OBM

Ted Strickland
Governor

J. Pari Sabety
Director

January 10, 2010

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 December 31, 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.

While evidence continues to mount that the national economy has emerged from the recession, economic indicators continue to suggest that the pace of this recovery will continue to be slow relative to past recoveries following a steep recession. Employment was essentially flat across the country in November in the best showing since the recession began in December 2007, but of continued concern is the potential drag on economic growth and employment from diminished consumer confidence. Even after the sizable increases from the cyclical lows over the past few months, confidence is languishing near historical lows. For example, the overall Conference Board index is still 23% below the average during recessions since 1978. The Michigan index is only 4% above the recession average. In addition, auto buying intentions hit a record low, and plans to buy a home in the next six months fell to the lowest level in 27 years. Hopes that consumers alone will lead the economy out of the recession are dim.

Importantly for Ohio, Midwest manufacturing output increased 1.2% in November. Production increased across all four sectors for the second month in a row. Although Midwest manufacturing output remained 9.9% below the year earlier level, it has increased 7.9% from the cyclical low reached in June. Steel production led the sector gains, rising 2.5%, while auto sector production increased 1.1%.

***The monthly and fiscal year GRF revenue estimates and ending fund balance contained in this report do not reflect the December passage of H.B. 318 which delays the final installment of the personal income tax reduction from 2009 until 2011. Those estimates are being updated this month and will be reflected in the February report.***

Ohio's December tax receipts fell short of estimates by $37.3 million (2.5%) largely as a result of the timing of payments between the months of November and December. Tax receipts are right on the estimate as a whole for the first six months of this fiscal year, exceeding expectations by just $8.9 million (0.1%). Year-to-date weaker than expected performance in the non-auto sales tax base, excluding the new managed care company portion of the tax base, and corporate franchise taxes have been offset by stronger than expected performance in the auto sales, personal income, and cigarette taxes.

Attached to this report is an appendix detailing Ohio's receipts and expenditures of American Recovery and Reinvestment Act funds. Of the $8.2 billion that the state is expected to receive during this three-year program, approximately $2.55 billion has been received and $2.49 billion has been expended.

## *MONTHLY FINANCIAL REPORT*
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## ECONOMIC SUMMARY

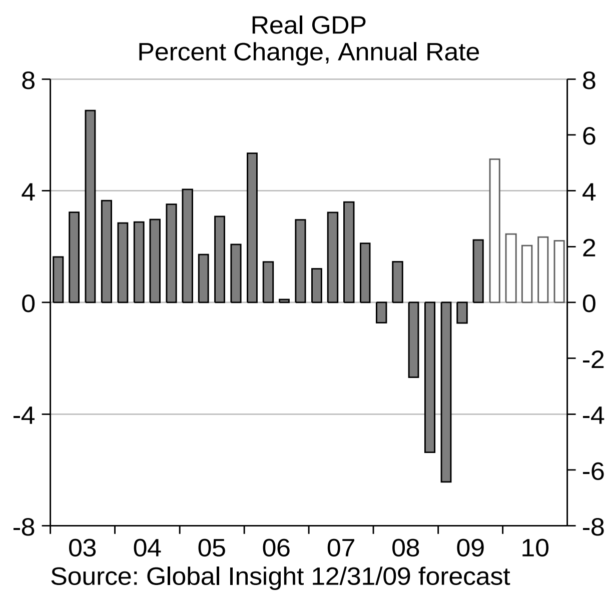
**Economic Performance Overview**

- After increasing 2.2% in the third quarter, real GDP is expected to increase at a 3% to 4% pace in the fourth quarter.
- Employment was essentially flat across the country in November in the best showing since the recession began in December 2007. The unemployment rate dipped from 10.2% to 10.0% in the first decline since July.
- Ohio employment moved slightly higher in November for the second straight month, and in a sign that more people are actively seeking work, Ohio's unemployment rate edged up to 10.6%.
- Temporary help employment increased by 44,000 jobs in October, which followed gains totaling 20,000 jobs in the two prior months. In past recoveries, growth in temporary jobs has been a harbinger for general labor market improvements.
- Leading economic indicators remain consistent with economic recovery both nationally and in Ohio, but forecasters expect a slow pace of economic growth in 2010 and 2011.

### Economic Growth

**Real GDP** increased a revised 2.2% in the third quarter – well below the initial estimate of 3.5%. The year-over-year rate of change improved from -3.8% in the second quarter, the largest 4-quarter decrease in the post World War II period, to -2.6% in the third quarter. Economic stimulus measures were responsible in part for the increase in GDP during the third quarter.

Personal consumption expenditures contributed 2.0 points of the 2.2% growth. Spending on motor vehicles and parts alone contributed 0.8 points, reflecting the federal auto sales incentives that boosted sales in July and August. Exports added 1.8 points to growth, followed by the change in business inventories, which added 0.7 points. Investment in residential structures, which benefited from the first-time homebuyer tax credit, added 0.4%. Government outlays added 0.6%, as a small decline in state and local government expenditures partially offset an increase in federal spending, which was concentrated in national defense.




The Federal Reserve projects continued economic recovery at a modest pace. The Federal Open Market Committee expects real GDP to expand by between 2.0% to 4.0% in 2010, 2.5% to 4.6% in 2011 and 2.8% to 5.0% in 2012, all on a fourth-quarter to fourth-quarter basis.

IHS Global Insight revised its economic growth forecast up for the fourth quarter and for 2010. The January 2010 forecast is for a 5.1% increase in real GDP in the fourth quarter, up from a projection of 2.7% in December. Real GDP is projected to grow 2.3% from the fourth quarter of 2009 to the fourth quarter of 2010. IHS Global Insight projects a 3.0% increase in real GDP during the first year of recovery (including the third quarter), compared with an average of 5.5% in the first year of the previous ten recoveries. First-year growth was 2.6% following the 1990-91 recession and 2.3% following the 2001 recession.

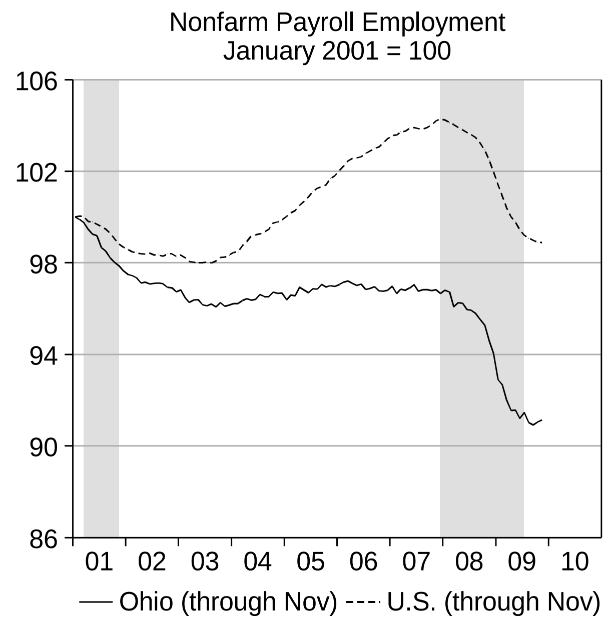
Leading indicators are strengthening. The advance of the **Weekly Leading Index** published by the Economic Cycle Research Institute has picked up in recent weeks after leveling off in October and November. The index remains highly consistent with sustained economic growth. The **Leading Economic Index** from the Conference Board increased for the eighth consecutive month in November, lifting the 6-month smoothed rate of change to 8.4% – in line with rates of growth early in previous economic recoveries. The ratio of the Coincident Economic Index to the Lagging Economic Index – itself a leading indicator – also increased for the eighth straight month. The ratio has reached its trough at about the same time as the overall economy in most past cycles, thus suggesting that the economy is poised for recovery.

## Employment

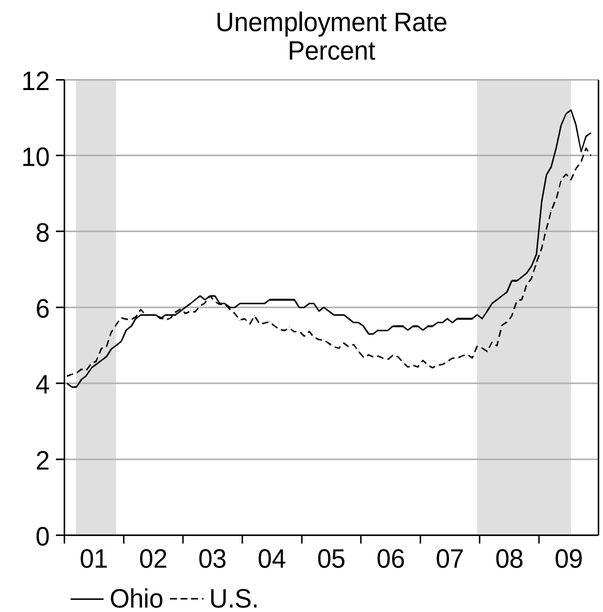
The long deterioration in labor markets neared an end in November, judging by recent trends in employment and unemployment. After reducing the pace of layoffs early last spring, businesses have yet to increase hiring, but total employment decreased by only 11,000 jobs during November in the best monthly showing since December 2007. In addition, the declines in September and October were revised lower by 159,000 jobs.

Job losses once again were widespread across sectors, with only professional and business services (+86,000) and education and health services (+40,000) adding to private sector employment. More than one-half of the net new jobs in the professional and business services category were at temporary help firms. Employment decreased the most in manufacturing (-41,000), followed by trade, transportation and utilities (-34,000) and construction (-27,000). Information (-17,000), leisure and hospitality (-11,000), and financial activities (-10,000) also posted declines.

In a potentially positive development for job growth, employment at temporary help agencies accelerated in November, increasing by 52,400 jobs. Temporary help employment increased by an upwardly revised 44,000 jobs in October, which followed gains totaling 20,000 jobs in the two previous months. Improvements in labor market conditions are believed to appear first in the demand for temporary workers, who can be hired and dismissed with less cost than permanent employees.



The **unemployment rate** decreased by 0.2 percentage points to 10.0% from the peak for the cycle of 10.2% reached in October. The decline was the first since July. The broadest measure of unemployment, which includes marginally attached workers and workers employed part-time because they cannot find a full-time job, decreased slightly to 17.2%. Marginally attached workers are neither employed nor actively searching for a job but indicate that they would like to work.




Despite the modest reduction in the unemployment rate, the incidence of unemployment remained severe. The median **duration of unemployment** increased to a new all-time high of 20.1 weeks in October. It averaged 7.1 weeks during 1967-2007 and had never been higher than the 12.3 week duration recorded in May 1983. The average duration of unemployment increased to a new all-time high of 28.5 weeks.

**The workweek** lengthened during November, forming a trend that could point toward a strengthening in labor markets this winter. The length of the private sector workweek increased from the all-time low of 33.0 hours in October to 33.2 hours in November. So far, that is only a one-month increase, but it extended the workweek to its longest since February and was accompanied by related positive developments. The length of the manufacturing workweek increased 0.3 hours to 40.4 hours, up from its long-time low of 39.4 hours in May. In addition, overtime hours in manufacturing increased to 3.4 hours from its long-time low of 2.6 hours in March. The length of the workweek has spiked upward when the economy has shifted from recession to recovery in the past.

Judging by weekly reports on claims for unemployment compensation, labor markets continued to improve through year end. Initial claims fell in the week of Christmas to 432,000 – the lowest level since mid-July 2008. The holiday probably skewed the number downward, but the four-week average was also the lowest since mid-September 2008 and down 30% from the peak for the cycle that was reached in early April 2009.

**Ohio employment** increased by 5,400 jobs in November, following an upwardly revised increase of 7,000 jobs in October. The October gain was originally reported as 1,400 jobs. Nonetheless, Ohio employment remained near its low for the cycle that was reached in September. Employment has decreased by 193,600 jobs, or 3.7%, during the twelve months ending in November.

Most sectors posted job gains during November, led by professional and business services (+9,900), other services (+3,400) and construction (+1,900). The gain in professional and business services jobs extends the monthly winning streak to three for a total of 27,600 net new jobs in the sector. Employment decreased in 6,400 jobs in manufacturing and posted modest losses in leisure and hospitality (-1,000) and government (-400).

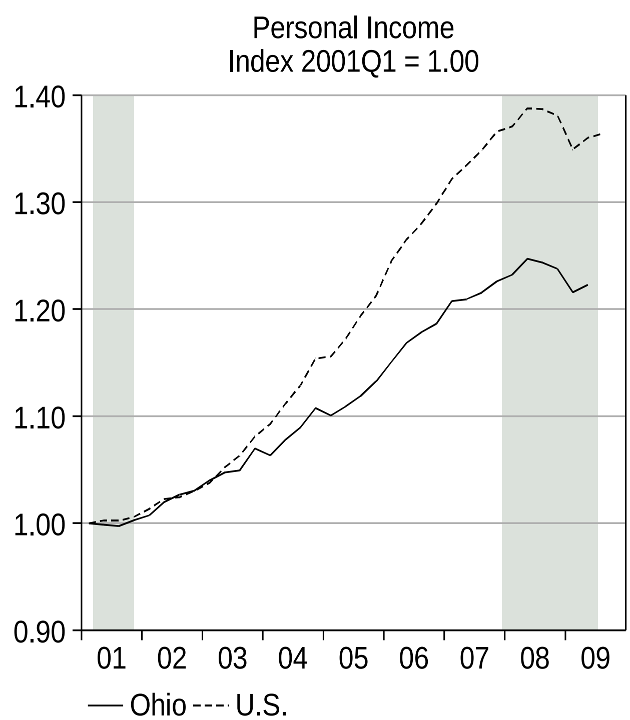
Of the eleven **Ohio Metropolitan Statistical Areas**, only Sandusky added jobs (+1,000) during the twelve months ended in November. Employment fell by the largest amounts in Cleveland (-45,500) and Cincinnati (-33,600). Employment also was notably lower in Youngstown (-17,100), Columbus (-13,900) and Akron (-13,500). Dayton and Toledo lost 13,900 jobs and 11,300 jobs, respectively.

Employment fell substantially in Ohio and each of the **contiguous states** during the year ending in November. 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 5.9% in Michigan, 4.5% in Indiana, 4.3% in Kentucky, 3.7% in Ohio, 2.9% in Pennsylvania, and 2.3% in West Virginia. In all cases, the year-over-year rates of change in employment were up notably from the lows for the cycle reached within the previous six months. For the region as a whole, employment was down 4.0% during the same period, compared with a decline of 3.5% for all states outside the region combined.

The **coincident employment index** for Ohio, compiled by the Federal Reserve Bank of Philadelphia, improved in November for the third straight month, ending a long stretch of decline dating back to May 2007. The year-over-year rate of change remains deeply negative (at -6.1%), but the upturn adds to the slowly expanding list of indicators that are consistent with economic recovery.

## Consumer Income and Consumption

While personal income and spending continue to recover from the steep fall-off during the recession, consumer confidence and spending plans remain near historical lows. **Personal income** increased 0.4% in November – the fifth consecutive monthly increase. Personal income was 2.7% higher than the low reached in March and just 0.3% below the year earlier level. **Ohio personal income** increased 1.9% in the third quarter after a 2.4% increase in the second quarter. The back-to-back gains followed three consecutive decreases at a compound annual rate of 2.3%.




**U.S. Disposable personal income** increased 0.5% for the second straight month in November – the fourth consecutive monthly increase – to 3.1% above the year earlier level. Disposable personal income has increased

3.8% from the low reached in March. **Wage and salary disbursements**, which account for more than one-half of personal income, increased 0.3%, but remained 2.8% below a year ago. Wages and salary income is up only 1.7% from the low reached in March. Ohio wage and salary disbursements increased 1.4% in the third quarter for the first quarterly gain after three decreases at a compound annual rate of 4.9%.

Higher transfer payments and tax benefits arising from special measures implemented by congress to support economic activity account for much of the strength in gains in disposable personal income relative to wage and salary disbursements.

**Personal consumption expenditures** increased 0.5% in November following a 0.6% increase in October. The level of consumption was 3.5% higher than the low reached in December 2008 and 2.3% higher than a year earlier. Consumption of durable goods increased 1.1% in November, reflecting a 4.4% increase in sales of light motor vehicles. Consumption of nondurable goods increased 1.5%, reflecting a 1.6% increase in consumption of motor fuels. Consumption of services was unchanged, in part reflecting weather-related weakness in utilities and a decrease in consumption of recreational services.

Spending during the holiday shopping season was about as expected, and momentum appears to have carried into early 2010. **Same store sales** as measured by the International Council for Shopping Centers (ICSC) increased 1.5% in the week ending January 2, resulting in a year-over-year increase of 2.5%. ICSC has raised its estimate for the year-over-year December change to 2.5% from 2.0%, but estimate that the combined November-December year-over-year increase was only about 1.0%, compared with a 5.6% year-over-year decrease in 2008.

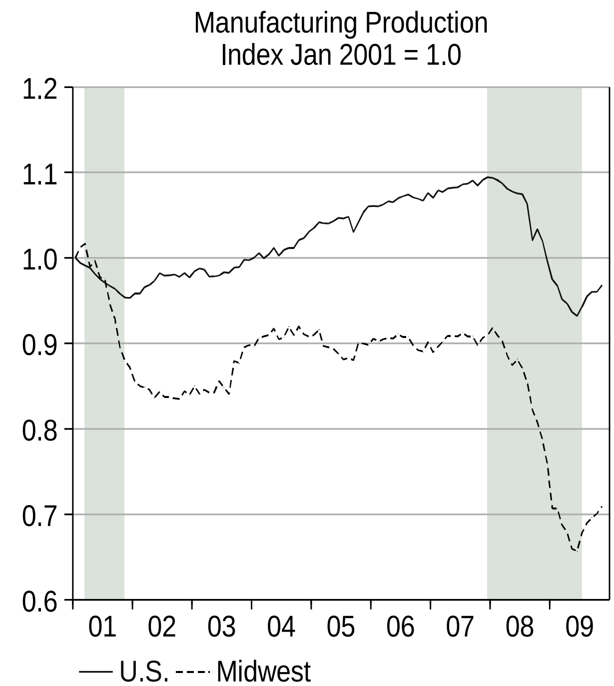
**Consumer attitudes** improved during December with the exception of the Conference Board current conditions index, which fell to the lowest level since 1983. The overall assessment measured by both the Conference Board and Reuters/University of Michigan surveys moved higher during the month.

Even after the impressive increases from the cyclical lows (+109% for Conference Board and +31% for Michigan), however, confidence remains depressed by historical standards. For example, the overall Conference Board index is still 23% below the average during recessions since 1978. The Michigan index is only 4% above the recession average. In addition, auto buying intentions hit a record low, and plans to buy a home in the next six months fell to the lowest level in 27 years.

## Manufacturing

**Industrial production** increased 0.8% in November – the fifth straight month without a decrease. The 0.1% increase originally reported for October was revised to unchanged. Production in manufacturing increased 1.1% in November after slipping 0.2% in October. Manufacturing output has increased at a 10.8% annualized pace since reaching the low for the cycle in June.

The upturn in industrial production is a convincing sign that the recession ended in the May-July period, because production (which troughed in June 2009) reached its trough within one month of the end of each of the previous ten recessions. The trough in production was one month early at the 1954 trough and one month late at the 1975 and 1982 troughs. The timing of the production trough exactly matched the timing of the end of recession in the other seven cycles.




**Midwest manufacturing output** increased 1.2% in November. Production increased across all four sectors for the second month in a row. Although Midwest manufacturing output remained 9.9% below the year earlier level, it has increased 7.9% from the cyclical low reached in June, according to the Federal Reserve Bank of Chicago. Steel production led the sector gains, rising 2.5%. Auto sector production increased 1.1%.

**Purchasing managers** at manufacturing companies reaffirmed the positive tone of recent months in December. The overall index increased to 55.9 – up from the cyclical low of 32.4 reached in December 2008 and its highest level since November 2005. Reports of higher new orders were more widespread, with the index rising from 60.3 to 65.5 – the highest level since December 2004.

The reports from purchasing managers in manufacturing suggest that the strength in **factory orders and shipments** observed in November continued in December. New orders increased 1.1% and shipments gained 1.0%. Both measures increased for the third consecutive month. Tempering these positive developments, surveys of business conditions by the Federal Reserve Banks in Philadelphia and New York both indicate that orders and shipments softened during December.

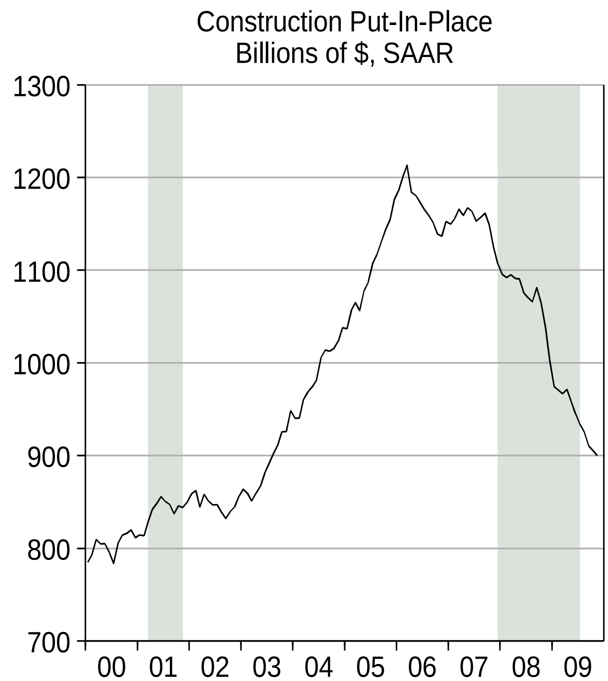
## Construction

Total **construction put-in-place** decreased 0.6% in November. The October change was revised down from unchanged to -0.6% after falling 1.6% in September. The November decrease was the seventh straight monthly decline, although the year-over-year rate of change has improved from -15.8% in September to -13.2% in November.

Underneath the weak overall trend, single-family housing construction continued to advance, rising 1.3% for the fifth straight advance. As the 16.0% decrease in pending home sales in December when the tax credit for first-time homebuyers lapsed suggests, however, the upturn in single-family home construction since mid-year is at least in part due to other than fundamental improvements.

While single-family homebuilding has been rising, multi-family homebuilding has weakened, and is likely to continue to weaken. Constrained credit availability has affected construction directly, while low home prices and special purchase inducements have weakened the rental market and hurt the multi-family construction segment indirectly. Multi-family construction put-in-place fell 4.1% in November to only $23.0 billion at a seasonally adjusted annual rate.

Meanwhile, private nonresidential construction put-in-place continues to weaken, reflecting credit conditions, falling property prices, high and rising vacancy rates and falling employment. The **Architecture Billings Index** (ABI) compiled by the American Institute of Architects has carved out an erratic upward trend since mid-year, but faltered in November. The Billings Index decreased to 42.8 in November – the lowest level since August. The Midwest Billings Index was stable, as was the national Inquiries for New Work Index. Until the Billings Index rises consistently above 50, a durable upturn in nonresidential construction will remain 9-12 months away, according to the AIA.




Construction industry professionals expect additional declines in nonresidential construction in 2010, followed by a small gain in 2011, according to the AIA. The AIA Consensus Forecast Panel projects a 13.4% decrease in real nonresidential construction in 2010 and a 1.8% increase in 2011. Hampering the construction environment are the high cost and lower availability of credit – partly due to capital constraints on banks, but also due to the curtailment of securitization activity. Office construction will be held back by the high vacancy rate, which reached 17.2% in the third quarter. Declines in both business and leisure travel will continue to hold back construction of hotels.

## *REVENUES*

***The monthly and fiscal year GRF revenue estimates contained in this report do not reflect the December passage of H.B. 318 which delays the final installment of the personal income tax reduction from 2009 until 2011. Those estimates are being updated this month and will be reflected in the February report.***

During the month of December**, GRF receipts totaled $2.232.2 million** which was $147.6 million (6.2%) below estimates. This negative variance was the result of timing driven variances in the personal income tax and federal revenues, which combined to offset better than estimated performances in other tax receipts and transfers. Revenue for the fiscal year to-date is provided in the following table ($ in millions).

| Category | Description | 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 | $8.9 | 0.1% |
| Non-tax receipts | Federal grants, investment earnings, licenses & fees, other income, intrastate transfers | ($213.6) | (5.0%) |
| Transfers | Budget stabilization, liquor transfers, capital reserve, other | ($21.6) | (4.8%) |
| TOTAL REVENUE VARIANCE: | | ($226.3) | (1.8%) |

With respect to December tax receipts, the non-auto sales tax exceeded the estimate for the third time in the past four months and combined with continued better-than-expected performance in the auto sales and cigarette taxes to offset most of the shortfall in the personal income and corporate franchise taxes, resulting in a modest negative variance in tax receipts. Through the first six months of FY 2010, total tax receipts exceeded estimates by $8.9 million (0.1%). Despite this good news relative to estimates, it must be kept in mind that fiscal year 2010 tax receipts are still $764.6 million (9.1%) below tax receipts collected through the same point in time a year ago.

| **Individual Sources Above Monthly Estimate** | | **Individual Sources Below Monthly Estimate** | |
|---|---|---|---|
| Non-Auto Sales Tax | $9.3 | Personal Income Tax | ($44.1) |
| Auto Sales Tax | $2.8 | Corporate Franchise Tax | ($2.9) |
| Liquor Transfers | $16.0 | Kilowatt Hour Tax | ($2.0) |
| Transfers In- Other | $1.0 | Cigarette Tax | ($1.3) |
| Other Sources Above Estimate | $1.5 | Federal Grants | ($114.2) |
| | | Temporary Transfers In | ($11.5) |
| | | Other Sources Below Estimate | ($2.2) |
| **Total above:** | **$30.6** | **Total below:** | **($178.2)** |

**Non-Auto Sales and Use Tax**

December non-auto receipts totaled $628.5 million which was $9.3 million (1.5%) above the estimate. While the tax was again above estimate, the overage was attributable to a combination of another month of better-than-expected performance of the new managed care company portion of the tax base ($14.9 million above estimate) and, more importantly, an $18.8 million audit settlement that was not included in the estimate. If not for the audit settlement, receipts would have underperformed relative to the estimate by $9.5 million (1.5%). As for a year-over-year comparison, receipts during the month were $40.7 million (6.9%) above the same month a year ago.

**Auto Sales Tax**

Auto sales tax receipts continued to perform better than forecast in December as receipts totaled $58.6 million, resulting in a positive variance of $2.8 million (5.0%). On a year-over-year basis, receipts for December were $4.3 million (6.9%) below collections for the same month a year ago.

**Personal Income Tax**

Personal income tax receipts in December totaled $667.0 million, falling short of the monthly estimate by $44.1 million (6.2%). Among the components, withholding was the primary source of the negative variance accounting for $23.6 million of the shortfall. It should be noted however, that this shortfall was anticipated because a large pay-in on November 30 pulled estimated December receipts into November, thus driving a larger positive variance for that month. To account for this timing issue, it is better to look at the combined November-December performance in which withholding exceeded the combined two-month estimate by $8.4 million (0.7%).

While on a year-to-date basis personal income tax receipts are $41.8 million (1.2%) above the estimate, receipts for the first half of FY 2010 still lag FY2009 first half collections by $491.7 million (12.5%). This year-over-year weakening trend is evident again in this month's personal income tax receipts which were $104.4 million lower (13.5%) than receipts received in the same month last year.

**FY2010 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)**

| | ESTIMATE DEC | ACTUAL DEC | $ VAR DEC | ESTIMATE Y-T-D | ACTUAL Y-T-D | $ VAR Y-T-D |
|---|---|---|---|---|---|---|
| Withholding | $647.1 | $623.5 | ($23.6) | $3,353.6 | $3,402.2 | $48.6 |
| Quarterly Est. | $101.7 | $86.0 | ($15.7) | $361.2 | $353.6 | ($7.6) |
| Trust Payments | $0.5 | $2.4 | $1.9 | $13.7 | $11.2 | ($2.5) |
| Annual Returns & 40 P | $11.3 | $11.1 | ($0.2) | $117.2 | $124.6 | $7.4 |
| Other | $7.7 | $9.9 | $2.2 | $33.7 | $42.4 | $8.7 |
| Less: Refunds | ($13.2) | ($19.9) | ($6.7) | ($192.1) | ($200.0) | ($7.9) |
| Local Distr. | ($44.0) | ($46.1) | ($2.1) | ($298.7) | ($303.6) | ($4.9) |
| **Net to GRF** | **$711.1** | **$667.0** | **($44.1)** | **$3,388.6** | **$3,430.4** | **$41.8** |

**Corporate Franchise Tax**

Corporate franchise tax receipts for the month of December were negative $4.9 million, against the estimate of negative $2.0 million. As with November, this monthly negative variance is due to greater than expected refunds. As fiscal year 2010 is the final year for completing the phase out of this tax for most taxpayers, comparing its performance on a year-over-year basis is not meaningful.

**Commercial Activity Tax**

In FY 2010, receipts from the commercial activity tax (CAT) will continue to be distributed to non-GRF funds to reimburse school districts and local governments for the phase out of the tangible personal property tax. Following a large shortfall in November, the CAT during the month of December posted a negative variance of $5.9 million as receipts totaled $5.6 million versus estimates of $11.5 million. OBM and the Department of Taxation will thus monitor the performance of this tax closely to determine if this shortfall might be made up in later payments during the fiscal year.

**Public Utility Tax**

During the month of December, public utility tax receipts totaled $0.1 million, $0.6 million below the estimate. For the year-to-date, this tax source is $17.4 million below the estimate (23.4%), which is attributed to a combination of lower than expected prices for natural gas and milder than expected weather during the fall.

**Kilowatt Hour Tax**

The kilowatt hour tax during the month of December posted receipts of $11.3 million, or $2.0 million (14.9%) below the estimate. As a result, the kilowatt hour tax is still $9.6 million below the estimate for the year-to-date (11.0%). As mentioned in previous monthly reports, this negative year-to-date variance is attributable largely to the relatively weak demand for electricity driven by both a milder than expected summer and reduced demand due to broader economic factors.

**Cigarette Tax**

The cigarette tax slipped against the estimate in December with total receipts of $74.6 million which were $1.3 million below the estimate. This shortfall was actually less than expected as a large payment on November 30$^{th}$ had pulled estimated December receipts into November. Through the first six months of the fiscal year, cigarette tax receipts continue to be strong, exceeding estimates by $27.6 million (7.3%).

**GRF non-tax receipts** totaled $754.4 million in December, which was $115.7 million (13.3%) below the estimate. This negative performance relative to estimates is almost entirely attributable to receiving less in federal Medicaid reimbursement during the month of December than was expected in the estimate. This variance is driven largely by a change in the timing of when the federal government will reimburse the states.

**GRF transfers** during the month of December totaled $29.0 million and were $5.5 million (23.4%) above the estimate. This positive variance in December is due to both a late liquor profits transfer from November which posted in early December ($12.0 million) and a larger than expected liquor profits transfer of $16 million which exceeded the estimate for the month by $4 million. These two transfers combined to offset an estimated temporary transfer of $11.5 million that did not occur in December due to the timing of the end of the month.

## Table 1
**GENERAL REVENUE FUND RECEIPTS**
**ACTUAL FY 2010 VS ESTIMATE FY 2010**
**($ in thousands)**

| REVENUE SOURCE | Month ACTUAL DECEMBER | Month ESTIMATE DECEMBER | 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 | 628,537 | 619,248 | 9,289 | 1.5% | 3,125,901 | 3,137,763 | (11,862) | -0.4% |
| Auto Sales & Use | 58,574 | 55,806 | 2,769 | 5.0% | 437,338 | 413,592 | 23,746 | 5.7% |
| Subtotal Sales & Use | 687,112 | 675,054 | 12,058 | 1.8% | 3,563,239 | 3,551,355 | 11,884 | 0.3% |
| Personal Income | 666,966 | 711,100 | (44,134) | -6.2% | 3,430,399 | 3,388,599 | 41,800 | 1.2% |
| Corporate Franchise | (4,869) | (2,000) | (2,869) | -143.5% | (59,026) | (20,039) | (38,987) | -194.6% |
| Commercial Activity Tax | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Public Utility | 121 | 768 | (648) | -84.3% | 56,906 | 74,298 | (17,392) | -23.4% |
| Kilowatt Hour | 11,346 | 13,329 | (1,983) | -14.9% | 77,528 | 87,091 | (9,563) | -11.0% |
| Foreign Insurance | 92 | (686) | 778 | 113.5% | 132,796 | 137,012 | (4,216) | -3.1% |
| Domestic Insurance | 104 | 0 | 104 | N/A | 1,236 | (820) | 2,056 | 250.8% |
| Other Business & Property Tax | 58 | 75 | (17) | -23.2% | 181 | 457 | (276) | -60.5% |
| Cigarette | 74,646 | 75,942 | (1,295) | -1.7% | 404,755 | 377,153 | 27,602 | 7.3% |
| Soft Drink | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Alcoholic Beverage | 4,654 | 4,403 | 251 | 5.7% | 28,597 | 29,445 | (849) | -2.9% |
| Liquor Gallonage | 2,876 | 2,897 | (21) | -0.7% | 18,172 | 18,027 | 144 | 0.8% |
| Estate | 5,670 | 5,229 | 441 | 8.4% | 25,909 | 29,255 | (3,346) | -11.4% |
| Horse Racing | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Tax Receipts | 1,448,776 | 1,486,111 | (37,335) | -2.5% | 7,680,690 | 7,671,833 | 8,857 | 0.1% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 625,923 | 740,113 | (114,190) | -15.4% | 3,888,631 | 4,091,697 | (203,065) | -5.0% |
| Earnings on Investments | 0 | 0 | 0 | N/A | 11,536 | 18,500 | (6,964) | -37.6% |
| License & Fees | 599 | 750 | (151) | -20.1% | 20,503 | 21,221 | (718) | -3.4% |
| Other Income | 127,914 | 129,300 | (1,386) | -1.1% | 151,527 | 151,301 | 225 | 0.1% |
| ISTV'S | 0 | 0 | 0 | N/A | 3,432 | 6,551 | (3,119) | -47.6% |
| Total Non-Tax Receipts | 754,436 | 870,163 | (115,727) | -13.3% | 4,075,629 | 4,289,270 | (213,641) | -5.0% |
| TOTAL REVENUES | 2,203,212 | 2,356,274 | (153,062) | -6.5% | 11,756,319 | 11,961,104 | (204,785) | -1.7% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 28,000 | 12,000 | 16,000 | 133.3% | 85,000 | 74,000 | 11,000 | 14.9% |
| Transfers In - Capital Reserve | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 1,000 | 0 | 1,000 | N/A | 20,946 | 37,664 | (16,718) | -44.4% |
| Temporary Transfers In | 0 | 11,500 | (11,500) | -100.0% | 321,755 | 337,600 | (15,845) | -4.7% |
| Total Transfers | 29,000 | 23,500 | 5,500 | 23.4% | 427,700 | 449,264 | (21,564) | -4.8% |
| TOTAL SOURCES | 2,232,212 | 2,379,774 | (147,562) | -6.2% | 12,184,019 | 12,410,368 | (226,348) | -1.8% |

## Table 2
**GENERAL REVENUE FUND RECEIPTS**
**ACTUAL - FY 2010 VERSUS FY 2009**
**($ in thousands)**

| REVENUE SOURCE | Month: DECEMBER FY 2010 | Month: DECEMBER FY 2009 | Month: $ VAR | Month: % VAR | Year-to-Date: ACTUAL FY 2010 | Year-to-Date: ACTUAL FY 2009 | Year-to-Date: $ VAR | Year-to-Date: % VAR |
|---|---|---|---|---|---|---|---|---|
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 628,537 | 587,805 | 40,732 | 6.9% | 3,125,901 | 3,297,257 | (171,356) | -5.2% |
| Auto Sales & Use | 58,574 | 62,891 | (4,317) | -6.9% | 437,338 | 445,608 | (8,270) | -1.9% |
| Subtotal Sales & Use | 687,112 | 650,696 | 36,416 | 5.6% | 3,563,239 | 3,742,865 | (179,626) | -4.8% |
| Personal Income | 666,966 | 771,381 | (104,415) | -13.5% | 3,430,399 | 3,922,136 | (491,737) | -12.5% |
| Corporate Franchise | (4,869) | (2,727) | (2,142) | -78.6% | (59,026) | (1,525) | (57,501) | -3769.3% |
| Commercial Activity Tax | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Public Utility | 121 | 788 | (667) | -84.7% | 56,906 | 76,123 | (19,218) | -25.2% |
| Kilowatt Hour | 11,346 | 11,833 | (487) | -4.1% | 77,528 | 68,043 | 9,485 | 13.9% |
| Foreign Insurance | 92 | (684) | 777 | 113.5% | 132,796 | 136,554 | (3,758) | -2.8% |
| Domestic Insurance | 104 | 0 | 104 | N/A | 1,236 | (772) | 2,008 | 260.2% |
| Other Business & Property Tax | 58 | 79 | (21) | -26.3% | 181 | 401 | (220) | -54.9% |
| Cigarette | 74,646 | 85,318 | (10,671) | -12.5% | 404,755 | 423,871 | (19,116) | -4.5% |
| Soft Drink | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Alcoholic Beverage | 4,654 | 4,325 | 329 | 7.6% | 28,597 | 29,000 | (404) | -1.4% |
| Liquor Gallonage | 2,876 | 2,891 | (15) | -0.5% | 18,172 | 17,862 | 310 | 1.7% |
| Estate | 5,670 | 5,463 | 207 | 3.8% | 25,909 | 30,716 | (4,807) | -15.7% |
| Horse Racing | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Total Tax Receipts | 1,448,776 | 1,529,363 | (80,587) | -5.3% | 7,680,690 | 8,445,274 | (764,584) | -9.1% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 625,923 | 541,478 | 84,445 | 15.6% | 3,888,631 | 3,169,523 | 719,108 | 22.7% |
| Earnings on Investments | 0 | 44 | (44) | N/A | 11,536 | 51,155 | (39,619) | -77.4% |
| License & Fee | 599 | (211) | 810 | 383.9% | 20,503 | 19,561 | 942 | 4.8% |
| Other Income | 127,914 | 3,452 | 124,462 | 3605.8% | 151,527 | 24,821 | 126,706 | 510.5% |
| ISTV'S | 0 | 11 | (11) | -99.9% | 3,432 | 11,264 | (7,831) | -69.5% |
| Total Non-Tax Receipts | 754,436 | 544,774 | 209,662 | 38.5% | 4,075,629 | 3,276,324 | 799,305 | 24.4% |
| TOTAL REVENUES | 2,203,212 | 2,074,137 | 129,075 | 6.2% | 11,756,319 | 11,721,598 | 34,721 | 0.3% |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 28,000 | 18,000 | 10,000 | 55.6% | 85,000 | 87,000 | (2,000) | -2.3% |
| Transfers In - Capital Reserve | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Transfers In - Other | 1,000 | 2,837 | (1,837) | -64.8% | 20,946 | 48,891 | (27,946) | -57.2% |
| Temporary Transfers In | 0 | 282,500 | (282,500) | N/A | 321,755 | 282,500 | 39,255 | 13.9% |
| Total Transfers | 29,000 | 303,337 | (274,337) | -90.4% | 427,700 | 418,391 | 9,309 | 2.2% |
| TOTAL SOURCES | 2,232,212 | 2,377,474 | (145,262) | -6.1% | 12,184,019 | 12,139,989 | 44,030 | 0.4% |

## *GENERAL REVENUE FUND DISBURSEMENTS*

December 2009 GRF disbursements, across all fund uses, were $1,691.3 million. This was $240.4 million (12.4%) below estimate for the month. On a year-to-date basis, total GRF disbursements are $14,456.6 million, which is $20.9 million (0.1%) below estimate. Year-to-date disbursements by category are provided in the following table ($ in millions).

| 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) | $13,435.3 | ($74.9) |
| Transfers | Temporary or permanent transfers out of the GRF that are not agency expenditures | $1,021.3 | $54.0 |
| TOTAL GRF DISBURSEMENTS: | | $14,456.6 | ($20.9) |

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

**Primary, Secondary and Other Education**

This category includes expenditures made by Department of Education, E-tech, the Ohio State School for the Blind, and the School for the Deaf. Expenditures in this category for the month of December totaled $287.1 million, $225.6 million (44.0%) below the estimate for the month.

- December expenditures by the Department of Education totaled $284.5 million and were $224.9 million (-44.2%) below estimate. Variances for the month can be attributed to foundation payments (line items 200550, 200551 and 200502) coming in $221.3 million below estimates. This variance is caused by a payment estimated for December being processed in January and also by adjustments made after payment methods switched to the new funding model in October. The Department set the policy pertaining to the transition after original estimates were submitted which caused the October payment to be underestimated and the future payments to be overestimated. Year-to-date disbursements for foundation are in line with estimates. Non-foundation expenditures were $3.6 million (-16.7%) below estimate.

**Higher Education**

December disbursements for Higher Education were $198.5 million, representing a variance of $9.9 million (5.2%) above the estimate for the month. Year-to-date disbursements were $1,250.0 million, representing a variance totaling $13.0 million (1.0%) below the estimate. The monthly variance is due to spending in the Ohio College Opportunity Grant program exceeding the monthly estimate by $11.2 million. Payments for fiscal year 2010 obligations from this program did not begin to be disbursed until December. Due to under spending in this program for the first five months of the fiscal year, catch-up payments will occur in December, January, and February.

## Public Assistance and Medicaid

December expenditures in this category, which include all GRF expenditures by the Department of Job & Family Services (ODJFS), were $964.1 million. Expenditures were $49.4 million (5.4%) above estimate for the month. Year-to-date expenditures total $5,632.3 billion, which is $214.7 million (3.7%) below estimates. The following discussion of spending and variances to date addresses Public Assistance and Non-Medicaid programs separate from Medicaid.

Public Assistance and Non-Medicaid

ODJFS, non-Medicaid, General Revenue Fund disbursements totaled $121.9 million for the month of December. In the aggregate, GRF spending was $28.1million (29.96%) higher than disbursement estimates for the month. Variances within individual line items were attributable, in part, to the following:

- The Children and Family subsidy disbursements line item (600523), was $12.1 million above agency estimated disbursements. This was largely due to system processing errors. Payments were unexpectedly processed in December instead of January. This will offset next month by the variance amount.
- The Entitlement Administration (Local) line item (600521) was approximately $13.1 million higher than disbursement estimates for the month. This was attributable to County JFS expenditure reconciliation/closeout processes. ODJFS expects variances within this line item to decrease following county reconciliations ending December 2009.
- The Child Care Match/Maintenance of Effort subsidy disbursements line item (600413) was $4.8 million higher than estimated disbursements. This was due to higher than anticipated county requests during the month.
- The Early Care and Education line item (600535) spending was $3.8 million above agency estimates. This was due to higher than anticipated county requests regarding child care expenditures.
- The Disability Financial Assistance subsidy payments line item (600551) was $5.8 million under agency estimates. This is primarily due to the quarterly collection of erroneously and overpaid benefits.

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 $5,176.2 million, which is $195.3 million (3.6%) below estimate, and $444.5 million (8.6%) below the same point in time in the prior year. Disbursements for the month of December were $842.8 million, which was $21.3 million (2.6%) below estimate and $8.5 million (1.0%) below the same period in the prior year.

All funds disbursements year-to-date are $6,505.0 million, which is $197.8 million (3.0%) below estimate, and $325.7 million (5.0%) above disbursements for the same point in time in the prior year. Disbursements for December were $1,137.1 million, which was $20.9 million (1.9%) above projected expenditures and $115.0 million (10.1%) above the same period in the prior year.

The following table shows the current month's disbursement variance by funding source:

| ***$ in millions*** | **December Projection** | **December Actual** | **Variance** | **Percent Variance** |
|---|---|---|---|---|
| **GRF** | $820.9 | $842.2 | $ 21.3 | 2.6% |
| **Non-GRF** | $295.3 | $294.9 | $(0.39) | -0.1% |
| **All Funds** | $1,116.2 | $1,137.1 | $ 20.9 | 1.9% |

As noted in last month's report, a timing issue caused payments originally budgeted for November to be posted in December. Had the payments posted as projected, the All Funds variance for December would have been $53.3 million (4.78%) below estimate. The year-to-date estimate would remain at $197.8 million as noted above.

Notable variances across all funding sources include:

<u>Nursing Facilities</u> – Disbursements for nursing facilities for the month of December were $224.0 million, which was $2.2 million (1.0%) under expected expenditures. Absent the timing issue noted above, the variance would have been $219.8 million, or $6.5 million (2.87%) under projection. This is primarily due to a lower than projected number of bed days, and higher than expected recipient contributions.

<u>Waivers</u> – Disbursements for the JFS waiver programs (Transitions, Transitions II and Home Care) were $30.2 million, which was $3.5 million (13.1%) above projections. Without the timing issue discussed earlier, disbursements would have been $23.4 million, or $3.3 million (12.5%) under projected expenditures. This variance is caused by a lower than expected number of claims by consumers.

*Caseload*

Total Medicaid caseload for the month of November, the most recent month available, was 2.03 million covered persons, which was an increase of 5,959 persons over the month of October. This number includes the State Fund Only programs, including the Disability Medical Assistance program. This represents the 23rd month of consecutive growth, though this is the second month that the rate of increase was lower than the previous month. This may reflect the general experience of lower enrollment during the winter months, however, rather than being an indication that Medicaid enrollment is beginning to decline. The majority of the increase occurred in the Covered Families and Children (CFC) portion of the program, which increased by 7,265 persons to an October total of 1.55 million persons, and an increase in the Aged, Blind and Disabled (ABD) program of 725 persons, for a September total of 476.8 thousand covered lives.

Total enrollment for the same period last year was 1.85 million covered persons, including 1.38 million persons in the CFC program and 459.1 thousand people in the ABD category. This represents total growth in the program in the last twelve months of 179.7 thousand covered lives.

As noted above, the majority of the rise in caseload was seen in CFC, an increase of 7,265 persons to 1.55 million covered lives, which was 8,116 (.52%) under total projected enrollment. The Healthy Families and the Healthy Families expansion categories, the core eligibility groups of the Medicaid program, continue to drive the caseload increases, representing 7,021 people, or 97%, of the total increased CFC population.

The ABD program showed an increase of 725 persons to a total of 476.8 thousand covered lives. This was 522 persons (0.11%) over total projected year-to-date enrollment. Of this increase, 1,125 persons enrolled in the Qualified Medicare Beneficiary (QMB) and the Special Low-Income Medicare Beneficiary programs, which provide assistance to qualified persons in paying their Medicare premiums. This was offset by a decrease of 491 persons from the Dual Eligible program. Dual Eligibles are persons who are eligible to receive both Medicare and Medicaid benefits.

The Disability Medical Assistance program was ended effective October 31, 2009, accounting for a decrease of 1,265 persons.

**Health and Human Services**

This category includes GRF expenditures for the following state agencies: Aging, Mental Health, Developmental Disabilities, ODADAS, and Health. 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.

December expenditures in this category were $52.2 million, which was $8.0 million (13.2%) below estimate for the month. The year-to-date actual expenditures are $540.0 million, which is $16.8 million (3.0%) below the estimate.

- December 2009 disbursements for the Department of Health totaled $1.8 million. When compared to December 2009 estimates, in aggregate, actual disbursements were $1.6 million (47.4%) below estimate. This is primarily attributable to the following:
    - The Immunizations line item (440418) was below estimate by $0.85 million. This was due to payments to subgrantees being made in the third quarter which were scheduled for the second quarter, and program activities occurring later than planned.
    - The Health Care Quality Assurance line item (440453) was under estimate by $0.3 million, due to more federal charges being made than planned, and travel costs being under budget.

  Year-to-date, the Department of Health disbursements total $38.5 million, which is under estimate by $6.8 million (15.0%).

- For the year-to-date, the Department of Aging disbursements total $58.7 million, which is below estimate by $2.7 million (4.5%). December 2009 disbursements for the Department totaled $9.3 million. When compared to December 2009 estimates, in aggregate, actual disbursements were $0.3 million (3.5%) above estimate. There were no significant line item variances.

- The Department of Mental Health disbursed $21.9 million in the month of December, which is $2.8 million (11.3%) below the estimate.

  - When estimating spending for December, the Department planned for three pay periods. Due to the timing of payroll processing, one of these pay periods posted in November, resulting in the Department spending $8.7 million below the estimate in the Community and Hospital Mental Health Services (334408) and the Central Administration (333321) line items.
  - In an effort to assist county boards meet Medicaid match obligations, the Department made a policy decision to disburse $6.0 million in subsidy payments out of the Local Mental Health Systems of Care (335505) line item in December. The Department originally planned to disburse these funds during the fourth quarter of the fiscal year.

- The Department of Developmental Disabilities disbursed $14.3 million in the month of December, which is $3.5 million (19.8%) below the estimate. When estimating spending for December, the Department planned for three pay periods. Due to the timing of payroll processing, one of these pay periods occurred in November, resulting in the Department spending below the estimate in the Residential Operations (323321) and the Central Office (320321) line items.

**Justice and Public Protection**

December expenditures in the Justice and Public Protection category were $129.0 million, which was $52.0 million (28.7%) below estimate for the month. The year-to-date actual expenditures are $1,027.9 million, which is $26.4 million (2.5%) below the estimate.

Disbursements in the Corrections category totaled $110.8 million in the month of December, which was $46.4 million (29.5%) less than the $157.2 million estimate for the month.

- The Department of Rehabilitation and Correction disbursed $98.2 million in the month of December, which was $40.9 million (29.4%) less than the $139.1 million estimate for the month. This variance can be attributed to a timing issue regarding a payroll that was scheduled to process at the beginning of December but instead posted at the end of November.

- The Department of Youth Services disbursed $12.6 million in the month of December, which was $5.5 million (30.4%) less than the $18.1 million estimate for the month. This variance can be attributed to a timing issue regarding a payroll that was scheduled to process at the beginning of December but instead posted at the end of November.

### Environmental Protection and Natural Resources

Disbursements in the Environmental Protection and Natural Resources category totaled $5.2 million in the month of December, which was $1.3 million (20.1%) less than estimate for the month. The year-to-date actual expenditures are $52.9 million, which is $1.6 million (3.1%) above the year-to-date estimate.

- The Department of Natural Resources disbursed $5.1 million in the month of December, which was $1.3 million (20.3%) less than the $6.4 million estimate for the month. This variance can be attributed to a timing issue regarding a payroll that was scheduled to process at the beginning of December but instead posted at the end of November.

### General Government

For December 2009, General Government disbursements were $18.8 million which was $7.8 million (29.3%) below the disbursement estimate. The year-to-date actual expenditures are $159.3 million, which is $8.1 million below the year-to-date estimate (4.9%).

- In December, the Department of Administrative Services (DAS) disbursed $7.6 million, which was $1.9 million (32.7%) more than expected for the month. The main reason for this was bills that were paid later in the year than originally estimated. This chiefly affected the DAS line item that pays maintenance and operating costs for GRF-supported agencies and vacant space in state buildings managed by DAS. DAS finalized these buildings' FY 2010 rates later in the year than anticipated, which delayed rent bills to agencies. As a result, this line item spent $1.2 million in December for first and second quarter tenancy when the agency had estimated these bills to be paid in October and November instead. Nonetheless, total spending for this line item to date is $0.2 million under the estimate for the half year.

### Tax Relief and Other

December disbursements for tax relief totaled $7.6 million and were $5.4 million (41.8%) below the estimate of $13.0 million. For the year-to-date, tax relief payments totaled $862.4 million, which is $231.5 million (35.9%) above the year-to-date estimate of $644.0 million. In that the disbursement estimates for these payments are weighted to expect approximately 60 percent of payments to occur in the second half of the fiscal year, the year-to-date variance should narrow considerably as the fiscal year progresses. These payments are made to local governments and school districts to reimburse for revenues foregone as a result of the 10 percent and 2.5 percent rollbacks, as well as the homestead exemption.

**Table 3**
**GENERAL REVENUE FUND DISBURSEMENTS**
**ACTUAL FY 2010 VS ESTIMATE FY 2010**
**($ in thousands)**

| Functional Reporting Categories Description | MONTH ACTUAL DECEMBER | MONTH ESTIMATED DECEMBER | MONTH $ VAR | MONTH % VAR | YEAR-TO-DATE YTD ACTUAL | YEAR-TO-DATE YTD ESTIMATE | YEAR-TO-DATE $ VAR | YEAR-TO-DATE % VAR |
|---|---|---|---|---|---|---|---|---|
| Primary, Secondary and Other Education | 287,108 | 512,731 | (225,623) | -44.0% | 3,611,773 | 3,636,101 | (24,328) | -0.7% |
| Higher Education | 198,490 | 188,599 | 9,891 | 5.2% | 1,249,969 | 1,262,939 | (12,971) | -1.0% |
| Public Assistance and Medicaid | 964,104 | 914,686 | 49,418 | 5.4% | 5,632,277 | 5,847,016 | (214,740) | -3.7% |
| Health and Human Services | 52,208 | 60,166 | (7,958) | -13.2% | 539,956 | 556,784 | (16,828) | -3.0% |
| Justice and Public Protection | 128,976 | 180,931 | (51,955) | -28.7% | 1,027,913 | 1,054,352 | (26,439) | -2.5% |
| Environmental Protection and Natural Resources | 5,173 | 6,471 | (1,298) | -20.1% | 52,924 | 51,319 | 1,605 | 3.1% |
| Transportation | 1,172 | 789 | 383 | 48.5% | 9,643 | 9,869 | (226) | -2.3% |
| General Government | 18,840 | 26,638 | (7,799) | -29.3% | 159,293 | 167,434 | (8,142) | -4.9% |
| Community and Economic Development | 9,800 | 7,418 | 2,381 | 32.1% | 58,451 | 55,278 | 3,173 | 5.7% |
| Tax Relief and Other | 7,574 | 13,007 | (5,433) | -41.8% | 886,302 | 654,891 | 231,411 | 35.3% |
| Capital Outlay | 0 | 0 | 0 | N/A | 255 | 0 | 255 | N/A |
| Debt Service | 17,894 | 20,263 | (2,368) | -11.7% | 206,520 | 214,171 | (7,651) | -3.6% |
| Pending Payroll | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| **Total Expenditures & ISTV's** | **1,691,338** | **1,931,699** | **(240,361)** | **-12.4%** | **13,435,274** | **13,510,154** | **(74,880)** | **-0.6%** |
| **Transfers Out:** | | | | | | | | |
| OPER TRF OUT-OTH | 0 | 0 | 0 | N/A | 49,989 | 28,500 | 21,489 | 75.4% |
| OPER TRF OUT-TEMPORARY | 0 | 0 | 0 | N/A | 971,337 | 938,866 | 32,471 | 3.5% |
| **Total Transfers (Out)** | **0** | **0** | **0** | **N/A** | **1,021,326** | **967,366** | **53,960** | **5.6%** |
| **Total Fund Uses** | **1,691,338** | **1,931,699** | **(240,361)** | **-12.4%** | **14,456,600** | **14,477,520** | **(20,920)** | **-0.1%** |

**Table 4**
**GENERAL REVENUE FUND DISBURSEMENTS**
**ACTUAL FY 2010 VS ACTUAL FY 2009**
**($ in thousands)**

| Functional Reporting Categories Description | MONTH DECEMBER FY 2010 | MONTH DECEMBER FY 2009 | MONTH $ VAR | MONTH % VAR | YEAR-TO-DATE ACTUAL FY 2010 | YEAR-TO-DATE ACTUAL FY 2009 | YEAR-TO-DATE $ VAR | YEAR-TO-DATE % VAR |
|---|---|---|---|---|---|---|---|---|
| Primary, Secondary and Other Education | 287,108 | 288,366 | (1,258) | -0.4% | 3,611,773 | 3,583,689 | 28,084 | 0.8% |
| Higher Education | 198,490 | 185,200 | 13,290 | 7.2% | 1,249,969 | 1,359,420 | (109,451) | -8.1% |
| Public Assistance and Medicaid | 964,104 | 916,020 | 48,084 | 5.2% | 5,632,277 | 6,088,851 | (456,575) | -7.5% |
| Health and Human Services | 52,208 | 74,642 | (22,433) | -30.1% | 539,956 | 650,119 | (110,163) | -16.9% |
| Justice and Public Protection | 128,976 | 122,589 | 6,387 | 5.2% | 1,027,913 | 1,134,968 | (107,055) | -9.4% |
| Environmental Protection and Natural Resources | 5,173 | 5,360 | (187) | -3.5% | 52,924 | 62,771 | (9,847) | -15.7% |
| Transportation | 1,172 | 4,857 | (3,685) | -75.9% | 9,643 | 13,374 | (3,731) | -27.9% |
| General Government | 18,840 | 25,128 | (6,288) | -25.0% | 159,293 | 212,279 | (52,986) | -25.0% |
| Community and Economic Development | 9,800 | 12,357 | (2,557) | -20.7% | 58,451 | 82,089 | (23,638) | -28.8% |
| Tax Relief and Other | 7,574 | 3,604 | 3,970 | 110.1% | 886,302 | 790,706 | 95,596 | 12.1% |
| Capital Outlay | 0 | 150 | (150) | N/A | 255 | 187 | 68 | 36.4% |
| Debt Service | 17,894 | 21,084 | (3,190) | -15.1% | 206,520 | 323,334 | (116,814) | -36.1% |
| Pending Payroll | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| **Total Expenditures & ISTV's** | **1,691,338** | **1,659,357** | **31,981** | **1.9%** | **13,435,274** | **14,301,787** | **(866,514)** | **-6.1%** |
| **Transfers Out:** | | | | | | | | |
| OPER TRF OUT-BUD STABILIZATION | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| OPER TRF OUT-OTH | 0 | 9,236 | (9,236) | N/A | 49,989 | 240,034 | (190,045) | -79.2% |
| OPER TRF OUT-TEMPORARY | 0 | 0 | 0 | N/A | 971,337 | 604,470 | 366,868 | 60.7% |
| **Total Transfers (Out)** | **0** | **9,236** | **(9,236)** | **N/A** | **1,021,326** | **844,504** | **176,823** | **20.9%** |
| **Total Fund Uses** | **1,691,338** | **1,668,593** | **22,746** | **1.4%** | **14,456,600** | **15,146,291** | **(689,691)** | **-4.6%** |

## *FUND BALANCE*

***The GRF ending fund balance estimate presented below does not reflect the December passage of H.B. 318 which delays the final installment of the personal income tax reduction from 2009 until 2011. The effect of H.B. 318 on the GRF ending fund balance will be reflected in the February report.***

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2010. Based on the estimated revenue for FY 2010 and the estimated FY 2010 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2010 is an estimated $66.8 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2010 nor should it be considered as equivalent to the FY 2010 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
FY 2010
($ in thousands)

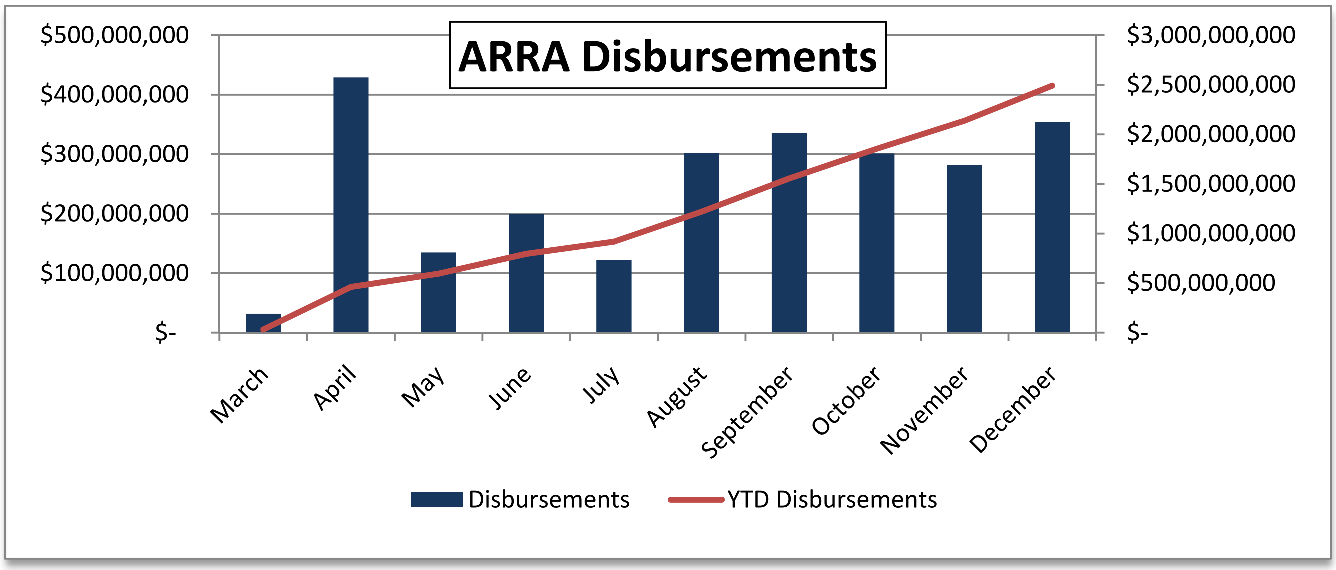
| | |
|---|---|
| **July 1, 2009 Beginning Cash Balance** | **$ 734,526** |
| Plus FY 2010 Estimated Revenues | 16,401,656 |
| Plus FY 2010 Estimated Federal Revenues | 7,184,275 |
| Plus FY 2010 Estimated Transfers to GRF | 1,566,706 |
| **Total Sources Available for Expenditure & Transfer** | **25,887,163** |
| Less FY 2010 Estimated Disbursements | 24,452,724 |
| Less FY 2010 Estimated Total Encumbrances as of June 30, 2009 | 293,279 |
| Less FY 2010 Estimated Transfers Out | 1,074,343 |
| **Total Estimated Uses** | **25,820,346** |
| **FY 2010 ENDING FUND BALANCE** | **66,817** |

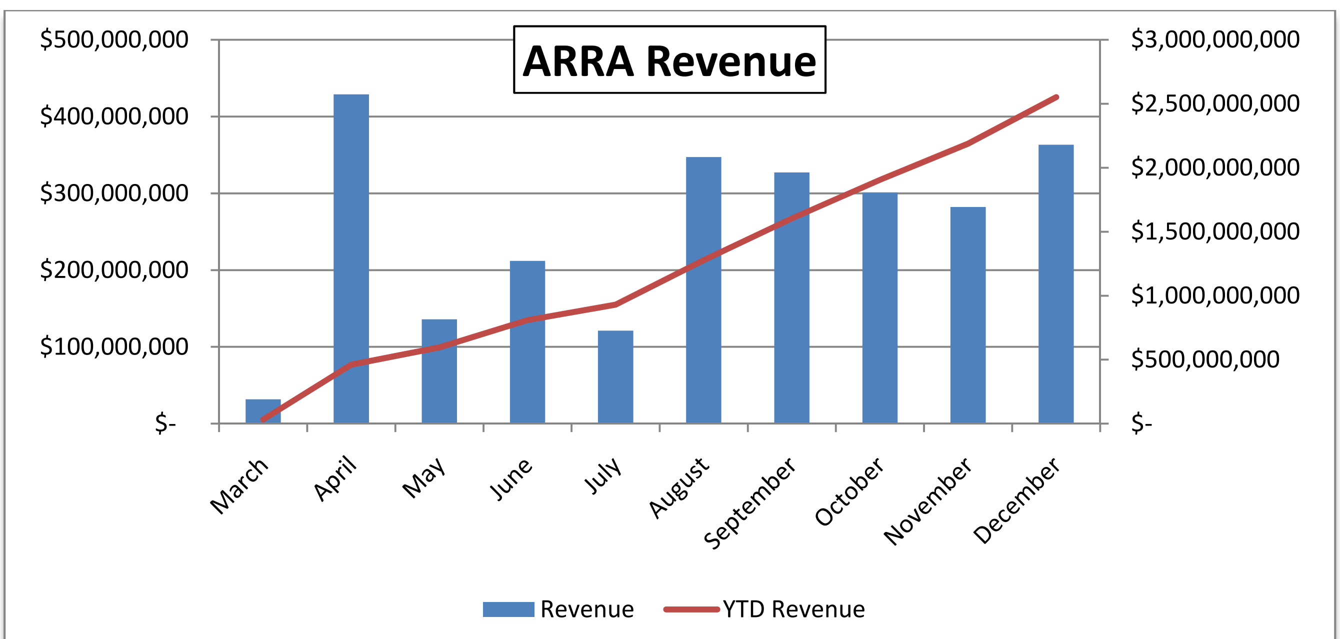
# *ARRA Monthly Revenue and Disbursements Report*

**ARRA Revenue and Disbursements by State Fiscal Year**

On February 17, 2009 President Obama signed the American Recovery and Reinvestment Act into law. Ohio began receiving funds in March 2009 and has since received $2.551 billion in federal revenue and disbursed $2.491 billion as of December 31, 2009.

| | Revenue | Disbursements |
|---|---|---|
| FY 2009 | $808,753,636 | $795,630,983 |
| FY 2010 | $1,742,415,258 | $1,694,914,682 |
| **Total** | **$2,551,168,893** | **$2,490,545,664** |



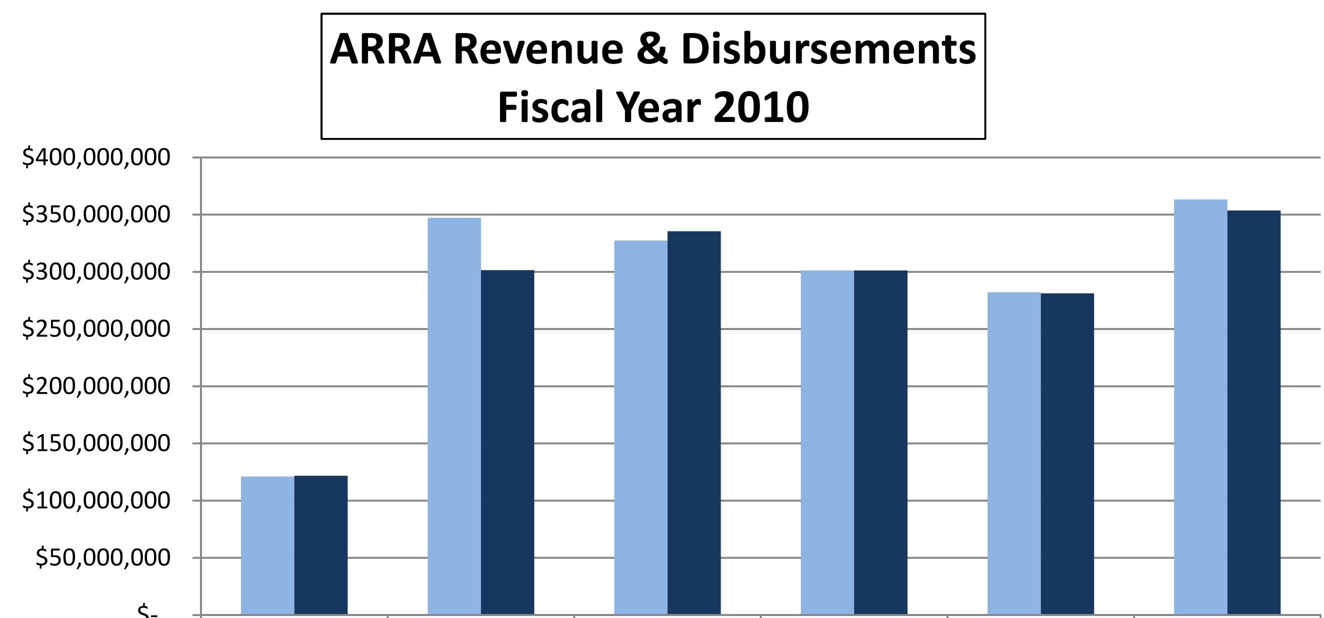
**ARRA Revenue and Disbursements**
**for the month of December**

| Revenue | Disbursements |
|---|---|
| $363,345,331 | $353,650,774 |

**December – Fiscal Year 2010**

**ARRA Revenue**
December 2009 Federal ARRA revenue received by all state agencies was $363.3 million. This was an increase of $81.1 million or 29% from the month of November.

**ARRA Disbursements**
December 2009 Federal ARRA disbursements for all state agencies were $353.7 million. This was an increase of $72.4 million or 26% from the month of November. The variance between the amount of revenue and disbursements is primarily due to the different reimbursement or expenditure practices by the administering federal agencies.

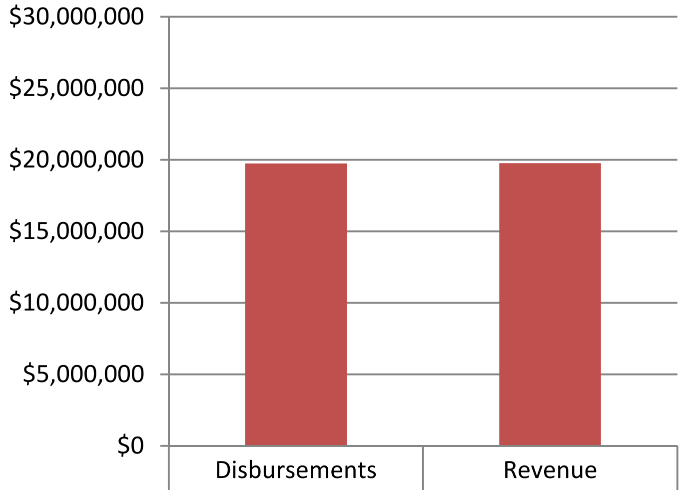



| | July | August | September | October | November | December |
|---|---|---|---|---|---|---|
| Revenue | $121,147,508 | $347,228,832 | $327,301,022 | $301,200,043 | $282,192,521 | $363,345,331 |
| Disbursements | $121,842,461 | $301,490,365 | $335,516,284 | $301,140,027 | $281,274,771 | $353,650,774 |

**Largest Amount of Activity by Program**

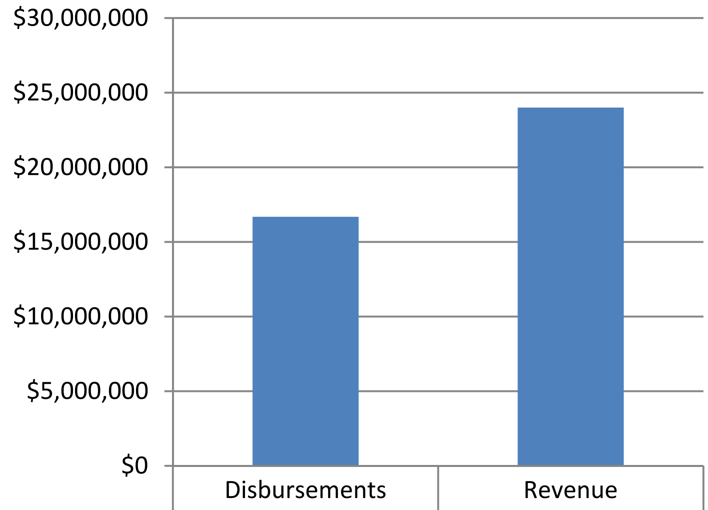
During the month of December, there were 61 programs which received and disbursed federal funds. This is an increase of 7 programs from November. Of those programs, the six highlighted below accounted for 87% of the revenue received and 87% of the funds disbursed.

## EDU - Fiscal Stabilization - K12 Education



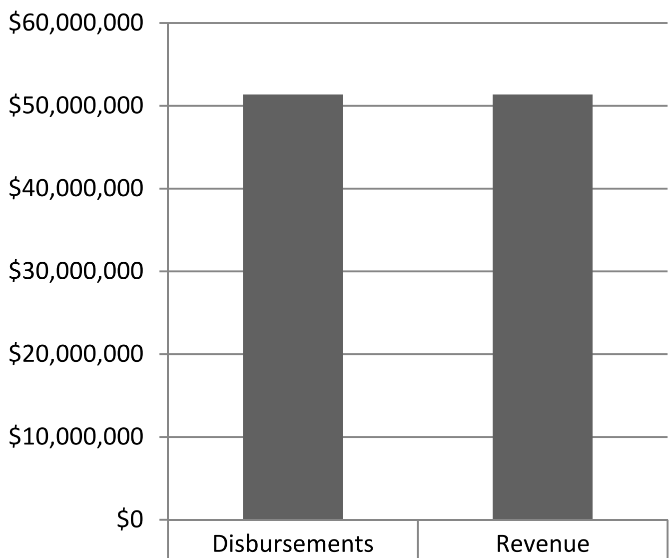

| | Disbursements | Revenue |
|---|---|---|
| EDU - Fiscal Stabilization - K12 Education | $19,740,830 | $19,755,157 |

## DOT - Highway Infrastructure



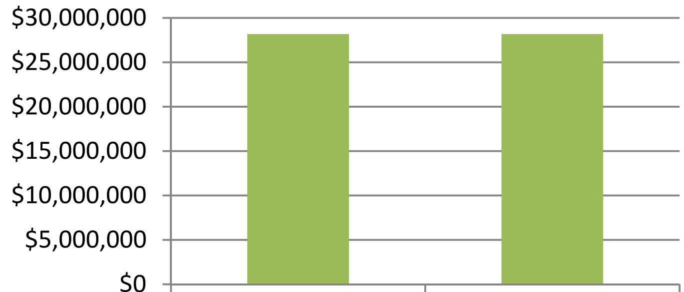

| | Disbursements | Revenue |
|---|---|---|
| DOT - Highway Infrastructure | $16,687,168 | $24,009,839 |

## DRC - Fiscal Stabilization - General Government Actitivies



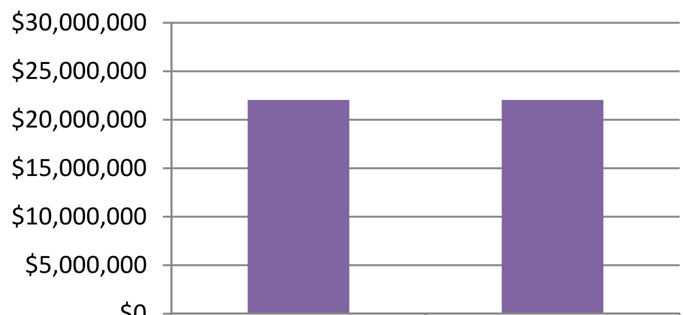

| | Disbursements | Revenue |
|---|---|---|
| DRC - Fiscal Stabilization - General Government Actitivies | $51,366,720 | $51,366,720 |

## BOR Fiscal Stabilization - Higher Education



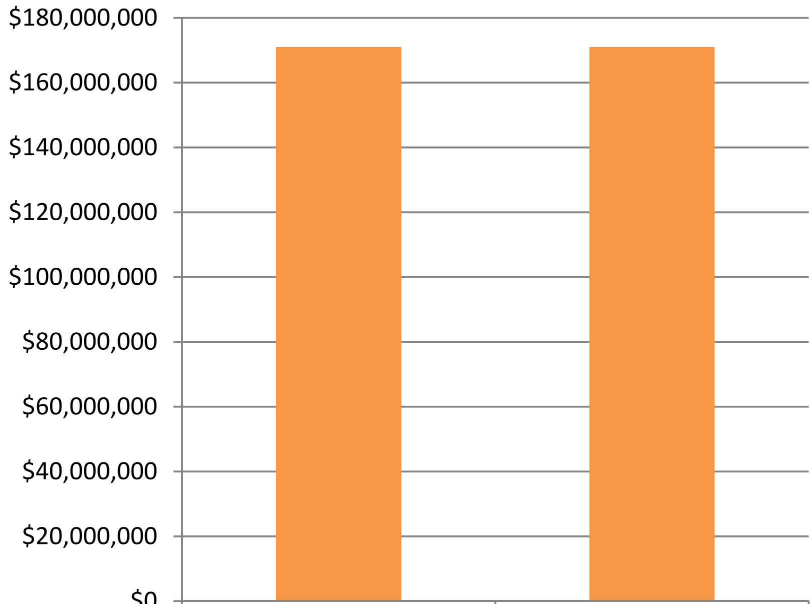

| | Disbursements | Revenue |
|---|---|---|
| BOR Fiscal Stabilization - Higher Education | $28,170,442 | $28,170,442 |

## EDU - ARRA Individuals with Disabilities Education Act (IDEA)




| | Disbursements | Revenue |
|---|---|---|
| EDU - ARRA Individuals with Disabilities Education Act (IDEA) | $22,039,217 | $22,039,217 |

# JFS - Enhanced Federal Medicaid Assistance Program - Recovery




| | Disbursements | Revenue |
|---|---|---|
| JFS - Enhanced Federal Medicaid Assistance Program - Recovery | $170,986,566 | $170,986,566 |