OBM

Ted Strickland
Governor

J. Pari Sabety
Director

May 11, 2009

MEMORANDUM TO: The Honorable Ted Strickland, Governor
The Honorable Lee Fisher, Lt. Governor

FROM: J. Pari Sabety, Director

SUBJECT: Monthly Financial Report

This report contains information regarding Ohio's financial position through April 30, 2009, as well as highlights of regional and national economic indicators that are important to understanding the current state and direction of Ohio's economy.

The U.S. economy continued to contract at a rapid pace in the first quarter of calendar 2009 – approximately a full percentage point faster than widely anticipated – but has shown numerous signs of stabilization early in the second quarter. Several economic measures, such as a broad-based increase in personal consumption expenditures, indicate a slowing in the economic slide and a probable near-term upturn. The recession remains severe, however, as the U.S. unemployment rate increased in March to 8.5% – the highest since October 1983. The Ohio unemployment rate increased to 9.7% in March – the highest since April 1984.

With the close of April 2009, Ohio's income tax receipts (primarily reflecting calendar year 2008 activity) recorded the severity of the recession, as revenue from this source was $623.1 million, or 35.6%, below April 2008; an unprecedented year-over-year variance for Ohio's income tax. Total General Revenue Fund (GRF) tax receipts for the month of April were $1.89 billion, which was 26.4% below April 2008 receipts, and total GRF tax receipts year-to-date are $1.78 billion, or 11.1%, below last year's year-to-date receipts, showing the pervasive and unforeseen effect of the economic decline. May and June tax revenues will be monitored closely to assure adequate measures are taken to end the fiscal year in balance.

GRF spending patterns show continued restraint as year-to-date outlays were just 0.1%, or $31.9 million, above the December 2008 re-forecasted monthly agency spending for FY 2009. Public Assistance and Medicaid expenditures continued to be managed within spending expectations, despite significant increases in caseloads.

The Office of Budget and Management continues to monitor the overall economic situation and will recommend action as appropriate.

MONTHLY FINANCIAL REPORT
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ECONOMIC SUMMARY

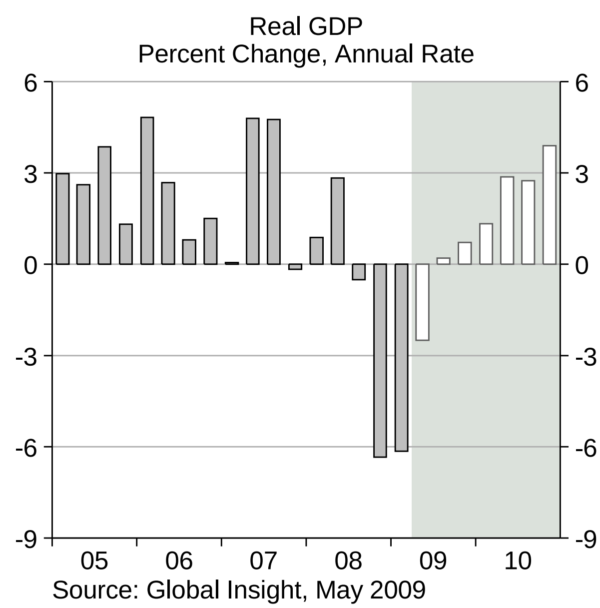
<u>Overview of Economic Performance</u>

- Although the economy continued its rapid contraction in the first quarter of calendar year 2009, numerous signs of improvement were shown early in the second quarter.
- The U.S. January employment loss was revised down to 741,000 jobs – the worst month in this recession and since 1949. The U.S. unemployment rate increased in March to 8.5% – the highest since October 1983. The Ohio unemployment rate increased to 9.7% in March – the highest since April 1984.
- Leading economic indicators continue to point toward a near-term upturn in the economy.

The economy continued to contract at a rapid pace in the first quarter, but has shown numerous signs of improvement early in the second quarter. The decline in real GDP is likely to moderate in the current quarter, as the sharp inventory correction begins to unwind. Household income and spending remain weak, primarily due to ongoing distress in labor markets, but trends have improved from last winter. Economic indicators point to the end of recession this spring or summer. Despite the possibility of a strong initial recovery, growth could remain below trend for an extended period. In the meantime, extended seasonal auto plant closings and the potential for bankruptcy of firms in the auto industry weigh on the outlook for Ohio and surrounding states.

<u>Economic Growth</u>

The economy contracted at a 6.1% annualized pace for the first quarter, according to the advance report on **Gross Domestic Product**. The economy shrank at a 6.3% annualized rate in the prior quarter. The pace of decline in the first quarter was approximately a full percentage point faster than had been widely expected. The composition of activity, however, points toward a much better level of activity in the second quarter.



All major categories, except for personal consumption expenditures, contributed to the decline in real GDP. Consumption increased at a faster-than-expected 2.2%. Business investment in equipment and software and structures subtracted 4.7 percentage points from the change in real GDP. Exports subtracted 4.1 percentage points. The change in business inventories subtracted 2.8 points. Investment in residential structures subtracted 1.4 percentage points – as severe as in any quarter during this cycle. Government spending subtracted 0.8 points due to declines in national defense spending and outlays by financially strapped state and local governments.

The improvement in **personal consumption expenditures** was broad-based. Spending on durable goods made a positive contribution to real GDP growth following four quarterly subtractions, reflecting the first positive contribution from motor vehicles and parts since the second quarter of 2007. Spending on nondurable goods swung to a positive contribution after two large quarterly subtractions. The positive contribution from spending on services was about the same size as in the fourth quarter and well above the slight negative in the third quarter.

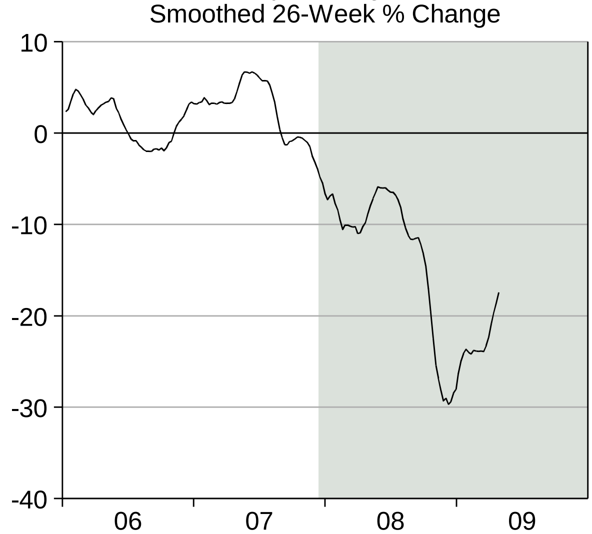
The decline in **capital spending** accelerated in the first quarter, due largely to a record pace of decline in investment in nonresidential structures. The nonresidential sector had held up much better than the residential sector in this cycle until the crisis hit last September. The change in investment in nonresidential structures during the fourth quarter and first quarter was the steepest on record dating back to 1947. In the past, the trough in the two-quarter percent change in investment in nonresidential structures has occurred at the end of recession or at the beginning of recovery.

Business inventories decreased at a record annual rate of $103.7 billion during the first quarter, as production cutbacks finally overtook decreases in demand. As a percent of prior-quarter real GDP, the drop roughly matched the largest declines associated with previous recessions and which occurred close to the end of those downturns. The large draw-down in inventories during the first quarter will provide a strong positive contribution to growth in the second and/or third quarters. For example, a halving in the rate of decline in inventories this spring would add approximately 2 percentage points to real GDP in the second quarter.

U.S. exports fell 30.0% at an annual rate in the first quarter, following a 23.6% drop in the fourth quarter. The decline in exports reflects the substantial slowdown in global economic activity. The decline was the second largest two-quarter decline on record, trailing the drop in the third and fourth quarters of 1949, which coincided with the end of the 1948-49 recession.

Forecasters estimate that real GDP will decrease again in the second quarter, but at a much slower pace. Global Insight projects a 2.5% decline, followed by growth of about 0.5% at an annual rate in the second half. The May forecast of the annualized rate of change in real GDP during the final three quarters of 2009 is -0.5%, up from the April forecast of -1.2%. Global Insight projects the rate of growth in real GDP to rise appreciably during 2010, reaching 3.9% in the fourth quarter.

Weekly Leading Index
Smoothed 26-Week % Change



Source: Economic Cycle Research Institute

Leading economic indicators continue to point toward a near-term upturn in the economy. The **Weekly Leading Index** from the Economic Cycle Research Institute has increased for five consecutive weeks on a four-week moving average basis. The rate of change, while still deeply negative, has improved from a low of -29.7% in early December to -17.4%. Past recessions have ended near the time that the growth rate of the index has reached a trough.

Employment

The deterioration in labor markets continued apace in March. Total U.S. employment fell by 663,000 jobs and the unemployment rate rose to 8.5%. The January loss was revised down to 741,000 jobs – the worst month in this cycle and since October 1949.

Total employment has declined by 5.1 million jobs, or 3.7%, from its peak in December 2007 – the largest percentage decline during a 15-month span since the late 1950s. The 3.7% decline is larger than the peak-to-trough decline in employment in all other post-war recessions, except for the 4.4% loss in the 1957-58 downturn.

At 8.5%, the unemployment rate remains below the peaks of 9.0% and 10.8% in the 1973-75 and 1981-82 recessions, respectively. The rate has increased by an average of 0.4 percentage points on average during the past four months. If the rate continues to rise at that pace, it will exceed 10% by July and the 1981-82 peak by September.

Average hourly earnings increased 0.2% to 3.4% above the year earlier level – down from a peak year-over-year rate of change for the cycle of 4.2% in July 2007. If hourly earnings follow the typical cyclical path, the year-over-year rate of change will fall significantly further during the next two years, perhaps to 2% or less.

Total hours worked during the month decreased 1.0% in March, bringing the annualized rate of decline for the quarter to 8.5%. With no change in productivity, that would indicate a much larger decline in real GDP during the first quarter than is widely expected.

Large employment declines occurred in nearly all major industry sectors during March. Manufacturing employment fell by 161,000 jobs and construction employment fell by 126,000 jobs, with an accelerating decline in nonresidential building trades. In total, employment in service-producing sectors fell by 358,000 jobs, as only education and health services added to employment (+8,000). Payrolls at professional and business services firms fell 133,000. Retail services payrolls fell by 48,000.

More than one out of five of the 274 industries tracked by the Bureau of Labor Statistics reported lower payrolls over three, six, and twelve month periods. Payroll decreases were even more prevalent in manufacturing, where more than nine out of every ten industries reported lower employment than three, six, and twelve months earlier.

The U.S. unemployment rate increased by 0.4 points in March to 8.5% – the highest since October 1983. The Ohio unemployment rate increased to 9.7% in March – the highest since April 1984.

The increase in the U.S. unemployment rate in March was restrained somewhat by the net departure of 166,000 job seekers from the labor force. The number of unemployed workers increased 694,000 from February and was 5.3 million higher than a year earlier. The broadest measure of unemployment, including so-called discouraged workers, increased to 15.6% in February from 14.8% in February and 9.1% in March 2008.

The length of the workweek for all production and nonsupervisory workers fell to a new all-time low of 33.2 hours. The manufacturing workweek fell to 39.3 hours. Manufacturing overtime remained at to 2.7 hours – down sharply from 4.6 hours as recently as April 2006 and the lowest since April 1983. The continuing decline in the length of the workweek indicates that labor market recovery is not imminent.

Ohio employment decreased for the eleventh straight month in March. Nonfarm payrolls decreased by 37,500 jobs during the month, after falling 13,300 in February and 63,900 in January. Ohio employment decreased by 229,600 jobs, or 4.3%, during the twelve months ending in March.

Weakness was widespread in March, with all major sectors other than natural resources and mining (where employment was essentially flat) posting declines. Employment declines in professional and business services (-15,100) and manufacturing (-8,800) accounted for most of the overall decline.

During the previous year, manufacturing (-98,600), professional and business services (-54,600) and trade, transportation and utilities (-39,800) accounted for more than 80% of the overall decline. More than one half of the job loss in professional and business services occurred in the employment services category. Employment increased during the past year only in education and health services (+11,300) and leisure and hospitality (+5,300).

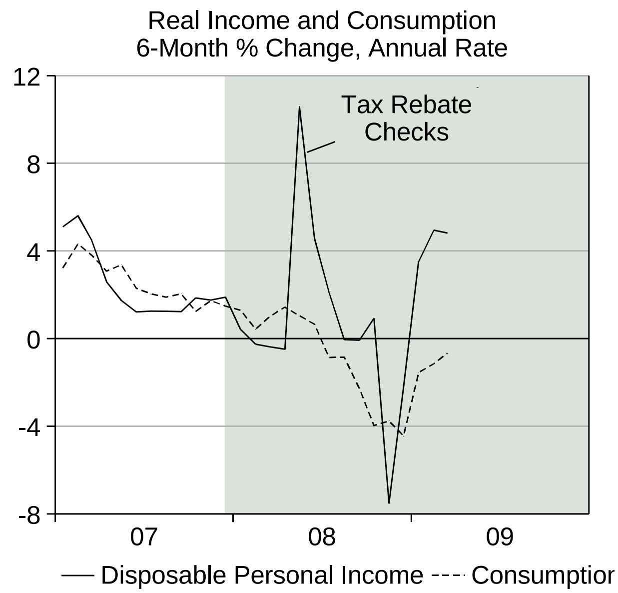
None of the eleven **Ohio Metropolitan Statistical Areas** added jobs during the twelve months ended in March. Employment fell by the largest amounts in Cleveland (-39,300), Cincinnati (-28,100) and Toledo (-17,800). Job losses were the smallest in the smaller MSAs of Springfield (-600), Lima (-900) and Mansfield (-1,500).

Employment fell substantially in Ohio and each of the **contiguous states** during the year ending in March. The declines were larger in states with a higher concentration of employment in manufacturing and smaller in states with a higher concentration of employment in mining. Employment fell 6.4% in Michigan, 4.3% in Ohio, 4.1% in Indiana, 3.4% in Kentucky, 2.3% in Pennsylvania and 2.2% in West Virginia. For the region as a whole, employment was down 4.0% during the same period, compared with a decline of 3.4% for all states outside the region combined.

<u>Consumer Income and Consumption</u>

Disposable personal income was flat again in March and **personal consumption expenditures** fell for the second month in a row. Compared with six months ago, however, the rate of change in real disposable income has turned positive and the rate of change in real consumption is still negative but is up from its low. In addition, retail sales stabilized in the first quarter, following the harrowing drop from last June to December. More recently, consumer confidence increased off its lows in April and same-store sales continued improving into early May.

Despite the somewhat better trend in overall income, **wage and salary disbursements** continued to fall in March – down 0.5% in the fifth straight monthly decline. Wage and salary disbursements comprise a bit more than half of total personal income and are a key barometer of discretionary spending power and labor market conditions. Compared with a year earlier, wage and salary disbursements were down by 1.3% – the weakest showing in the record (in nominal terms) dating back to 1960.



The 2.2% increase in **personal consumption expenditures** in the first quarter was about double the expected increase and averted what would have been the first-ever three-consecutive-quarter drop in consumer spending. Retailers have reported better sales figures recently, lifting the year-over-year change in same store sales from a low of approximately -2.5% early this year to -0.8% in early May. But progress is far from complete recovery. Auto sales fell yet again in April from a depressed first-quarter level. And the monthly pattern in real consumer spending is such that, if spending is unchanged in April, May, and June from the March level, consumption will register a small decline in the second quarter.

Consumer attitudes brightened in April, largely due to improved expectations. The Conference Board and Reuters/University of Michigan reported substantial increases in indexes of consumer expectations in April from all-time and long-time lows, respectively. Consumer expectations are considered a leading indicator that summarizes prospective developments in an array of other indicators, such as household finances and labor market conditions. Assessments of current conditions also improved, but by less.

Manufacturing

Industrial production posted a broad-based decline of 1.5% in March – the fifth monthly drop in a row. Manufacturing output fell 1.7% and manufacturing capacity utilization fell to a new all-time low of 65.8%.

The decline in manufacturing production was broad-based outside of the motor vehicle and parts and apparel and leather industries where production increased modestly. Mining production fell 3.2%, and utility output increased 1.8% after an outsized, weather-induced drop of 7.7% in February. Production of primary metals, fabricated metals and machinery, which account for a significant share of Ohio manufacturing jobs, fell 3.9%, 3.9%, and 4.2%, respectively.

Reports on **factory activity in and around Ohio** were mixed, according to a survey by the Federal Reserve Bank of Cleveland. Orders for products used in industrial applications remain weak, while orders for consumer goods have picked up slightly. Agricultural equipment and defense-related products were stable. Steel producers and service centers reported disappointing shipments. Auto producers reported a pick-up in production, due to the restart of facilities from extended year-end shutdowns.

At -15.7%, the decline in U.S. manufacturing production since the peak in December 2007 is now the largest in the post-war period, having eclipsed the decline during the long and severe recession of 1973-75 that totaled -15.3%. The peak-to-trough declines in industrial production also have been sharp in Japan (-36.9%), Germany (-20.3%) and the U.K. (-13.4%).

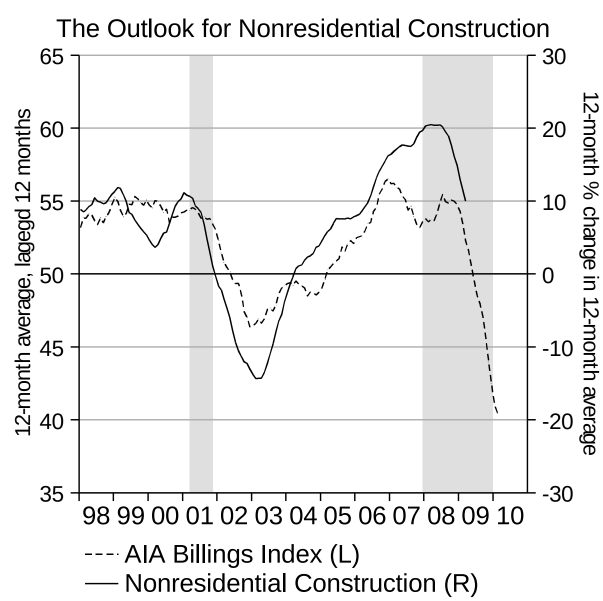
Manufacturing shipments and **new orders** remained weak in March, but the recent pattern represents an improvement from the second half of 2008. Shipments fell 1.2%, but the average monthly decline during the first quarter was -1.4%, compared with -4.0% during the previous five months. New orders fell 0.9% after a modest bounce in February, which also represents a notable improvement from late last year.

Purchasing managers at manufacturing companies reported better conditions again in April. At 40.1, the composite index of business conditions remained below the neutral level of 50, but was up from 36.3 in March and a low of 32.4 in December. The composite index has tended to reach its trough near the end of recessions during the past four decades.

All of the components of the index improved during April, led by a rise in the new orders index from 41.2 to 47.2 – its highest level since before the financial crisis hit last September.

Construction

Construction put-in-place posted a surprise gain of 0.3% in March, following five straight monthly declines. Residential construction fell 4.1% – about in line with the trend of the past year, but nonresidential construction increased by 2.0% on top of a 0.9% rise in February. The back-to-back gains followed three straight monthly declines that totaled approximately 6.6% and had been interpreted as the beginning of a sharp contraction in nonresidential construction activity.



Nonresidential construction follows residential construction with a lag, and the

Architecture Billings Index (ABI) compiled by the American Institute of Architects had been signaling an impending drop-off in nonresidential construction activity. In just the last two months, however, the ABI has staged a marked comeback, rising to 43.7 in March from an all-time low of 33.3 in January. In addition, the index of new work inquiries jumped to 56.6 from a low of 38.5 in December.

Retrenchment by retailers, slack produced by staff reductions across the economy and the difficult financing environment are likely to stand in the way of a robust recovery in nonresidential construction. The recent bounce, however, in activity combined with the better conditions reported by architects suggests that the downswing might be less severe than previously anticipated.

The **housing sector** remains under pressure from oversupply, stricter mortgage underwriting, and expectations of additional price declines. Builders in and around Ohio reported that construction activity remained very weak through March. U.S. housing starts fell in March, after a weather-induced bounce in February, but remained above the January low. Sales of both new and existing homes were also down marginally in March, but fundamentals continued to improve modestly. Contractors expect low interest rates and tax credits for first-time home-buyers to support activity this spring and summer.

The year-over-year rate of decline in **house prices**, as measured by the S&P/Case-Shiller index, was deeply negative in February but less so than the month before for the first time since the year-over-year comparison turned negative in January 2007. In addition, the number of **homes on the market** – both new and existing – declined in March both in absolute terms and relative to the pace of sales.

GENERAL REVENUE FUND RECEIPTS

During the month of April**, GRF tax receipts** totaled $1,888.0 million, which was $345.5 million, or 15.5% below estimate, while total GRF revenues were $2,814.2 million or 3.2% below estimate. As a result of this monthly negative variance, tax receipts for the fiscal year to date are now $541.3 million below estimates (3.7%), while total GRF revenues are $566.0 million below the estimate (2.6%). The negative monthly performance in tax revenues in April was primarily attributable to a significant shortfall in the personal income tax in combination with another subpar month for the non-auto sales tax. Lower than anticipated receipts in the corporate franchise and estate taxes contributed further to the monthly shortfall. While the public utility, kilowatt hour, and cigarette taxes were all above estimates, those amounts were negligible offsets to the historic shortfall in the personal income tax.

Category	Description	YTD $ Variance	YTD % 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	($541.3)	(3.7%)
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($115.5)	(3.1%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$90.8	12.1%
TOTAL GRF REVENUE VARIANCE:		($566.0)	(2.6%)

As mentioned, tax receipts for the month of April were negative, falling short of the December revised estimates by $345.5 million as a result of negative variances in the non-auto sales, personal income, corporate franchise, liquor gallonage, and estate taxes. While each of these sources was short of estimates, the total shortfall was primarily driven by a significant variance in the personal income tax, which finished the month $321.6 million below estimate. The monthly and year-to-date underperformance is largely accounted for between the personal income tax and the non-auto sales tax, which fell short of estimate for an additional month.

Individual Sources Above Estimate		Individual Sources Below Estimate	
Public Utility Tax	$7.1	Non-Auto Sales Tax	($23.7)
Kilowatt Hour Tax	$1.3	Personal Income Tax	($321.6)
Cigarette Tax	$3.9	Corporate Franchise Tax	($6.4)
Federal Grants	$55.7	Estate Tax	($5.3)
Liquor Transfers	$3.0	Earnings on Investments	($9.6)
Transfers In - Other	$210.7	License and Fees	($6.7)
Other Sources Above Estimate	$0.6	ISTV's	($2.0)
		Other Sources Below Estimate	($1.1)
Total above	**$282.3**	**Total below**	**($376.4)**

Non-Auto Sales and Use Tax

As has been the pattern for most of the year, the non-auto sales tax failed to meet estimates in April. While the percentage of underperformance was not double digit as experienced in December, January, and March, it was still $23.7 million (4.4%) short of the monthly estimate and, when combined with previous months, pushed the year-to-date shortfall to $193.5 million (3.6%). April 2009 receipts for this tax source were $16.5 million (3.1%) below April 2008 and for 2009 year-to-date were $308.1 million (5.5%) below 2008 year-to-date.

Auto Sales Tax

Of the two sales taxes, the auto sales tax has been and continues to be a relative bright spot as it nearly equaled the April estimate, falling short by only $186,000 (0.2%). For the year-to-date, the auto sales tax remains above estimates; $8.4 million or 1.2%. While this is unexpected given the assortment of negative news surrounding new auto sales and the overall economy, tax receipts for this source moved to $46.0 million (6.0%) below the same point a year ago.

Personal Income Tax

As mentioned previously, personal income tax receipts fell far short of the estimate in April, the month in which the customary peak in income tax collections occurs. Receipts, which totaled $1,129.4 million, were $321.6 million (22.2%) below the monthly estimate. While each component of the tax registered negative variances, payments associated with annual returns accounted for almost two-thirds of the shortfall, with a negative variance of $191.8 million or 21.5% compared to estimate. The withholding shortfall reflects further deterioration in the economy and employment in Ohio. The annual return shortfall is primarily the result of a steep fall in non-wage income in Ohio in tax year 2008. In addition, quarterly estimated payments recorded a negative variance of $64.8 million, or 31.2% compared to estimate, while April refunds were higher than the estimate by $31.4 million (12.0%); as such accentuating the negative performance of the net income tax collection.

On a year-over-year basis, total personal income tax receipts for the month of April were at $623.1 million (35.6%) below the April 2008 level, accounting for 92.0% of the year-over-year loss in total tax revenue of $677.5 million. Through ten months of FY 2009, income tax receipts were $396.8 million or 5.7% below the estimate and $1,180.3 million or 15.3% below the actual for corresponding period of FY 2008.

FY2009 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	ESTIMATE APR	ACTUAL APR	$ VAR APR	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$626.1	$612.5	($13.6)	$6,337.2	$6,243.0	($94.3)
Quarterly Est.	$207.1	$142.4	($64.7)	$1,124.9	$1,024.5	($100.4)
Trust Payments	$22.2	$10.7	($11.5)	$56.7	$38.1	($18.5)
Annual Returns & 40 P	$891.9	$700.1	($191.8)	$1,140.1	$968.0	($172.1)
Other	$13.9	$3.9	($10.0)	$69.9	$57.7	($12.2)
Less: Refunds	($261.5)	($292.9)	($31.4)	($1,229.8)	($1,228.7)	$1.1
Local Distr.	($48.8)	($47.4)	$1.4	($565.7)	($566.1)	($0.4)
Net to GRF	**$1,451.0**	**$1,129.4**	**($321.6)**	**$6,933.2**	**$6,536.4**	**($396.8)**

Corporate Franchise Tax

April corporate franchise tax receipts totaled $39.9 million, which was $6.4 million (13.8%) below the monthly estimate of $46.3 million. Since the due date for the second payment of corporate franchise tax was the last day of March, some of payments may have been booked for accounting purposes in April 2009. Combining April numbers with those reported for March gives a clearer picture of performance in this tax. The combined corporate franchise tax revenue for March and April 2009 stood at $184.7 million, above the combined two-month estimate of $177.7 million by $7.1 million (4.0%). Year-to-date, the tax exceeds estimate by $27.1 million (7.1%).

Commercial Activity Tax

In FY 2009, receipts from the commercial activity tax (CAT) are distributed to non-GRF funds to reimburse school districts and local governments as the tangible personal property tax is phased out. After a poor performance in February and a return to estimate in March, CAT receipts during the month of April totaled $14.2 million, which was $19.0 million below the estimate of $33.2 million. As a result of this monthly variance, the year-to-date deficit of this source relative to estimate is now $57.5 million. Given the size of the shortfall at this point in the fiscal year, it is unlikely the CAT will make up the deficit in the two months remaining of the fiscal year.

Foreign Insurance Tax

For the month of April, foreign insurance tax receipts were slightly negative as a result of refunds, thus slightly increasing the year-to-date shortfall for this tax source to $16.4 million (5.9%). OBM will continue to monitor this tax closely; however, OBM does not believe that this shortfall will be made up in the final two months of the fiscal year.

Cigarette Tax

Following a strong March, the cigarette tax again exceeded estimates in April by $3.9 million (5.5%). This performance in consecutive months was somewhat surprising given the recent increase in federal tobacco taxes that took effect on April 2, 2009. Year-to-date, receipts for this tax total $717.4 million and are $15.2 million (2.2%) above estimates.

GRF non-tax receipts totaled $700.2 million in April and were $37.6 million (5.7%) above estimates. This monthly variance is due primarily to higher than estimated federal grants ($55.7 million) received for reimbursement of Medicaid expenditures, which more than offset weaker than expected receipts in interest earnings, licenses and fees, and ISTV's.

Through the month of April, Department of Job & Family Services (ODJFS) had drawn $505.5 million in enhanced Federal Medical Assistance Percentages (eFMAP), with an additional $85.4 million identified to be drawn, for a total of $590.9 million drawn or identified as earned federal revenue. Based on a seven month proration of the $814.9 million estimated for the nine eligible months of FY 2009, the eFMAP draw is currently $39.3 million under estimate. This includes some loss of revenue due to under spending in the program as later discussed in the GRF disbursement section below.

Importantly, Table 1A (below) has been corrected, from the drafts released Wednesday, May 6, 2009, to account for federal revenues associated with eFMAP. eFMAP is recorded in the state's accounting system under two separate and distinct accounting fields: program number and revenue account. The revenue query used for the original Table 1A did not capture all eFMAP accounting fields. ODJFS is in the process of recoding all revenue to the program number and to the revenue account. Once complete, separate queries will no longer be required. No restatement of prior months is required.

GRF transfers totaled $226.1 million in April and were $213.7 million above estimates. This variance is almost entirely attributable to the transfer of $205.0 million from the Medicaid Reserve Fund to the GRF.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2009 VS ESTIMATE FY 2009
($ in thousands)

REVENUE SOURCE	Month ACTUAL APRIL	Month ESTIMATE APRIL	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	514,110	542,824	(28,714)	-5.3%	5,253,132	5,642,194	(389,062)	-6.9%
Auto Sales & Use	85,709	84,422	1,287	1.5%	723,262	706,093	17,168	2.4%
Subtotal Sales & Use	599,819	627,246	(27,428)	-4.4%	5,976,393	6,348,287	(371,894)	-5.9%
Personal Income	1,129,374	1,675,778	(546,404)	-32.6%	6,536,444	7,345,445	(809,000)	-11.0%
Corporate Franchise	39,929	46,314	(6,385)	-13.8%	408,632	381,475	27,157	7.1%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	7,262	198	7,064	3574.1%	129,756	111,258	18,498	16.6%
Kilowatt Hour	16,772	15,402	1,370	8.9%	127,438	123,673	3,765	3.0%
Foreign Insurance	(7)	0	(7)	N/A	261,380	277,802	(16,423)	-5.9%
Domestic Insurance	0	0	0	N/A	(865)	(158)	(707)	447.4%
Other Business & Property Tax	(725)	134	(858)	-641.4%	(346)	560	(905)	-161.8%
Cigarette	73,916	70,053	3,863	5.5%	717,397	702,133	15,264	2.2%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	4,751	4,184	567	13.5%	46,590	47,797	(1,207)	-2.5%
Liquor Gallonage	2,798	2,826	(28)	-1.0%	29,784	30,389	(605)	-2.0%
Estate	14,078	19,000	(4,922)	-25.9%	46,365	52,082	(5,717)	-11.0%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,887,969	2,461,136	(573,167)	-23.3%	14,278,970	15,420,742	(1,141,772)	-7.4%
NON-TAX RECEIPTS								
Federal Grants	665,969	528,974	136,995	25.9%	5,830,799	5,550,475	280,324	5.1%
Earnings on Investments	23,885	33,500	(9,615)	-28.7%	121,296	111,600	9,696	8.7%
License & Fees	6,178	12,855	(6,677)	-51.9%	64,639	72,399	(7,760)	-10.7%
Other Income	4,119	3,850	269	7.0%	43,046	43,444	(399)	-0.9%
ISTV'S	1	2,000	(1,999)	-100.0%	14,930	14,410	520	3.6%
Total Non-Tax Receipts	700,150	581,179	118,971	20.5%	6,074,710	5,792,328	282,381	4.9%
TOTAL REVENUES	2,588,119	3,042,315	(454,196)	-14.9%	20,353,679	21,213,070	(859,391)	-4.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	15,000	12,000	3,000	25.0%	137,000	120,000	17,000	14.2%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	211,103	360	210,743	N/A	259,994	10,780	249,214	N/A
Temporary Transfers In	0	0	0	N/A	445,311	620,705	(175,394)	-28.3%
Total Transfers	226,103	12,360	213,743	1729.3%	842,305	751,485	90,820	12.1%
TOTAL SOURCES	2,814,222	3,054,675	(240,453)	-7.9%	21,195,984	21,964,555	(768,571)	-3.5%

Table 1A

REVISED GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2009 VS ESTIMATE FY 2009
($ in thousands)

REVENUE SOURCE	Month ACTUAL APRIL	Month REVISED APRIL	Month $ VAR	Month % VAR	Year-to-Date ACTUAL Y-T-D	Year-to-Date REVISED Y-T-D	Year-to-Date $ VAR	Year-to-Date % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	514,110	537,845	(23,735)	-4.4%	5,253,132	5,446,666	(193,534)	-3.6%
Auto Sales & Use	85,709	85,895	(186)	-0.2%	723,262	714,892	8,370	1.2%
Subtotal Sales & Use	599,819	623,739	(23,921)	-3.8%	5,976,393	6,161,558	(185,164)	-3.0%
Personal Income	1,129,374	1,450,969	(321,595)	-22.2%	6,536,444	6,933,301	(396,857)	-5.7%
Corporate Franchise	39,929	46,314	(6,385)	-13.8%	408,632	381,385	27,248	7.1%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	7,262	198	7,064	3574.5%	129,756	110,646	19,110	17.3%
Kilowatt Hour	16,772	15,474	1,299	8.4%	127,438	123,669	3,769	3.0%
Foreign Insurance	(7)	0	(7)	N/A	261,380	277,738	(16,359)	-5.9%
Domestic Insurance	0	0	0	N/A	(865)	(772)	(93)	12.1%
Other Business & Property Tax	(725)	134	(858)	-641.4%	(346)	505	(851)	-168.4%
Cigarette	73,916	70,053	3,863	5.5%	717,397	702,178	15,219	2.2%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	4,751	4,384	367	8.4%	46,590	47,586	(995)	-2.1%
Liquor Gallonage	2,798	2,826	(28)	-1.0%	29,784	30,368	(584)	-1.9%
Estate	14,078	19,400	(5,322)	-27.4%	46,365	52,153	(5,788)	-11.1%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,887,969	2,233,491	(345,522)	-15.5%	14,278,970	14,820,315	(541,346)	-3.7%
NON-TAX RECEIPTS								
Federal Grants	665,969	610,303	55,665	9.1%	5,830,799	5,948,367	(117,567)	-2.0%
Earnings on Investments	23,885	33,500	(9,615)	-28.7%	121,296	111,600	9,696	8.7%
License & Fees	6,178	12,855	(6,677)	-51.9%	64,639	72,399	(7,760)	-10.7%
Other Income	4,119	3,850	269	7.0%	43,046	43,444	(399)	-0.9%
ISTV'S	1	2,000	(1,999)	-100.0%	14,930	14,410	520	3.6%
Total Non-Tax Receipts	700,150	662,508	37,642	5.7%	6,074,710	6,190,220	(115,510)	-1.9%
TOTAL REVENUES	2,588,119	2,895,999	(307,880)	-10.6%	20,353,679	21,010,535	(656,856)	-3.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	15,000	12,000	3,000	25.0%	137,000	120,000	17,000	14.2%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	211,103	360	210,743	N/A	259,994	10,780	249,214	2311.9%
Temporary Transfers In	0	0	0	N/A	445,311	620,705	(175,394)	-28.3%
Total Transfers	226,103	12,360	213,743	1729.3%	842,305	751,485	90,820	12.1%
TOTAL SOURCES	2,814,222	2,908,359	(94,137)	-3.2%	21,195,984	21,762,020	(566,036)	-2.6%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2009 VERSUS ACTUAL FY 2008
($ in thousands)

REVENUE SOURCE	Month ACTUAL 2009	Month ACTUAL 2008	Month $ VAR	Month % VAR	Year-to-Date ACTUAL 2009	Year-to-Date ACTUAL 2008	Year-to-Date $ VAR	Year-to-Date % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	514,110	530,606	(16,496)	-3.1%	5,253,132	5,561,194	(308,062)	-5.5%
Auto Sales & Use	85,709	94,347	(8,638)	-9.2%	723,262	769,241	(45,980)	-6.0%
Subtotal Sales & Use	599,819	624,953	(25,134)	-4.0%	5,976,393	6,330,436	(354,042)	-5.6%
Personal Income	1,129,374	1,752,479	(623,105)	-35.6%	6,536,444	7,716,726	(1,180,282)	-15.3%
Corporate Franchise	39,929	74,896	(34,966)	-46.7%	408,632	569,636	(161,004)	-28.3%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	7,262	183	7,079	3863.5%	129,756	94,203	35,553	37.7%
Kilowatt Hour	16,772	14,670	2,102	14.3%	127,438	225,524	(98,086)	-43.5%
Foreign Insurance	(7)	1	(8)	-646.2%	261,380	272,307	(10,927)	-4.0%
Domestic Insurance	0	0	(0)	N/A	(865)	435	(1,300)	-298.8%
Other Business & Property Tax	(725)	149	(873)	N/A	(346)	542	(888)	-163.8%
Cigarette	73,916	72,645	1,271	1.7%	717,397	726,803	(9,406)	-1.3%
Soft Drink	0	0	0	N/A	0	0	0	N/A
Alcoholic Beverage	4,751	4,064	687	16.9%	46,590	46,406	184	0.4%
Liquor Gallonage	2,798	2,692	106	3.9%	29,784	29,010	774	2.7%
Estate	14,078	18,765	(4,687)	N/A	46,365	50,413	(4,048)	-8.0%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,887,969	2,565,498	(677,529)	-26.4%	14,278,970	16,062,442	(1,783,473)	-11.1%
NON-TAX RECEIPTS								
Federal Grants	665,969	723,474	(57,505)	-7.9%	5,830,799	4,971,945	858,854	17.3%
Earnings on Investments	23,885	0	23,885	N/A	121,296	83,073	38,223	46.0%
License & Fee	6,178	6,567	(390)	-5.9%	64,639	66,356	(1,717)	-2.6%
Other Income	4,119	4,838	(720)	-14.9%	43,046	72,479	(29,433)	-40.6%
ISTV'S	1	1,499	(1,499)	-100.0%	14,930	12,074	2,856	23.7%
Total Non-Tax Receipts	700,150	736,379	(36,229)	-4.9%	6,074,710	5,205,926	868,783	16.7%
TOTAL REVENUES	2,588,119	3,301,877	(713,758)	-21.6%	20,353,679	21,268,369	(914,689)	-4.3%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	15,000	7,268	7,732	106.4%	137,000	135,268	1,732	1.3%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	211,103	0	211,103	N/A	259,994	56,810	203,184	357.7%
Temporary Transfers In	0	0	0	N/A	445,311	466,800	(21,489)	-4.6%
Total Transfers	226,103	7,268	218,834	N/A	842,305	658,878	183,426	27.8%
TOTAL SOURCES	2,814,222	3,309,145	(494,924)	-15.0%	21,195,984	21,927,247	(731,263)	-3.3%

GENERAL REVENUE FUND DISBURSEMENTS

Across all fund uses, total year-to-date GRF disbursements were $23,818.7 million.

Fund Use	Description	YTD Disbursements
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	$22,970.8 million
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$847.9 million
TOTAL GRF DISBURSEMENTS:		$23,818.7 million

Although April expenditures and interagency transfers were nearly 12.9% above estimate, three-quarters of the over-spend was attributable to the Tax Relief & Other category, discussed below. Year-to-date expenditures and interagency transfers were just 0.2% above estimate. See Table 3 for additional information.

GRF disbursements are reported according to functional reporting categories and this section contains information regarding each category. Variance information is included on an agency-specific basis as a component of the category summaries. In the event that an agency spent its GRF appropriation according to plan during the month, a variance would not exist to be explained.

The disbursement estimates reflected in this report take into account the agency budget reductions that were announced in December 2008 and implemented on January 1, 2009.

Primary, Secondary, and Other Education

This category includes expenditures made the School for the Blind, the School for the Deaf, E-Tech, and the Department of Education. Total April expenditures in this category were $459.8 million, representing a variance of $75.6 million (19.7%) above the estimate.

The April disbursement by the Department of Education totaled $450.7 million, which was $67.4 over estimate (17.6%) for the month. The disbursement variance in the Foundation Aid line item was $49.4 (16.0%) over estimates for the month. Other specific programs, such as Auxiliary Services and Special Education Enhancements, contributing to the general over-spending in April were the result of timing issues. Over-disbursements in Auxiliary Services is due to internal cash controls which delayed one payment from March to April. Late disbursements for Special Education Enhancements were the result of administrative delays with recipient agencies affecting the timing of certain payments.

Higher Education

April disbursements for Higher Education were $183.6 million, representing a variance of $4.0 million (3.1%) below the estimate for the month. Year-to-date disbursements were $2,184.5 million, representing a variance totaling $28.7 million (1.3%) above the estimate. Disbursements from the Ohio Instructional Grants (OIG) program were $7.1 million less than anticipated for the month and disbursements from the Student Choice Grants program were $4.5 million less than anticipated due to payments to campuses posting earlier than scheduled.

Public Assistance and Medicaid

April expenditures in this category, which includes all GRF expenditures by the Department of Job & Family Services (ODJFS), were $850.7 million or 3.9% below estimate.

<u>Public Assistance and Non-Medicaid</u>
This sub-category includes, but is not limited to, the following types of expenditures: social services such as adoption assistance and disability financial assistance; state match for federal child care and TANF grants; administrative support expenses including payroll and equipment; and county administration for public assistance programs.

For the year-to-date, ODJFS non-Medicaid General Revenue Fund disbursements totaled $771.4 million.

April 2009 disbursements for JFS non-Medicaid totaled $95.8 million. When compared to April FY 2009 disbursement estimates, in aggregate, actual disbursements were $3.1 million over estimate. The following attribute the variance:

- Approximately $4.6 million in over-spending was in the TANF/Maintenance of Effort line item 600410. This was primarily due to changes imposed by the County Financial Information System (CFIS). Prior to CFIS, funding streams for county requests were determined at the State level (e.g., Child Care Development Block Grant vs. TANF vs. GRF Maintenance of Effort (MOE)). As spending is allocated quarterly in CFIS, disbursements will vary from month-to-month, but, in the aggregate, will be in-line.
- Approximately $1.3 million in over-spending was in the Support Services line item 600321. This was primarily due unanticipated postage expenses.
- Approximately $1.3 million in under-spending was in the Computer Projects line item 600416. This was primarily due to payroll being under estimate as a delay in hiring and payments for contracts for the Child Support Centralized Collections, network administration, and the Client Registry Information System-Enhanced (CRIS-E) project were not made as anticipated.
- Approximately $1.6 million in under-spending occurred in the Child Support Administration line item 600502. This was primarily due to problems within the accounting system. Consequently, future months will experience higher than anticipated spending, but total spending for the fiscal year will be consistent with the overall disbursement plan.

<u>Medicaid Services</u>
This sub-category includes expenditures by the Department of Job and Family Services for Medicaid services. Please note that administrative costs related to the ODJFS program are included in the previous sub-category.

Expenditures

Year-to-date GRF disbursements for Medicaid through the month of April total $8,823 million, which was $42.3 million (0.5%) below the revised estimate and $238.1 million (2.6%) below the original estimate prepared at the beginning of FY 2009. GRF disbursements in April were $754.9 million, which was $37.5 million (4.7%) below the revised estimate and $96.3 million (11.3%) below the original estimate prepared at the beginning of FY 2009. Year-to-date disbursements as compared to the same period in FY 2008 were $90.3 million (10.0%) higher. April disbursements compared to the same month in FY 2008 were $15.7 million (2.1%) higher.

Year-to-date all funds disbursements through the month of April totaled $10,181 million, which was $43.5 million (0.4%) under the revised projections and $129.2 million (1.3%) below the original estimate prepared at the beginning of FY 2009. All funds disbursements for the month of April totaled $994.4 million, which was $38.1 million (3.7%) below the revised estimate and $28.8 million (2.8%) below the original projection prepared at the beginning of FY 2009. Year-to-date disbursements as compared to the same period in FY 2008 were $892.9 million (9.6%) higher. April disbursements compared to the same month in FY 2008 were $575.2 million (7.0%) higher.

Notable variances across all funding sources include:

- *Inpatient Hospital*: Medicaid inpatient hospital disbursements for the month of April totaled $77.8 million, which was $20.8 million (21.1%) under revised projections and $5.6 million under original projections. This was due primarily to lower costs per claim and utilization than expected, particularly in the ABD area. It was assumed that when the Northeast and Northwest regions went voluntary, and many of those consumers returned to the Fee for Service program, that the program expenditures in this area would return to historical levels. Instead, lower costs per claim, as well as increased utilization of Outpatient and other service categories have been seen.
- *Managed Care – CFC*: Disbursements for Managed Care – Covered Family and Children for the month of April totaled $287.2 million, which was $4.7 million over revised projections and $8.2 million over the original estimate. This was due primarily to caseload increases linked to the current economic conditions. Despite per-member-per-month costs continuing to trend below expected amounts, member months were over 3% higher than projections, leading to the higher disbursement amount (please see "Caseload" section below).
- *JFS Waivers:* Disbursements for JFS administered waivers (Transitions, Transitions Carve-out, and Home Care) were $23.5 million in April, which was $4.1 million under revised projections, and $3.4 million under the original estimate. The majority of the variance occurred in the Home Care waiver, where both caseload and cost per claim were lower than expected.

Caseload

Total Medicaid caseload for the month of March (the most recent data available) was 1.91 million covered persons, which was an increase of 18,073 people from the previous month and 21,708 over projected enrollment. This represents the 15th consecutive month of caseload growth and the largest single-month increase since 2002.

The majority of the increase was found in the Covered Families and Children (CFC) category, which accounted for 16,226 of the new enrollees. Total CFC enrollment for the month of March was 1.44 million persons, which was 25,449 (1.2%) over projection, with an additional 2,381 people entering the Fee For Service (FFS) population and 13,845 enrolling in a Medicaid managed care plan. The largest categorical increase, with an additional 7,372 members, was in the Healthy Families category, the core eligibility group. CFC Managed Care member months also exceeded projections with 1,239,893 member months, an increase of 36,651 (3.1%) over the estimate.

The Aged Blind and Disabled (ABD) category increased by 1,581 persons in the month of March, for a total enrollment of 462,569 thousand consumers. The majority of this increase was seen in medical service categories, including inpatient and outpatient hospital services, physician care, and similar services. In prior months, growth was primarily attributable to premium assistance categories, which include the Qualified Medicare Beneficiary (QMB) and the Specified Low-Income Medicare Beneficiary (SLMB) programs.

Health and Human Services

This category includes GRF expenditures for the following state agencies: Aging, Mental Health, MR/DD, ODADAS, and Health. Examples of expenditures in this category include: administration of the state's psychiatric hospitals; operating subsidies to county boards of MR/DD; 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.

April expenditures in this category were $149.0 million, which was $46.5 million (45.4%) above estimate. Significant notes include:

- For the year, the Department of Aging disbursements totaled $161.7 million, which was above estimate by $7.7 million (5%). April 2009 disbursements for the department totaled $21.8 million. When compared to April 2009 estimates, in aggregate, actual disbursements were $1.8 million (54%) above estimate. This was primarily attributable to the following: The PASSPORT line item 490403 was over estimate by $6.8 million, attributable to system errors, which caused a delay in accessing the federal PASSPORT funds and led to the use of GRF to make the monthly payments. Consequently, GRF disbursements for the remainder of the year are expected to be below estimate. The Senior Community Services line item 490411 was over estimate by $0.9 million, primarily owing to a delay in accessing federal funds associated with the timing of the passing of the federal budget. Federal funds will be available each month as planned for the remainder of the year and the GRF payments will be more uniform.
- Year-to-date, the Department of Health disbursements totaled $66.8 million, which was below estimate by $1.9 million (3%). April 2009 disbursements for the department of Health totaled $6.9 million. When compared to April 2009 estimates, in aggregate, disbursements were $500,000 (7%) above estimate. This was primarily attributable to the following: The Immunizations line item 440418 was over estimate by $3.4 million. This was due to payments for vaccines for Hepatitis B, Diphtheria, Tetanus, Polio, and others not being made as anticipated. The Healthy Ohio line item 440437 was under estimate by $500,000, primarily due to grants and marketing campaigns being put on hold or delayed. The Help Me Grow line item 440459 was under estimate by $2.2 million, since subsidy payments paid in March were originally projected for April.
- The Department of Mental Retardation and Developmental Disabilities (DMR) disbursed $31.3 million in the month of April, which was $7.4 million over the estimate. The +$7.0

million variance in the County Board Subsidies line item offsets the -$7.0 million variance in January.

- The Department of Mental Health (DMH) disbursed $75.7 million in the month of April, which was $31.8 million over the estimate. Historically, DMH disbursed subsidy to county boards on a request basis, making cash flow unpredictable. Beginning in the third quarter of FY 2009, county boards began receiving subsidy allocations on a quarterly basis. As such, it is expected that DMH will spend under the estimate in the second and third months of the current quarter.

Justice and Public Protection

This category includes GRF expenditures by the following state agencies: Department of Rehabilitation & Corrections (DRC), the Department of Youth Services (DYS), and the Department of Public Safety. In the aggregate, April expenditures in this category were $150.8 million, which was $17.7 million (10.5%) below estimate for the month. Significant notes include:

- Disbursements in the Corrections subcategory totaled $132.1 million in the month of April, which was $19.5 million (12.9%) less than the $151.6 million estimate for the month.
    - The Department of Rehabilitation and Correction (DRC) disbursed $114.3 million in the month of April, which was $20.3 million (15.1%) less than the $134.6 million estimate for the month. This variance was due to the fourth quarter ISTV from DRC's GRF appropriation to DRC's Services and Agricultural Fund (Fund 1480) posting at the end of March (the end of the FY's third quarter), instead of the beginning of April as projected.
    - The Department of Youth Services (DYS) disbursed $17.8 million in the month of April, which was $0.8 million (5.0%) greater than the $17.0 million estimate for the month.

Environmental Protection & Natural Resources

April expenditures in this category were $5.4 million and were on estimate.

Transportation

Year-to-date, the Department of Transportation disbursements were $18.0 million; just $2.2 million below the estimate.

General Government

April expenditures in this category were $18.1 million, which was $1.2 million (6.8%) above estimate for the month.

Community & Economic Development

April expenditures in this category were $9.7 million, which was $757,000 (8.5%) above estimate for the month. Notable variance was attributable to the Department of Development, one agency within this category.

Year-to-date, the Department of Development GRF disbursements were $91.5 million, which was $18.1 million above the estimate. For the month of April the Department of Development disbursed $20.9 million in GRF, which was $14.3 million above the estimate. This variance was due primarily to an error in the disbursement plan that is expected to be offset in future months. The debt service payments in the disbursement plan were scheduled to be paid in May when they were actually disbursed in April. The April debt service payments totaled $13.5 million.

The other lines accounting for the variance included Rapid Outreach, line item 195412, and Ohio Investment in Training Program, line item 195434. These variances resulted from the timing of subsidy payment drawdowns.

Tax Relief & Other

April tax relief disbursements totaled $369.3 million, which was $206.0 million above the monthly estimate of $163.2 million. As mentioned in previous monthly reports, the significant variance in year-to-date payments was attributable to both the timing of requests for payments of the 10 percent and 2.5 percent rollback on non-homestead eligible properties and that the additional tax relief appropriations, attributable to the expansion of the homestead exemption authorized in HB 119, are not included in the OBM estimates for FY 2009. As was the situation with FY 2008, HB 119 has set forth a Controlling Board process for increasing appropriations and funding the increase through lapses in debt service and the transfer of excess interest earnings on tobacco securitization proceeds.

Debt Service

April expenditures in this category were $4.8 million (6.5%) below estimate for the month. Year-to-date, debt service expenditures were $12.9 million (2.0%) below estimate.

FUND BALANCE

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2009. These estimates reflect actions included in the budget reduction plan that was announced in December 2008 and implemented January 1, 2009.

The estimated ending fund balance of $387.2 million includes the one half of one percent required ending fund balance of $134.8 million. This GRF ending fund balance is an estimate and should not be considered as a balance available for expenditure in FY 2009 nor should it be considered as equivalent to the final FY 2009 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.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2009 VS ESTIMATE FY 2009
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL APRIL	MONTH ESTIMATED APRIL	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE YTD ACTUAL	YEAR-TO-DATE YTD ESTIMATE	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary, Secondary and Other Education	459,821	384,222	75,599	19.7%	5,937,669	6,043,640	(105,971)	-1.8%
Higher Education	183,557	187,557	(4,000)	-2.1%	2,184,471	2,155,800	28,671	1.3%
Public Assistance and Medicaid	850,708	885,093	(34,385)	-3.9%	9,593,961	9,666,011	(72,050)	-0.7%
Health and Human Services	148,969	102,470	46,498	45.4%	1,076,746	1,067,289	9,457	0.9%
Justice and Public Protection	150,831	168,519	(17,689)	-10.5%	1,816,747	1,806,519	10,228	0.6%
Environmental Protection and Natural Resources	5,381	5,378	3	0.1%	83,211	80,412	2,800	3.5%
Transportation	1,889	1,067	822	77.1%	18,034	20,255	(2,221)	-11.0%
General Government	18,148	16,990	1,158	6.8%	325,586	330,809	(5,223)	-1.6%
Community and Economic Development	9,707	8,949	757	8.5%	128,887	124,972	3,916	3.1%
Tax Relief and Other	374,251	178,209	196,042	110.0%	1,216,883	1,034,125	182,759	17.7%
Capital Outlay	0	17	(17)	N/A	288	42	246	584.6%
Debt Service	69,241	74,082	(4,841)	-6.5%	588,275	600,130	(11,855)	-2.0%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**2,272,501**	**2,012,553**	**259,948**	**12.9%**	**22,970,758**	**22,930,003**	**40,755**	**0.2%**
Transfers Out:								
OPER TRF OUT-OTH	173	0	173	N/A	243,471	236,136	7,335	3.1%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	604,470	620,705	(16,235)	-2.6%
Total Transfers (Out)	**173**	**0**	**173**	**N/A**	**847,941**	**856,841**	**(8,900)**	**-1.0%**
Total Fund Uses	**2,272,673**	**2,012,553**	**260,120**	**12.9%**	**23,818,699**	**23,786,844**	**31,855**	**0.1%**

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2009 VS ACTUAL FY 2008
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL 2009	MONTH ACTUAL 2008	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL 2009	YEAR-TO-DATE ACTUAL 2008	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary, Secondary and Other Education	459,821	581,698	(121,877)	-21.0%	5,937,669	5,837,968	99,701	1.7%
Higher Education	183,557	193,697	(10,140)	-5.2%	2,184,471	2,113,346	71,125	3.4%
Public Assistance and Medicaid	850,708	833,844	16,863	2.0%	9,593,961	9,095,536	498,426	5.5%
Health and Human Services	148,969	135,129	13,840	10.2%	1,076,746	1,094,061	(17,315)	-1.6%
Justice and Public Protection	150,831	157,185	(6,355)	-4.0%	1,816,747	1,801,022	15,725	0.9%
Environmental Protection and Natural Resources	5,381	5,645	(265)	-4.7%	83,211	89,584	(6,373)	-7.1%
Transportation	1,889	1,326	562	42.4%	18,034	20,812	(2,778)	-13.3%
General Government	18,148	19,047	(899)	-4.7%	325,586	325,242	344	0.1%
Community and Economic Development	9,707	5,638	4,069	72.2%	128,887	115,938	12,949	11.2%
Tax Relief and Other	374,251	298,177	76,073	25.5%	1,216,883	1,015,954	200,929	19.8%
Capital Outlay	0	0	0	N/A	288	66	222	338.0%
Debt Service	69,241	72,002	(2,761)	-3.8%	588,275	578,414	9,861	1.7%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**2,272,501**	**2,303,390**	**(30,889)**	**-1.3%**	**22,970,758**	**22,087,943**	**882,816**	**4.0%**
Transfers Out:								
OPER TRF OUT-BUD STABILIZATION	0	0	0	N/A	0	0	0	N/A
OPER TRF OUT-OTH	173	0	173	N/A	243,471	268,582	(25,111)	-9.3%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	604,470	350,104	254,366	72.7%
Total Transfers (Out)	**173**	**0**	**173**	**N/A**	**847,941**	**618,686**	**229,255**	**37.1%**
Total Fund Uses	**2,272,673**	**2,303,390**	**(30,716)**	**-1.3%**	**23,818,699**	**22,706,629**	**1,112,071**	**4.9%**

FUND BALANCE
GENERAL REVENUE FUND
FY 2009
($ in thousands)

July 1, 2008 Beginning Cash Balance	**$ 1,682,002**
Plus FY 2009 Estimated Revenues	18,383,829
Plus FY 2009 Estimated Federal Revenues	7,011,179
Plus FY 2009 Estimated Transfers to GRF	1,561,105
Total Sources Available for Expenditure & Transfer	**28,638,115**
Less FY 2009 Estimated Disbursements	26,876,810
Less FY 2009 Estimated Total Encumbrances as of June 30, 2009	521,669
Less FY 2009 Estimated Transfers Out	852,439
Total Estimated Uses	**28,250,917**
FY 2009 ENDING FUND BALANCE	**387,198**
One half of one percent target ending fund balance	134,781
Excess / (Shortfall)	252,417