has increased by 79,200 jobs year-to-date, but remains 346,600 below the pre-recession peak that was set in March 2006.

Job gains were concentrated in manufacturing (+7,900) and professional and business services (+6,000). Payroll declines meanwhile, were concentrated in leisure and hospitality (-6,500) and education and health services (-2,900). Employment increased by 1,100 jobs in construction and declined by 400 jobs in government. During the year ending in July, Ohio employment gains were concentrated in educational and health services (+25,000), professional and business services (+20,000), manufacturing (+11,900), and leisure and hospitality (+11,300). Government (-11,900) and information (-500) were the only two areas to see year-over-year employment declines in July.

The **Ohio unemployment rate** moved up 0.2 points for the second month in a row to 9.0% after a long string of declines from the peak of 10.6% reached in February 2010. Despite this increase, the Ohio unemployment rate remained slightly below the U.S. rate in July. The most recent period during which the Ohio unemployment rate was consistently below the national rate was during the 2001 recession. On average since 1970, the Ohio unemployment rate has been approximately 0.4 percentage points above the national unemployment rate.

Among the **contiguous states**, year-over-year employment growth was strongest in Kentucky (+1.6%), followed closely by Ohio and Michigan (+1.5%). Employment increased 1.3% in Pennsylvania and 0.2% in West Virginia and decreased 1.0% in Indiana. For the Ohio and contiguous state region, employment increased 1.0% during the most recent twelve months, compared with a 0.9% increase for all states outside the region combined. The year-over-year change in employment in Ohio and the contiguous states has exceeded growth outside the region during the nineteen months from January 2010 through July. This is unusual in that employment in the region has not grown faster than in the rest of the nation for as long as nineteen months in at least twenty years.

Consumer Income and Consumption

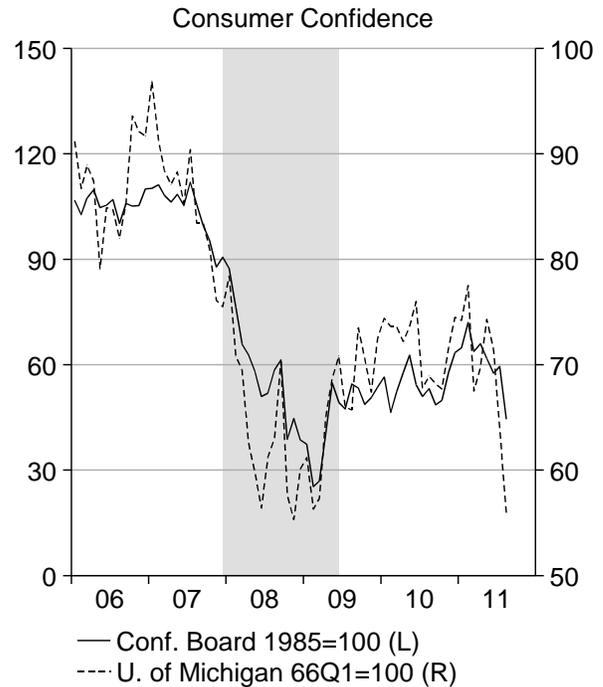
Personal income and spending increased in July while the saving rate decreased. **Personal income** increased 0.3% and the June increase was revised up to 0.2% from 0.1 percent. Wage and salary disbursements, which comprise more than half of personal income, increased by 0.4% and the June change was revised from a small decline to a small increase. Compared with a year earlier, personal income was higher by 5.3 percent. Wage and salary disbursements were higher than a year earlier by 3.9 percent.

Personal consumption expenditures increased by 0.8% in July, and the June decline of 0.2% was revised up to a smaller decline of 0.1 percent. After adjustment for inflation, consumption increased by a solid 0.5% to 2.3% above the year earlier level. Nominal spending on durable goods increased 1.9% after four straight declines. Unit auto sales increased 6.1% from 11.5 million units to 12.2 million units in July. Auto sales were little changed in August. Spending on nondurable goods and services each increased 0.7% in July. Compared with a year earlier, total consumption was higher by 5.1 percent.

Chain store sales suggest that consumer spending slowed during August. The International Council of Shopping Centers' total comparable chain-store sales were higher by 4.6% from a

year earlier – about the same as the year-over-year increase in July. Department, luxury and discount stores posted smaller sales gains in August than in July. Sales at apparel stores remained positive but weak. Sales at wholesale clubs were strong, rising 11.1% from a year ago. The year-over-year comparison for luxury store sales, while positive, has weakened for three months in a row.

Ongoing difficulty in getting a job, weakness in housing prices, the hangover from the previous debt-buildup and higher prices for energy and other essentials are restraining income growth and the ability and willingness of consumers to spend. In response, **consumer confidence** has deteriorated notably since winter, particularly due to a worsening in expectations. The Conference Board index of consumer confidence fell in August to its lowest level since April 2009 and 36.0% below the average level observed during previous recessions. Assessments of both current and future conditions contributed to the decline. The expectations index was also the lowest since April 2009 and 25.0% below the average level observed in past recessions. The current index was the lowest only since January but was 52.0% below the average recession level. Readings from the University of Michigan index of consumer sentiment have traced a similar pattern.



As previously reported, **Ohio personal income** and **wage and salary disbursements** picked up pace in the first quarter. Personal income increased by 7.7% to 4.8% above the year ago level. The gain was the largest since the fourth quarter of 2003. Wage and salary disbursements increased by 4.2% to 4.1% above the year earlier level. The level and growth rate in wage and salary disbursements were revised lower for the fourth quarter of last year. While Ohio personal income was 3.9% above the record high established in the second quarter of 2008, wage and salary disbursements remained 1.8% below the record level established in the first quarter of 2008.

It is important to note that state level personal income data are reported with a significant time lag. As a result, the welcome strong performance in the first quarter could be revised lower in sync with national GDP data and could have been followed in the second quarter with slower growth. Ohio personal income data for the second quarter are scheduled to be released on September 22nd.

Manufacturing

Manufacturing activity appears to have slowed abruptly after a surprisingly strong July. **Industrial production** increased by a better-than-expected 0.9% in July with most of the gain

coming from utilities and autos. The June increase was revised upward from 0.2% to 0.4% and the change in May was revised from a small loss to a small gain. Capacity utilization was 77.5 percent. Overall industrial production appears to have weathered the shock from the earthquake and tsunami in Japan.

Utilities (+2.8%) and mining (+1.1%) once again accounted for much of the overall gain in industrial production. Manufacturing output increased by 0.6% overall and 0.3% excluding autos and high technology. Production in two sectors with a concentration of employment in Ohio posted gains in July: primary metal (+1.7%) and fabricated metal (+0.4%). Production of machinery – a third sector of importance for Ohio – was unchanged in July.

Midwest manufacturing output increased by 0.5% in July, and the June reading was revised from flat to up 0.4%, according to the Chicago Federal Reserve Bank. Production increased in the auto (+1.6%), steel (+1.5%) and resource (+0.1%) sectors. Output decreased in machinery (-0.4%). Compared with a year earlier, Midwest manufacturing production was up by 6.1%, compared with a peak growth rate so far for this cycle of 14.8% in June 2010. The level of Midwest production in July was 24.2% above the low in June 2009 but still 16.3% below the peak in January 2008.

Reports from **purchasing managers** in manufacturing deteriorated again in August, signaling ongoing weakness in the sector. The Purchasing Managers Index edged down to 50.6, just a touch above the neutral level of 50.0 and the lowest reading since July 2009. The New Orders index stayed just below 50.0 after falling below the neutral level for the first time since May 2009. The production index fell below 50.0 to 48.6 in August – its lowest since May 2009. Surveys of manufacturers by the Federal Reserve banks in New York and Philadelphia revealed notably weaker activity in August.



Construction

Total **construction put-in-place** decreased by 1.3% in July. Excluding improvements to residential structures, construction decreased by 1.0 percent. The improvements measure is poorly estimated, and often leads to substantial revisions. Private construction fell by 0.9% and public construction decreased by 2.1% – the ninth decrease in the last ten months. Total construction activity was up 0.1% compared with a year earlier but remained 34.9% below the March 2006 peak.

Private nonresidential construction decreased by 0.4% in July after gains of 2.9% and 3.9% in June and May, respectively. Compared with a year earlier, private nonresidential construction

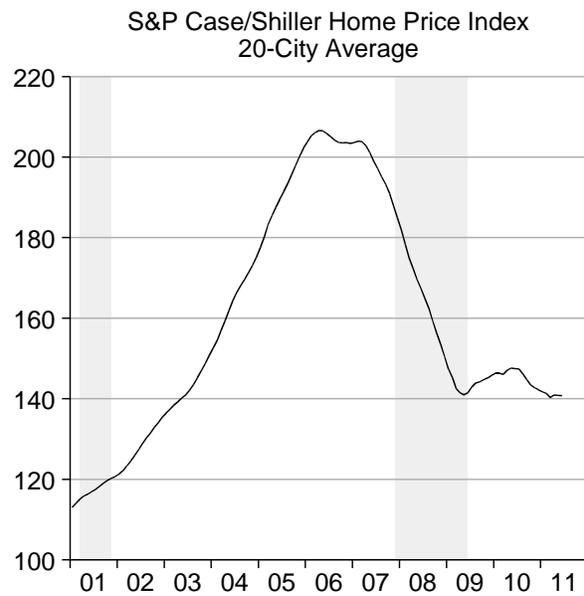
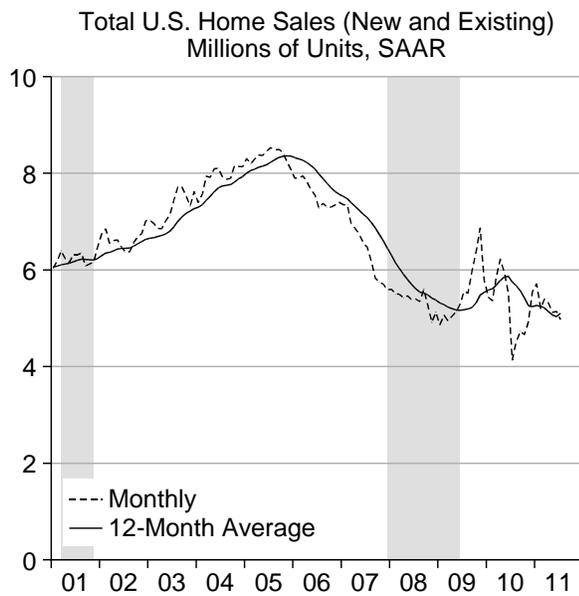
was up 5.7 percent. The trend toward weakening conditions in nonresidential construction is likely to continue through the summer, according to American Institute of Architects. The **Architecture Billings Index** from the American Institute of Architects deteriorated further in July to 45.1 from 46.3 in June and a recent high of 53.9 in December. The April-July readings were the first four in a row below the neutral 50 level since August 2010. The **Inquiries for New Work Index** fell to 53.7 after a surprising increase to 58.1 in June. The Inquiries index is well off from the peak of 62.3 reached in September 2010. The **Billings Index for the Midwest** was essentially unchanged in July at 44.9, also the fourth straight month below the neutral 50 level.

Private residential construction-put-in-place decreased 1.4% in July after a 2.0% increase in May. Housing starts decreased 1.5% across the country in July. Starts fell 37.7% in the Midwest. Permits declined 3.2% across the country and 7.1% in the Midwest. Housing construction remains essentially flat, with month-to-month and quarter-to-quarter swings occurring in response to weather and, previously, government subsidies to home buyers. On a 3-month moving average basis, which irons out much of the month-to-month noise in the data, activity appeared flat.

Sales of existing homes fell 3.5% in July for the fourth decline in five months, and the 3-month moving average of sales fell for the fifth straight month. **Sales of new homes** were off 0.7% – the third consecutive decline and the fourth in the last seven months. The 3-month moving average of sales of new homes fell for the second straight month. Sales activity continues to bounce along a plateau that is well below peak levels of a few years ago.

The inventory of existing homes fell in July back to near the average during the last ten months. The **inventory-to-sales ratio**, which had reached a low of 7.5 months in January, increased to 9.4 months in July – approximately double the normal ratio prior to the housing crisis. The inventory of newly built homes edged down slightly in July to the lowest level on record. At 6.6 months, the inventory-to-sales ratio stayed at essentially the lowest level since before the housing crisis. The ratio is down from a peak of 12.2 months in January 2009.

Home prices stabilized over the summer after a long string of substantial declines, according to the S&P/Case-Shiller index. The 20-city composite home price index decreased 0.1% for the second month in a row in June after increasing by 0.5% in April. The index was down 31.9% from the all-time peak reached in April 2006. The price index for Cleveland – the only Ohio city in the index – fell 0.3% in June following larger declines in March-May. Prices in Cleveland are off 19.8% from the 2006 peak.



REVENUES

During the month of August, **GRF receipts totaled \$1,948.0 million** which was \$7.7 million (0.4%) above the estimate. For the month, tax receipts totaled \$1,549.8 million and were \$67.4 million (4.5%) above the estimate, while non-tax receipts totaled \$373.2 million and were \$73.8 million (16.5%) below the estimate. Transfers totaled \$25.1 million and were \$14.1 million (127.8%) above the estimate.

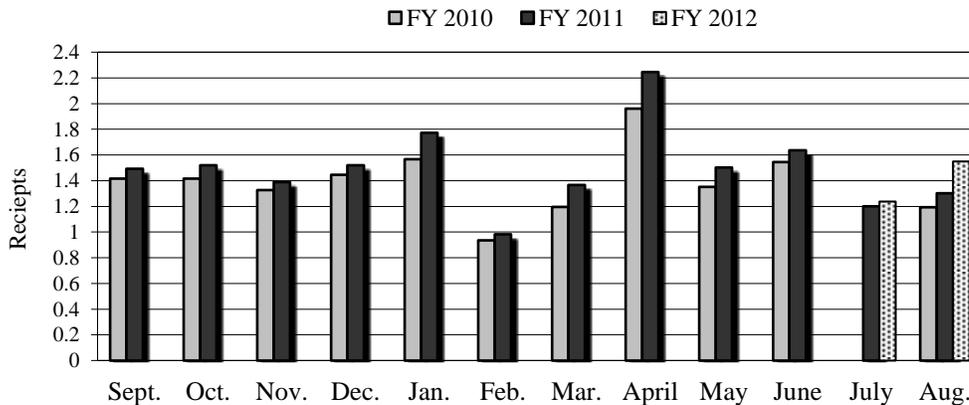
Category	Includes:	YTD Variance	% Variance
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	\$51.4 million	1.9%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$107.0 million)	(7.1%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$0.1 million	0.2%
TOTAL REVENUE VARIANCE:		(\$55.5 million)	(1.3%)

August tax receipts totaled \$1,549.8 million and were \$67.4 million (4.5%) above the estimate. On a year-over-year basis, total tax receipts for August were \$247.2 million (19.0%) greater than they were in August 2010, with significant portions of that increase attributable to the redirection of certain state tax streams to the GRF. Specifically, for fiscal year 2012 year-to-date, tax collections were \$284.0 million (11.3%) higher than the same point in fiscal year 2011. The largest contributors to this year-over-year growth were the commercial activity tax (CAT), non-auto sales tax, and personal income tax receipts. Personal income tax receipt growth was driven by strong performance in quarterly estimated payment components and payments associated with annual returns.

GRF Revenue Sources Relative to Monthly Estimates
(\$ in millions)

Individual Sources Above Estimate		Individual Sources Below Estimate	
Non-Auto Sales Tax	\$43.3	Auto Sales Tax	(\$0.5)
Personal Income Tax	\$9.4	Corporate Franchise Tax	(\$0.5)
Commercial Activity Tax	\$7.4	Kilowatt Hour Tax	(\$2.4)
MCF Tax	\$3.1	Foreign Insurance Tax	(\$0.2)
Cigarette Tax	\$8.8	Alcoholic Beverage Tax	(\$1.1)
ISTV's	\$4.0	Federal Grants	(\$73.3)
Liquor Transfers	\$14.0	Licenses & Fees	(\$2.5)
Other Sources Above Estimate	\$0.3	Other Income	(\$1.9)
		Other Sources Below Estimate	(\$0)
Total above	\$90.2	Total below	(\$82.5)

Tax Revenue Comparison by Month
(\$ in billions)



Non-Auto Sales and Use Tax

August Non-auto sales tax receipts totaled \$599.6 million, and were \$43.3 million (7.8%) above the estimate. This variance is largely the result of two Medicaid managed care payments being made in July, which in turn resulted in a double MHIC tax payment being made in August (one of which was originally assumed for September). As one payment was estimated for each month, this component of the tax should be below estimate by a similar amount next month. Without the extra payment however, receipts would still have been over the estimate by approximately \$15.0 million. Year-to-date receipts total \$1,207.2 million and are \$38.2 million (3.3%) above the estimate. On a year-over-year basis, non-auto sales tax collections are \$63.1 million (11.8%) above collections for the same month a year ago, while year to date collections exceed those of fiscal year 2011 by \$78.8 million (7.0%).

Auto Sales Tax

August receipts for the auto sales tax totaled \$97.0 million and were below the monthly estimate by \$0.5 million (0.5%). This monthly shortfall is attributed to weaker-than-expected growth in August sales. Despite the August shortfall, year-to-date receipts are still \$6.2 million (3.5%) above estimate. On a year-over-year basis, auto sales tax receipts experienced an increase of \$3.5 million (3.8%) over receipts for the same month a year ago, while year-to-date growth is 3.5 percent.

Personal Income Tax

Personal income tax receipts in August totaled \$604.4 million, and were \$9.4 million (1.6%) above the estimate, despite a continued negative variance (\$2.7 million, 0.4%) in the withholding component of the tax. The variance in the tax as a whole was instead driven by positive performances in both quarterly estimated payments and payments associated with annual returns, which had overages of \$3.1 million (26.4%) and \$3.3 million (40.3%) respectively, as well as refunds that were lower than the estimate by \$4.0 million (16.4%). As quarterly estimated payments are due September 15th, OBM will continue to monitor the performance of that component for August and September combined to determine whether there was some pulling forward of receipts estimated for September into August.

On a year-over-year basis, personal income tax collections for August 2011 were \$63.6 million (11.8%) above the August 2010 level. The withholding component remained the major contributor in this annual growth, as it was higher by \$43.9 million (7.5%) compared to the same month a year ago. Despite this growth however, OBM anticipated a greater year-over-year increase in withholding and will closely monitor the performance of this component in the months ahead.

FY2012 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	AUG	AUG	AUG	Y-T-D	Y-T-D	Y-T-D
Withholding	\$632.9	\$630.2	(\$2.7)	\$1,206.7	\$1,196.3	(\$10.4)
Quarterly Est.	\$11.9	\$15.0	\$3.1	\$24.8	\$28.4	\$3.6
Trust Payments	\$0.4	\$0.4	\$0.0	\$1.0	\$1.2	\$0.2
Annual Returns & 40 P	\$8.3	\$11.6	\$3.3	\$15.2	\$20.4	\$5.2
Other	\$6.4	\$8.7	\$2.3	\$15.1	\$13.4	(\$1.7)
Less: Refunds	(\$24.3)	(\$20.3)	\$4.0	(\$59.2)	(\$54.3)	\$4.9
Local Distr.	(\$40.7)	(\$41.3)	(\$0.6)	(\$105.0)	(\$106.1)	(\$1.1)
Net to GRF	\$594.9	\$604.3	\$9.4	\$1,098.6	\$1,099.3	\$0.7

Corporate Franchise Tax

Corporate franchise tax receipts for the month of August were -\$0.4 million, compared to the estimate of \$0.1 million. As a result of slightly higher refunds, receipts were \$0.5 million less than for the same month a year ago.

Commercial Activity Tax

During fiscal year 2012, 25.0% of receipts from the commercial activity tax (CAT) will be distributed into to the General Revenue Fund with the remainder distributed to non-GRF funds to reimburse school districts and local governments for the phase-out of the tangible personal property tax. During the month of August, GRF CAT receipts totaled \$85.6 million and were \$5.5 million (9.5%) above the monthly estimate. All-funds CAT receipts for August totaled \$333.1 and were \$12.1 (3.8%) above the estimate.

H.B. 153 modified the distribution of CAT receipts to the General Revenue Fund, the School District Property Tax Replacement Fund, and the Local Government Property Tax Replacement Fund. Under previous statute for fiscal year 2012, 5.3% of CAT receipts were to be directed to the GRF, 70.0% to the School District Property Tax Replacement Fund, and 24.7% to the Local Government Property Tax Replacement Fund. H.B. 153 amended those distributions for fiscal year 2012 and thereafter, requiring that 25.0% of receipts go to the GRF, 52.5% to the School District Property Tax Replacement Fund, and 22.5% to the Local Government Property Tax Replacement Fund.

Foreign Insurance Tax

August receipts for the foreign insurance tax totaled -\$0.4 million and were \$0.2 million (115.9%) below the estimate. On a year-over-year basis, foreign insurance tax receipts are \$0.2 million (88.9%) below receipts during the same month a year ago.

Kilowatt-Hour Tax

Kilowatt-hour tax receipts during the month of August totaled \$30.9 million and were \$2.4 million (7.2%) below the estimate. Year-to-date receipts total \$51.9 million and are \$5.2 million (9.1%) below the estimate. On a year-over-year basis, receipts were \$11.8 million (61.5%) higher than the same month in the previous fiscal year.

H.B. 153 of the 129th General Assembly modified the distribution of the kilowatt-hour tax to the General Revenue Fund, the School District Property Tax Replacement Fund, and the Local Government Property Tax Replacement Fund. Under previous statute, 63.0% of kilowatt-hour tax receipts were directed to the GRF, 25.4% to the School District Property Tax Replacement Fund, and 11.6% to the Local Government Property Tax Replacement Fund. H.B. 153 amended those distributions for fiscal year 2012 and thereafter, requiring 88.0% of receipts to go to the GRF, 9.0% to the School District Property Tax Replacement Fund, and 3.0% to the Local Government Property Tax Replacement Fund. This redirection of a greater share of this state tax source to the GRF is the primary driver of the year-over-year growth seen in this tax.

MCF Tax

August receipts for the MCF tax (“natural gas distribution tax”) totaled \$12.0 million and were \$3.1 million (34.4%) above the estimate. Year-to-date receipts total \$13.2 million and are \$3.3 million (33.6%) above the estimate. Prior to fiscal year 2012, receipts from the MCF tax were distributed to the School District Property Tax Replacement Fund (68.7%) and the Local Government Property Tax Replacement Fund (31.3%). H.B. 153 of the 129th General Assembly modified this distribution, requiring that for fiscal year 2012 and thereafter 100.0% of the MCF tax receipts to be credited to the GRF.

Cigarette Tax

Cigarette tax receipts during the month of August totaled \$80.2 million, which was \$8.8 million (12.3%) above the estimate. This positive variance is largely a timing-related issue, as the last calendar day of the previous month fell on a weekend, and the August overage is a correction of the July shortfall. Year-to-date receipts total \$90.4 million and are \$0.2 million (0.2%) above the estimate. On a year-over-year basis, cigarette tax receipts were \$8.7 million (12.2%) higher than the same month a year ago, as a result of the aforementioned timing issue. This tax source normally experiences a 3.5% percent annual decline, and fiscal year 2012 receipts are 4.1% lower than those of the same point in fiscal year 2011.

GRF non-tax receipts totaled \$373.2 million in August and were \$73.8 million (16.5%) below estimate. Nearly all of this monthly variance is attributable to federal grants as they were \$73.3 million (16.7%) below estimate. This is primarily due to a timing issue as the last Medicaid draw for the month of August did not post until September. As a result, it is expected that this issue will be offset in the month of September by an amount similar to the August shortfall. **GRF transfers** during the month of August totaled \$25.1 million and were \$14.1 million (127.8%) above the monthly estimate due to timing issues with the posting of the monthly liquor transfer to the GRF. This timing-related issue occurred during the month of July, and thus August liquor transfers exceeded the estimate by an amount similar to the July shortfall.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2012 VS ESTIMATE FY 2012
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL AUGUST	ESTIMATE AUGUST	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	599,554	556,300	43,254	7.8%	1,207,219	1,169,100	38,119	3.3%
Auto Sales & Use	97,000	97,500	(500)	-0.5%	183,863	177,700	6,163	3.5%
Subtotal Sales & Use	696,554	653,800	42,754	6.5%	1,391,082	1,346,800	44,282	3.3%
Personal Income	604,372	594,945	9,427	1.6%	1,099,277	1,098,630	647	0.1%
Corporate Franchise	(357)	100	(457)	-456.5%	(2,306)	(5,700)	3,393	59.5%
Commercial Activity Tax	85,592	78,200	7,392	9.5%	94,354	89,000	5,355	6.0%
Public Utility	33,032	32,900	132	0.4%	33,032	32,900	132	0.4%
Kilowatt Hour	30,910	33,300	(2,390)	-7.2%	51,923	57,100	(5,177)	-9.1%
MCF Tax	11,966	8,900	3,066	34.4%	13,222	9,900	3,322	33.6%
Foreign Insurance	(432)	(200)	(232)	-115.9%	(888)	(200)	(688)	-343.9%
Domestic Insurance	0	0	0	N/A	15	200	(186)	-92.7%
Other Business & Property	11	0	11	N/A	160	200	(40)	-19.8%
Cigarette	80,175	71,400	8,775	12.3%	90,401	90,200	201	0.2%
Alcoholic Beverage	4,556	5,700	(1,144)	-20.1%	10,396	10,700	(304)	-2.8%
Liquor Gallonage	3,403	3,300	103	3.1%	6,659	6,300	358	5.7%
Estate	0	0	0	N/A	105	0	105	N/A
Total Tax Receipts	1,549,781	1,482,345	67,436	4.5%	2,787,432	2,736,030	51,402	1.9%
NON-TAX RECEIPTS								
Federal Grants	364,400	437,715	(73,316)	-16.7%	1,380,534	1,487,004	(106,469)	-7.2%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	3,729	6,277	(2,548)	-40.6%	4,096	6,644	(2,548)	-38.4%
Other Income	1,101	3,016	(1,915)	-63.5%	1,746	3,661	(1,915)	-52.3%
ISTV'S	3,969	9	3,960	N/A	4,019	59	3,960	N/A
Total Non-Tax Receipts	373,198	447,017	(73,819)	-16.5%	1,390,395	1,497,368	(106,973)	-7.1%
TOTAL REVENUES	1,922,979	1,929,362	(6,383)	-0.3%	4,177,827	4,233,398	(55,571)	-1.3%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	25,000	11,000	14,000	127.3%	25,000	25,000	0	0.0%
Transfers In - Other	55	0	55	N/A	10,653	10,598	55	0.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	25,055	11,000	14,055	127.8%	35,653	35,598	55	0.2%
TOTAL SOURCES	1,948,034	1,940,362	7,672	0.4%	4,213,480	4,268,996	(55,516)	-1.3%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2012 VS ACTUAL FY 2011
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	AUGUST FY 2012	AUGUST FY 2011	\$ VAR	% VAR	ACTUAL FY 2012	ACTUAL FY 2011	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	599,554	536,445	63,109	11.8%	1,207,219	1,128,419	78,799	7.0%
Auto Sales & Use	97,000	93,470	3,529	3.8%	183,863	177,690	6,173	3.5%
Subtotal Sales & Use	696,554	629,915	66,638	10.6%	1,391,082	1,306,110	84,972	6.5%
Personal Income	604,372	540,730	63,642	11.8%	1,099,277	1,029,381	69,896	6.8%
Corporate Franchise	(357)	134	(491)	-365.6%	(2,306)	(5,430)	3,124	57.5%
Commercial Activity Tax	85,592	0	85,592	N/A	94,354	0	94,354	N/A
Public Utility	33,032	30,458	2,574	8.4%	33,032	30,478	2,554	8.4%
Kilowatt Hour	30,910	19,133	11,777	61.5%	51,923	31,695	20,228	63.8%
MCF Tax	11,966	0	11,966	N/A	13,222	0	13,222	N/A
Foreign Insurance	(432)	(229)	(204)	-88.9%	(888)	(179)	(709)	-395.4%
Domestic Insurance	0	0	(0)	N/A	15	134	(120)	-89.1%
Other Business & Property	11	3	8	252.0%	160	129	32	24.6%
Cigarette	80,175	71,466	8,708	12.2%	90,401	94,223	(3,821)	-4.1%
Alcoholic Beverage	4,556	7,585	(3,028)	-39.9%	10,396	10,497	(101)	-1.0%
Liquor Gallonage	3,403	3,343	60	1.8%	6,659	6,425	234	3.6%
Estate	0	0	0	N/A	105	0	105	N/A
Total Tax Receipts	1,549,781	1,302,540	247,241	19.0%	2,787,432	2,503,463	283,969	11.3%
NON-TAX RECEIPTS								
Federal Grants	364,400	848,859	(484,459)	-57.1%	1,380,534	1,677,643	(297,109)	-17.7%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	3,729	6,673	(2,945)	-44.1%	4,096	7,634	(3,538)	-46.3%
Other Income	1,101	571	530	93.0%	1,746	1,029	717	69.6%
ISTV'S	3,969	15	3,953	N/A	4,019	96	3,923	N/A
Total Non-Tax Receipts	373,198	856,118	(482,920)	-56.4%	1,390,395	1,686,403	(296,008)	-17.6%
TOTAL REVENUES	1,922,979	2,158,658	(235,679)	-10.9%	4,177,827	4,189,866	(12,038)	-0.3%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	25,000	0	25,000	N/A	25,000	13,000	12,000	92.3%
Transfers In - Other	55	5,536	(5,481)	-99.0%	10,653	11,643	(990)	-8.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	25,055	5,536	19,519	352.6%	35,653	24,643	11,010	44.7%
TOTAL SOURCES	1,948,034	2,164,194	(216,160)	-10.0%	4,213,480	4,214,508	(1,028)	0.0%

DISBURSEMENTS

August 2011 GRF disbursements, across all uses, totaled \$1,752.3 million and were \$134.9 million (7.2%) below estimated amounts. Year-to-date disbursements by category are provided in the following table (\$ in millions). As readers of the monthly report may recall, consistent with the beginning of each new biennium, disbursement estimates were not completed in time for the August monthly financial report and this will be the first month in which these estimates are in place. As a result, the variance reported for August is also the year-to-date variance.

Category	Description	YTD Disbursements	YTD Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$5,025.0	(\$147.0)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$330.7	\$12.0
TOTAL GRF DISBURSEMENTS:		\$5,355.7	(\$134.9)

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

Primary, Secondary and Other Education

This category includes expenditures made by the Department of Education, E-tech, the Ohio State School for the Blind, and the Ohio School for the Deaf. August disbursements in this category totaled \$530.9 million, which was \$6.5 million (1.2%) below the monthly estimate. On a year-over-year basis, this category disbursed \$48.0 million (8.3%) less than in the same month a year ago.

Disbursements for the Department of Education alone totaled \$528.3 million, which was \$5.8 million (1.1%) below the August estimate. Expenditures for the school foundation program (ALI 200502 - Pupil Transportation and ALI 200550 - Foundation Funding) totaled \$481.9 million and were \$0.4 million (0.1%) below the estimate. Year-to-date expenditures equal \$1,369.7 million and are also 0.4% below the estimate.

Higher Education

August disbursements for Higher Education totaled \$171.6 million and were \$2.6 million (1.5%) above the estimate for the month. Year-to-date disbursements are \$369.9 million, which is \$2.6 million (0.7%) above the estimate. The slight monthly variance is primarily due to spending in the Ohio College Opportunity Grant, National Guard Scholarship, and War Orphans Scholarship programs above the monthly estimate by \$1.7 million.

Public Assistance and Medicaid

August disbursements in this category, which include all GRF expenditures by the Department of Job and Family Services (ODJFS), totaled \$707.6 million and were \$72.2 million (9.3%) below the estimate. Year-to-date expenditures total \$2,440.1 million and are \$72.2 million (2.9%) below the estimate.

Public Assistance and Non-Medicaid

ODJFS, non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$60.6 million for the month of August, which was \$3.9 million (6.9%) higher than the estimate. Major variances within individual line items were attributable to the following:

- Administration – Local, ALI 600502, expenditures were \$1.5 million (74.6%) above estimate for the month of August. This is primarily due to county requests for funding exceeding estimates.
- Support Services, ALI 600321, expenditures were \$1.1 million (34.7%) below estimate for the month. This is primarily attributable to not receiving invoices against prior year encumbrances as expected.
- Early Care and Education, ALI 600535, subsidy payments were \$1.1 million (12.2%) above estimate due to higher-than-estimated childcare costs.
- Computer Projects, ALI 600416, expenses were \$2.9 million (29.6%) above estimate due to prior period equipment encumbrances expected during the month being higher-than-anticipated.
- Disability/Other Assistance, ALI 600511, disbursements were \$1.8 million (86.7%) below estimate for August. This is primarily attributable to the county closeout process and the associated collection of refunds of Disability Financial Assistance overpayments.
- Over/under spending across remaining GRF line items also contributed to the variance.

Medicaid

This sub-category includes expenditures by the Department of Job and Family Services for Medicaid services contained primarily in the 600525 line item. Please note that administrative costs related to the ODJFS program are included in the previous sub-category.

Expenditures

GRF disbursements year-to-date for the Medicaid program are \$2,312.8 million, which is \$76.1 million (3.2%) below estimate, but \$15.8 million (0.7%) above the same point in time in the previous fiscal year. Disbursements for the month of August were \$647.0 million, which was \$76.1 million (10.5%) below estimate and \$523.0 million (44.7%) below the same period in the prior year.

All funds disbursements year-to-date are \$2,393.4 million, which is \$79.2 million (3.2%) below estimate, and \$68.9 million (2.9%) above disbursements for the same point in time in the previous fiscal year. Disbursements for August were \$727.1 million, which was \$79.2 million (9.8%) below projected expenditures and \$470.2 million (64.7%) below the same period in the prior year.

Due to the on-going implementation of the MITS system, the timing of fee-for-service payments across nearly all categories has been delayed with regard to the initial estimates. The majority of the \$79.2 million variance can be attributed to this issue. It is expected that some or all of this variance will be offset by increased payments in future months.

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

	August Projection	August Actual	Variance	Variance %
GRF	\$ 723,111,967	\$ 646,979,865	\$ (76,132,102)	-10.5%
Non-GRF	\$ 83,173,685	\$ 80,083,465	\$ (3,090,220)	-3.7%
All Funds	\$ 806,285,652	\$ 727,063,330	\$ (79,222,322)	-9.8%

As noted above, timing issues related to the on-going implementation of MITS account for the majority of the variance found in the categories of service. Discussion of specific categorical variances will resume in future month's reports.

Caseload

Total caseload for the month of July, the most recent month available, was 2.17 million covered persons, which was a decrease of 3,056 persons over the month of June. This number includes select non-Medicaid programs such as the Medicare premium assistance programs. Total Medicaid caseload for the month as of the month of July was 25,050 (1.1%) covered lives below projection.

The Covered Families and Children (CFC) category decreased by 3,905 persons to a July total of 1.64 million persons. The Aged, Blind and Disabled (ABD) program decreased by 711 people to a July total of 406.3 thousand covered lives. The Premium Assistance category increased by 1,783 persons to a July total of 105.4 thousand covered lives.

Total enrollment for the same period last year was 2.13 million covered persons, including 1.64 million persons in the CFC program, 396.9 thousand people in the ABD category, and 100,479 in the Other Non-Medicaid program, including Premium Assistance. This represents total program growth over the last twelve months of 43.7 thousand covered lives.

As noted above, CFC decreased 3,905 persons to 1.64 million covered lives. Enrollment in this category was 22,234 (1.3%) below total projected enrollment. The decrease occurred primarily in the Healthy Families category.

The ABD program showed a decrease of 711 people to a total of 406.3 thousand covered lives. Enrollment was 4,417 persons (1.1%) below total projected enrollment for this category.

Health and Human Services

This category includes GRF expenditures for the following state agencies: Health, Aging, Mental Health, Developmental Disabilities, and ODADAS. Examples of expenditures in this category include: 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 this category instead of the previous category.

August disbursements in this category were \$56.8 million, which was \$6.8 million (10.7%) below estimated expenditures for the month. Year-to-date disbursements are \$241.5 million, which are \$6.8 million (2.8%) below projected amounts.

Department of Health

August 2011 disbursements for the Department of Health totaled \$3.2 million and were \$5.8 million (64.7%) below estimate. This is primarily attributable to the Help Me Grow line (ALI 440459), which was below estimate by \$5.8 million due to payments moving into September which were originally scheduled for August. Year-to-date Department of Health disbursements total \$14.6 million and are \$5.8 million (28.5%) below the estimate.

Department of Aging

August 2011 disbursements for the Department of Aging totaled \$1.1 million and were \$0.1 million (6.4%) below estimate. There were no significant line item differences. Year-to-date Department of Aging disbursements total \$1.5 million and are below estimate by \$0.1 million (4.9%).

Department of Mental Health

The Department of Mental Health disbursed \$23.2 million in the month of August, which is \$1.1 million (4.7%) below the estimate. The variance is attributable to variances of \$1.0 million or less across multiple line items.

Department of Developmental Disabilities

The Department of Developmental Disabilities disbursed \$25.3 million in the month of August, which is \$1.5 million (6.5%) above the estimate. In the Medicaid State Match (ALI 322407) line item, the department spent \$1.8 million more than estimated. Erroneous waiver provider payments related to systems issues were sent at the end of the month of August. The department is working with OBM to reverse these vouchers, and an offsetting variance is expected in the month of September.

Department of Alcohol and Drug Addiction Services

The Department of Alcohol and Drug Addiction Services disbursed \$17,328 in the month of August, which is \$1.2 million (98.6%) under the estimate. Beginning in fiscal year 2012, the department began disbursing funds to county boards for the payment of alcohol and other drug Medicaid claims. In July, the department provided the boards with \$10.5 million (44.0%) of the total Medicaid Match (038501) appropriation, to begin making Medicaid claims payments. As additional funding is needed by the boards, the department will disburse GRF from ALI 038501,

federal reimbursement as it is earned, as well as a portion of the Statewide Treatment and Prevention fund.

Justice and Public Protection

Disbursements in the Justice and Public Protection category totaled \$140.1 million during the month of August and were \$20.1 million (12.5%) below the estimate. Year-to-date expenditures total \$346.2 million and are \$20.1 million (5.5%) below the estimate.

Department of Rehabilitation and Correction

The Department of Rehabilitation and Correction disbursed \$108.7 million in the month of August, which was \$15.9 million (12.8%) less than the \$124.6 million estimate for the month. This variance is largely the result of lower-than-anticipated medical and contracting costs.

Department of Youth Services

The Department of Youth Services disbursed \$12.6 million in the month of August, which was \$3.2 million (20.3%) less than the \$15.8 million estimate for the month. This variance is primarily the result of a transfer to the Department of Mental Health occurring in September rather than in August.

General Government

August disbursements for the General Government category totaled \$19.6 million and were \$2.5 million (11.3%) below the estimate for the month. Year-to-date expenditures are \$59.7 million, which is \$2.5 million (4.0%) below the estimate.

Department of Administrative Services

In August, the Department of Administrative Services (DAS) disbursed \$4.9 million, which was \$1.4 million (22.0%) less than expected for the month. This occurred chiefly because rent bills for GRF-supported state agencies, veterans' organizations, and vacant space in state buildings managed by DAS did not post in August as anticipated. DAS has not yet finalized the fiscal year 2012 rates for these buildings and expects these bills will post in October. As a result, October spending for this line item should be approximately \$1.2 million over the estimate for that month.

Department of Development

The Department of Development disbursed \$4.2 million (26.9%) less during August than anticipated. Most GRF expenditures were down, largely for two reasons. The first is that the department's awards are generally disbursed on a reimbursement basis, making it very difficult to predict when grantees will actually spend awarded funds and require reimbursement. Secondly, the upcoming transition of several GRF-funded programs to JobsOhio and the surrounding uncertainty has led to less predictability in disbursements. This month, the Thomas Edison program (ALI 195401) disbursed \$860,000 (48.0%) less than anticipated.

Tax Relief and Other

August disbursements for tax relief totaled \$67.4 million and were \$39.8 million (37.1%) below the \$107.2 million monthly estimate. Of the amounts disbursed, \$55.0 million was paid to local governments, while \$6.7 million was paid to school districts. These amounts were \$17.7 million (24.3%) and \$22.1 million (76.8%) below the respective estimates for those line items. For the year-to-date, total tax relief payments have totaled \$72.7 million and are \$39.8 million (35.4%) below the year-to-date estimate. As these payments are made based on when counties submit their information and individual counties may vary from year to year in terms of when they submit, monthly variances are not uncommon in this category. Due to the unique timing issue surrounding this spending category, OBM anticipates that the August variance will correct itself between now and November. These payments are made to local governments and school districts to reimburse for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2012 VS ESTIMATE FY 2012
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	AUGUST	AUGUST	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	530,888	537,388	(6,500)	-1.2%	1,377,097	1,383,597	(6,500)	-0.5%
Higher Education	171,615	169,019	2,596	1.5%	369,883	367,287	2,596	0.7%
Public Assistance and Medicaid	707,605	779,819	(72,214)	-9.3%	2,440,145	2,512,358	(72,214)	-2.9%
Health and Human Services	56,846	63,675	(6,829)	-10.7%	241,483	248,312	(6,829)	-2.8%
Justice and Public Protection	140,114	160,219	(20,105)	-12.5%	346,195	366,300	(20,105)	-5.5%
Environmental Protection and Natural Resources	5,867	5,774	93	1.6%	12,809	12,716	93	0.7%
Transportation	607	531	77	14.5%	1,031	954	77	8.0%
General Government	19,594	22,087	(2,493)	-11.3%	59,696	62,188	(2,493)	-4.0%
Community and Economic Development	5,496	6,851	(1,355)	-19.8%	10,165	11,519	(1,355)	-11.8%
Tax Relief and Other	67,357	107,159	(39,803)	-37.1%	72,708	112,511	(39,803)	-35.4%
Capital Outlay	0	0	0	0.0%	0	0	0	0.0%
Debt Service	27,782	28,211	(428)	-1.5%	93,806	94,234	(428)	-0.5%
Total Expenditures & ISTV's	1,733,770	1,880,731	(146,960)	-7.8%	5,025,017	5,171,978	(146,960)	-2.8%
Transfers Out:								
Operating Transfer Out	6,515	6,515	0	0.0%	318,690	318,690	0	0.0%
Temporary Transfer Out	12,018	0	12,018	0.0%	12,018	0	12,018	0.0%
Total Transfers Out	18,533	6,515	12,018	184.5%	330,708	318,690	12,018	3.8%
Total Fund Uses	1,752,303	1,887,246	(134,943)	-7.2%	5,355,725	5,490,668	(134,943)	-2.5%

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2012 VS ACTUAL FY 2011
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	AUGUST FY 2012	AUGUST FY 2011	\$ VAR	% VAR	ACTUAL FY 2012	ACTUAL FY 2011	\$ VAR	% VAR
Primary, Secondary and Other Education	530,888	578,926	(48,038)	-8.3%	1,377,097	1,444,205	(67,108)	-4.6%
Higher Education	171,615	192,394	(20,779)	-10.8%	369,883	417,853	(47,970)	-11.5%
Public Assistance and Medicaid	707,605	1,232,874	(525,269)	-42.6%	2,440,145	2,424,405	15,740	0.6%
Health and Human Services	56,846	81,008	(24,162)	-29.8%	241,483	246,621	(5,138)	-2.1%
Justice and Public Protection	140,114	133,351	6,763	5.1%	346,195	393,677	(47,482)	-12.1%
Environmental Protection and Natural Resources	5,867	5,440	427	7.8%	12,809	14,590	(1,780)	-12.2%
Transportation	607	5,716	(5,108)	-89.4%	1,031	6,445	(5,414)	-84.0%
General Government	19,594	23,357	(3,763)	-16.1%	59,696	65,162	(5,467)	-8.4%
Community and Economic Development	5,496	6,959	(1,463)	-21.0%	10,165	14,649	(4,484)	-30.6%
Tax Relief and Other	67,357	103,760	(36,403)	-35.1%	72,708	105,643	(32,935)	-31.2%
Capital Outlay	0	24	(24)	N/A	0	24	(24)	N/A
Debt Service	27,782	93,918	(66,136)	-70.4%	93,806	209,946	(116,140)	-55.3%
Total Expenditures & ISTV's	1,733,770	2,457,726	(723,956)	-29.5%	5,025,017	5,343,219	(318,202)	-6.0%
Transfers Out:								
Operating Transfer Out	6,515	37,266	(30,751)	-82.5%	318,690	38,831	279,859	720.7%
Temporary Transfer Out	12,018	530,270	(518,253)	-97.7%	12,018	530,270	(518,253)	-97.7%
Total Transfers Out	18,533	567,536	(549,004)	-96.7%	330,708	569,101	(238,394)	-41.9%
Total Fund Uses	1,752,303	3,025,262	(1,272,959)	-42.1%	5,355,725	5,912,320	(556,595)	-9.4%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2012. Based on the estimated revenue sources for FY 2012 and the estimated FY 2012 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2012 is an estimated \$154.9 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2012 nor should it be considered as equivalent to the FY 2012 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF 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.

FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2012
(\$ in thousands)

July 1, 2011 Beginning Cash Balance	\$ 844,467
Plus FY 2012 Estimated Revenues	19,419,100
Plus FY 2012 Estimated Federal Revenues	7,602,748
Plus FY 2012 Estimated Transfers to GRF	151,432
Total Sources Available for Expenditure & Transfer	28,017,747
Less FY 2012 Estimated Disbursements	27,201,535
Less FY 2012 Estimated Total Encumbrances as of June 30, 2012	254,056
Less FY 2012 Estimated Transfers Out	407,300
Total Estimated Uses	27,862,891
FY 2012 ENDING FUND BALANCE	154,856

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