OBM

Ted Strickland
Governor

J. Pari Sabety
Director

February 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 January 31, 2010 as well as highlights of regional and national economic indicators that are important to understanding the current state and direction of Ohio's economy.

Evidence continues to build that the national economy is slowly emerging from the recession. Real GDP increased 5.7% in the fourth quarter after increasing a revised 2.2% in the third quarter. In spite of these two consecutive quarterly gains, real GDP fell 2.4% in 2009 – the largest calendar year decline since 1946. A decrease in the rate of inventory liquidation propped up real GDP in the fourth quarter, accounting for nearly 60% of the increase. Final sales of domestic product, which exclude changes in business inventories, increased a modest 2.2% after rising 1.5% in the third quarter. This weakness in final sales growth provides some support for the widely held belief that subdued consumer spending will restrain economic growth in the current recovery to below average levels.

Nonfarm payroll employment in January reflected customary annual benchmark revisions that shed additional light on the impact of the recession. Employment in December was 1.36 million jobs lower than previously estimated. Based on January employment numbers, the national economy has shed 8.42 million jobs since the recession officially began in December 2007. This loss of jobs is the largest in both absolute number and in percentage terms in any postwar recession.

Ohio and our neighboring states have not escaped the pain of the impact of the national recession on employment. For the Midwest region as a whole, employment was down 3.5% during 2009, compared to a nearly equal decline in employment of 3.6% for states outside of the region. Michigan has been hit the hardest with a 2009 employment decline of 5.1% followed by Indiana at 3.6%. The decline in Ohio of 3.5% matches the decline for the Midwest region as a whole.

The monthly and fiscal year GRF revenue and spending estimates and the ending fund balance contained in this report reflect the passage in December of H.B. 318 which delayed the final installment of the personal income tax rate reduction from 2009 until 2011. Those adjustments are of significance for only the personal income tax and elementary and secondary education spending.

Ohio's January tax receipts fell short of estimates by $108.4 million (6.5%) as a marked negative variance in personal income tax of $139.5 million was partially offset by overages in sales and corporate franchise tax receipts. The January underperformance reversed the year-to-date positive variance experienced through the first half of the fiscal year and brought total tax receipts below the year-to-date estimate by $99.6 million (1.1.%). While the performance of the personal income tax in January is of concern, it is important to note that year-to-date collections from the withholding component are right on the estimate with the weakness concentrated in the quarterly estimated payments. On the plus side, both auto sales and cigarette taxes continue to over-perform and build upon their positive year-to-date variances relative to estimates.

Featured Analysis – Impact of Census 2010. This report includes a featured analysis relating to the potential impact of the decennial census (Census 2010) on federal funding levels for important State of Ohio programs.

ARRA Revenue and Disbursement Update. Attached to this report is an appendix detailing Ohio's monthly and cumulative 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 $2.74 billion has been received and $2.69 billion has been expended.

FY 2010-11 Budget Highlights. OBM is pleased to announce the launch of its redesigned Budget Highlights Web pages. The new design provides state agencies, fiscal officers, and others access to detailed budget information through easier navigation. The new Web pages can be viewed at www.obm.ohio.gov and include:

- GRF revenue and appropriation analyses and charts.
- Fund balance itemization.
- Policy items.
- Budget resources.
- Archived materials.

MONTHLY FINANCIAL REPORT
TABLE OF CONTENTS

ECONOMIC SUMMARY

Economic Performance Overview

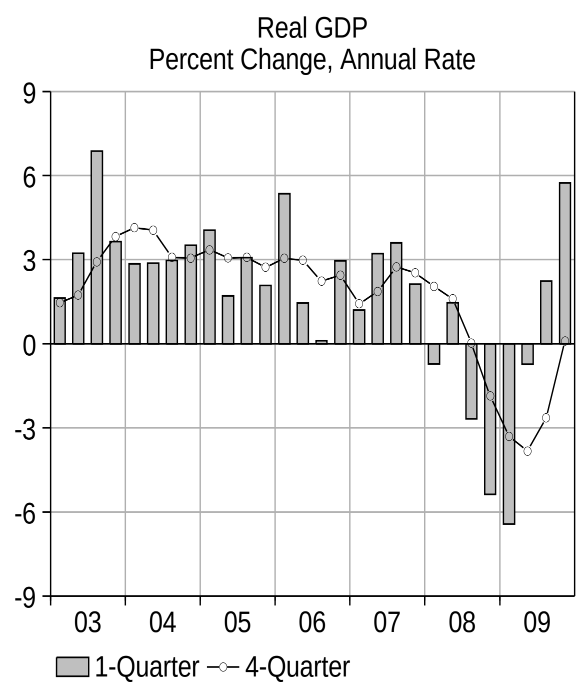
- Real GDP increased 5.7% in the fourth quarter after a 2.2% increase in the third quarter. Analysts estimate a growth rate of 3% to 4% in the first half of 2010.
- Employment was little changed across the country from November through January. The unemployment rate decreased to 9.7% in January from the high of 10.1% in October in a key sign that the recession ended last summer.
- Ohio employment continued to decline in December, and the unemployment rate increased to 10.9%.
- Leading economic indicators remain consistent with economic recovery both nationally and Ohio.

Economic Growth

Real GDP increased a somewhat better-than-expected 5.7% in the fourth quarter. The increase followed a modest 2.2% increase in the third quarter and is the second consecutive quarterly increase. Prior to the third quarter, real GDP decreased in four straight quarters by a total of 3.8% – the largest decline during a four-quarter stretch in the record dating back to 1948.

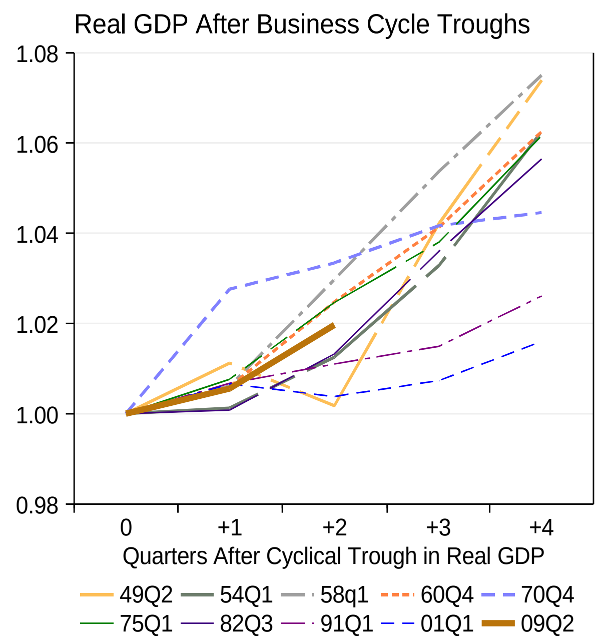
Real GDP fell 2.4% in 2009 – the largest calendar year decline since the transition from wartime to a peacetime economy in 1946 and, before that, the recession year of 1938. Compared with a year earlier, fourth quarter real GDP was higher by 0.1%. Final sales of domestic product, which exclude changes in business inventories, increased 2.2% after rising 1.5% in the third quarter. Compared with a year earlier, final sales were marginally higher by 0.1%.

A decline in inventory liquidation in response to increases in demand accounted for approximately 60% of the 5.7% rise in real GDP. Exports contributed one-third of the gain while personal consumption expenditures accounted for approximately one-fourth. Production of motor vehicles and parts also added to real GDP growth, but by less than in the third quarter.

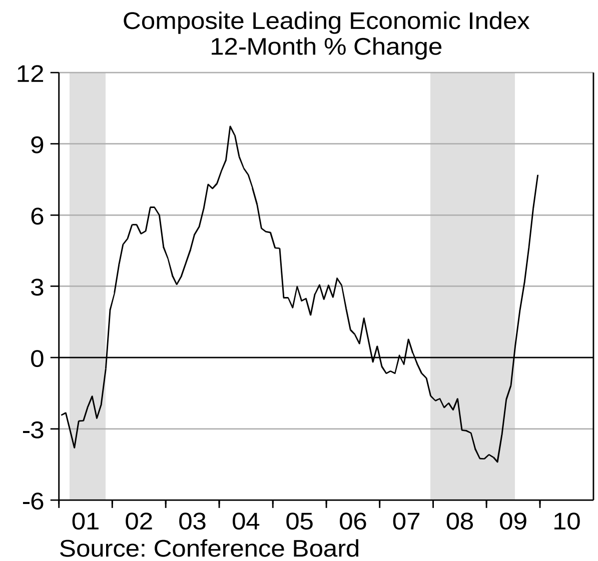


Business investment in equipment and software increased 13.3% (the strongest gain since the first quarter of 2006), accounting for approximately one-eighth of the rise in GDP. Investment in residential structures increased at a moderate rate, but extended the string of quarterly increases to two. Growth did not depend on government spending, which was little changed on the quarter. An increase in non-defense spending offset a decline in defense spending, while state and local government outlays declined slightly, for the fourth time over the last five quarters.

Business investment in structures posted its sixth consecutive major quarterly decline, subtracting approximately one-half percentage point from real GDP growth. Much of the increase in aggregate demand was satisfied by production overseas, as imports increased 10.5%.



The trajectory of production early in this recovery – assuming that the recession ended in the middle of last year – is typical compared with the nine other recoveries in the postwar period that lasted more than one year. Growth in real GDP during the second half of 2009 was stronger than in the first half-year of five previous recoveries and weaker than in four. The inventory swing has contributed a disproportionate share of the growth so far in this fledgling recovery, however. Growth in final sales so far has been weaker than at this stage in seven previous recoveries, and stronger only than in the recovery from the 1990-91 recession.

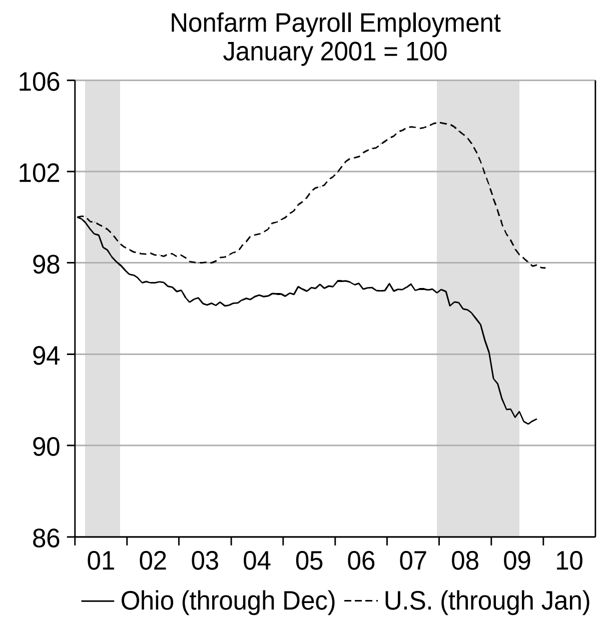


The fourth quarter data are early estimates, and could be revised significantly. For example, third quarter growth was initially reported as 3.5% only to be revised down to 2.2%. Even aside from potential revisions, two quarters are a very small dataset. But the weakness in final sales growth so far does provide some support for the widely held notion that subdued consumer spending will keep real GDP growth below average at least for a while in the current recovery.

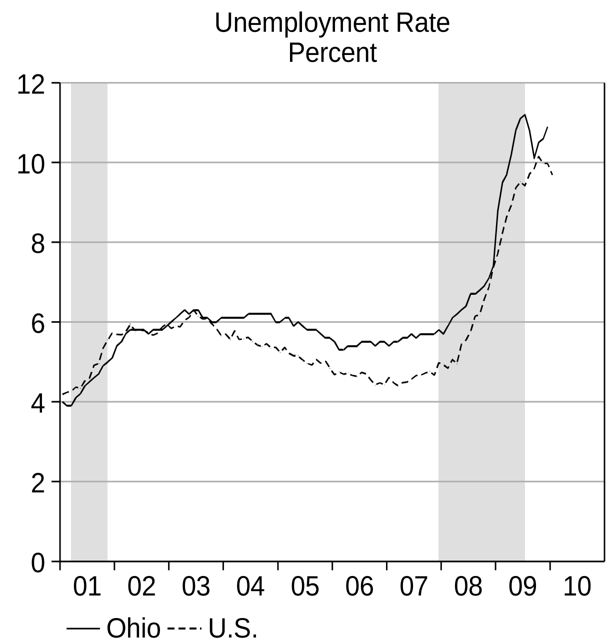
The message from leading indicators that the recession has ended has continued to strengthen. The advance of the **Weekly Leading Index** published by the Economic Cycle Research Institute has continued to pick up in recent weeks after leveling off in October and November. The index remains highly consistent with sustained economic growth. The **Leading Economic Index** from the Conference Board increased for the ninth consecutive month in December, lifting the 6-month smoothed rate of change to 7.7% – 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 ninth straight month. The ratio has reached its trough at about the same time as the overall economy in most past cycles.

Employment



Labor markets have stabilized in the last three months. **Nonfarm payroll employment** decreased by 20,000 jobs in January after a loss of 150,000 jobs in December and a gain of 64,000 jobs in November, according to the monthly survey of employers. Employment in December was 1.36 million jobs lower than previously reported, reflecting annual benchmark revisions. The level of employment in January was 8.42 million jobs lower than when the recession officially began in December 2007. This loss of jobs is the largest in both absolute number and in percentage terms in any postwar recession.



The U.S. **unemployment rate** was 9.7% in January – down from 10.0% in November and December and down 0.4 percentage points from the peak for the cycle of 10.1% in October. A total of 14.8 million people were reported as unemployed in January, down by 430,000 people from December. According to the survey of households that is used to calculate unemployment, total employment increased by 541,000 workers during January. Employment changes from the employer and household surveys often diverge on a monthly basis.

The broadest measure of unemployment, which includes people who gave up looking for work because they became discouraged and those working part-time for economic reasons, declined to 16.5% in January from 17.3% in December. This measure was in the 8% to 10% range for most of the period following the 2001 recession through 2007.

The recent pattern in the unemployment rate is significant, if not quite conclusive, evidence that the recession ended last summer. Each of the ten previous recessions had already ended by the time the unemployment rate decreased by at least 0.4 percentage points from the peak during the previous twelve months. The lag from the end of recession to the decline of at least 0.4

percentage points ranged from one month following the 1949 recession to 24 months following the 2001 recession. The median lag was six months.

The **length of the workweek** in manufacturing and in the private sector overall increased, lifting total hours worked in January. Average hourly earnings increased 0.2%. Compared with a year earlier **average hourly earnings** were up 2.0% – down from the cyclical peak of 3.6% in February 2009 and the lowest since 1.8% in March 2004. The modest pick-up in demand has caused businesses to increase labor input by extending the workweek, but the large number of unemployed and underemployed workers continues to weigh on compensation.

Ohio employment decreased 16,700 jobs in December and the November change was revised down from a gain of 5,400 jobs to a loss of 400 jobs. The December level marked a new low for the cycle. Employment has decreased by 185,000 jobs, or 3.5%, during the twelve months ending in December. The unemployment rate increased to 10.9% in December from 10.6% in November.

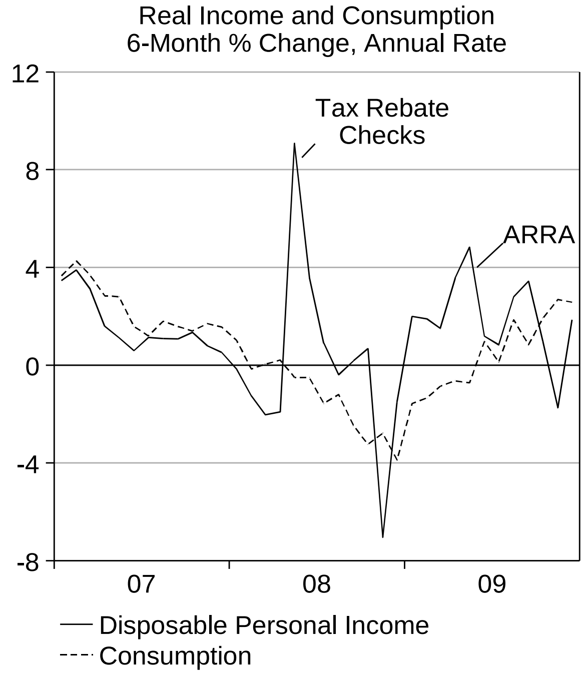
Several sectors posted large job losses in December, led by trade, transportation and utilities (-7,500) and professional and business services (-6,500). The decline in professional and business services followed three months of strong gains. Employment in other services fell by 2,500 jobs and employment in construction fell by 1,300 jobs. The largest and only significant increase in employment occurred in manufacturing (+1,400).

Of the eleven **Ohio Metropolitan Statistical Areas**, only Sandusky added jobs (+800) during the twelve months ended in December. Employment fell by the largest amounts in Cleveland (-42,300) and Cincinnati (-31,900). Employment also was notably lower in Columbus (-16,400), and Youngstown (-13,500). Akron and Dayton each lost 12,600 jobs.

Employment fell substantially in Ohio and each of the **contiguous states** during the year ending in December. 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 5.1% in Michigan, 3.6% in Indiana, 3.5% in Ohio, 3.3% in Kentucky, 2.6% in Pennsylvania, and 2.5% 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 3.5% during the year ending in December, compared with a decline of 3.6% for all states outside the region combined.

The **coincident economic index** for Ohio, compiled by the Federal Reserve Bank of Philadelphia, slipped to a new low for the cycle in December after increasing for three straight months. The index was down 5.6% compared with a year earlier, but the year-over-year rate of change improved further from the cycle low of -9.2% reached in July.

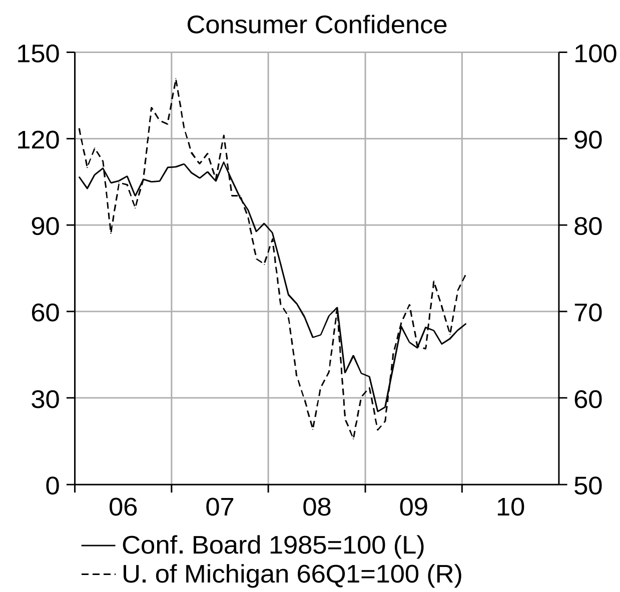
Consumer Income and Consumption



Personal income increased 0.4% in December, lifting the year-over-year change above zero for the first time since December 2008. Compared with a year earlier, personal income was up 0.5%. The year-over-year change reached a low of -2.6% last June. Disposable personal income increased 0.3% to 1.5% above the year earlier level. Disposable income is personal income net of taxes. Reflecting still-weak labor markets, wage and salary disbursements, which drive a key component of income tax collections, increased just 0.1% in December and remained 2.0% below the year earlier level.

Personal consumption expenditures increased 0.2% in December following a 0.7% increase in November. The level of consumption was 4.0% higher than the low reached in December 2008. Same-store sales increased 3.1% from a year earlier in January, according to the International Council of Shopping Centers, topping expectations. The year-over-year change has been positive in four of the last five months. Strength was widespread across retail categories. Sales increased 6.4% at apparel stores, 2.9% at department stores and 10.9% at luxury stores. Sales increased 2.9% and 8.0% at discount chains and wholesale clubs, respectively.

Sales of light motor vehicles decreased to 10.8 million units at an annual rate in January from 11.2 million units in December. The January pace was 3.7% below the average selling pace of 11.2 million units during the second half of 2009.



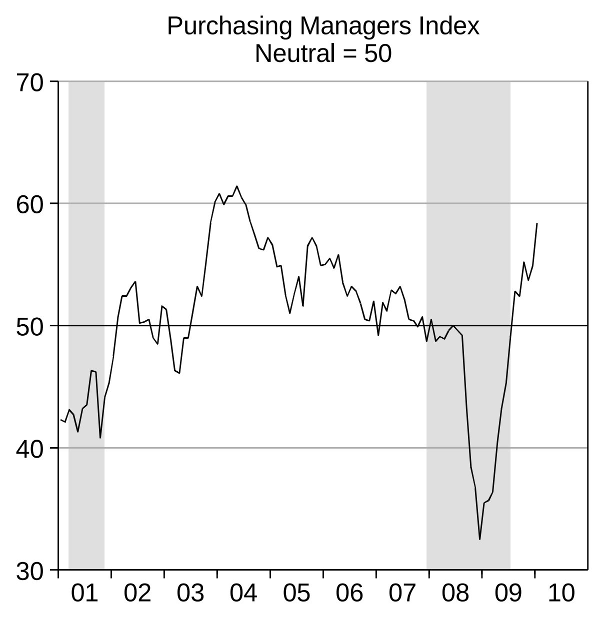
Consumer attitudes improved modestly again in January, continuing the uneven trend higher since the lows reached in early 2009. The Conference Board and Reuters/University of Michigan measures both reached the highest levels since before the financial crisis erupted in the summer of 2008. Even so, the Conference Board measure remains well below the average level observed in past recessions and the Reuters/University of Michigan measure is only moderately above the average recession level.

Manufacturing

Industrial production increased 0.6% in December – the sixth consecutive rise. A rebound in utility output accounted for much of the increase. After falling 2.4% in November due to mild weather, utility output increased 5.9% in December as temperatures returned to normal. Production in manufacturing slipped 0.1% following a 0.9% gain in November and a 0.1% decrease in October. Since the low point reached in June, industrial production has increased at an annual rate of 9.7%.

The increase in industrial production in December strengthens the case that the recession ended in the May-July period. Production (which troughed in June 2009) reached its trough within one month of the end of each of the previous ten recessions. The low point in production was one month early at the 1954 trough and one month late at the 1975 and 1982 business cycle troughs. The timing of the low point in production exactly matched the timing of the end of recession in the other seven cycles.

Midwest manufacturing output decreased 0.3% in December, according to the Federal Reserve Bank of Chicago. Increases in production of machinery (+0.6%) and steel (+1.3%) were more than offset by declines in production of resources (-1.0%) and motor vehicles and parts (-0.2%). Although Midwest manufacturing output remained 9.9% below the year earlier level, it has increased 6.5% from the cyclical low reached in June.

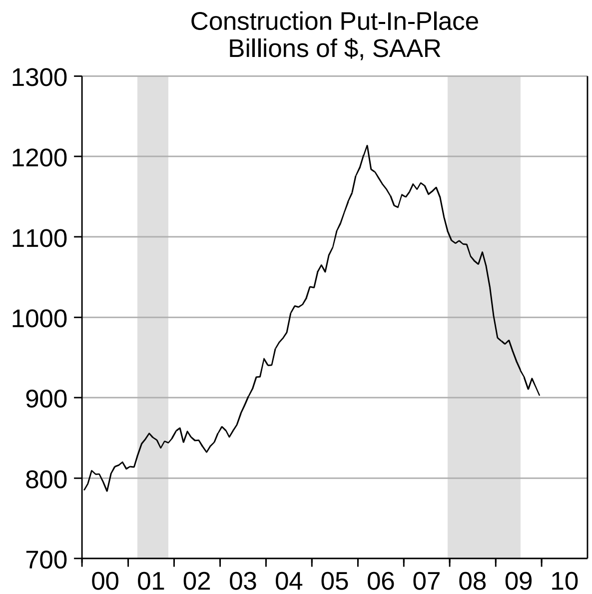


Purchasing managers at manufacturing companies reaffirmed the positive tone of recent months in January. The overall index increased to 58.4 – up from the cyclical low of 32.4 reached in December 2008 and its highest level since August 2004. Reports of higher new orders were more widespread, with the index rising from 64.8 to 65.9. Reports of higher production also were more widespread, pushing up the index from 59.7 to 66.2.

The strength in **factory orders and shipments** observed since approximately mid-2009 continued in December. New orders increased 1.0% – the eighth gain in the last nine months – to 8.5% above the cyclical low reached in March. Shipments increased 1.9% for sixth gain in the last seven months – to 8.4% above the cyclical low reached in May. December non-defense capital goods orders excluding aircraft, which often reflect the underlying trend in manufacturing activity, were 13.4% higher than the April low.

Construction

Total **construction put-in-place** decreased 1.2% in December, and the November change was revised down from -0.6% to -1.2%. **Nonresidential construction** managed a small increase, while **residential building** fell 2.8%. The December decrease in total construction was the seventh decline in the last eight months. Nonetheless, the year-over-year rate of change has improved from -15.8% in September to -9.9% in December.



Underneath the weak overall trend, single-family housing construction continued to advance, rising 0.6% for the sixth straight month. While single-family homebuilding has been increasing, 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 4.4% in December to only $21.2 billion at a seasonally adjusted annual rate.

Adjustments continued in the residential sector as 2009 came to a close. Housing starts were 15.9% below the year earlier level in the fourth quarter, but that is up significantly from the cyclical low of 50.2% in the first quarter of 2009. **Midwest housing starts** were down only 3.0% from the year earlier in the fourth quarter. House prices increased modestly in November, according to the latest data from the S&P/Case-Shiller price indexes, indicating that the long slide in prices is over or near completion. The number of unsold homes on the market declined again in December, but remains elevated relative to the normal level.

Meanwhile, private nonresidential construction put-in-place appears to have stabilized in the last two months. Tight credit conditions, falling property prices, high and rising vacancy rates and falling employment continue to restrain activity, but the **Architecture Billings Index** (ABI) compiled by the American Institute of Architects has been carving out an erratic upward trend since mid-year. The Billings Index increased modestly to 43.4 in December. The Midwest Billings Index also moved modestly higher to 46.6. Until the Billings Index rises consistently above 50, however, a durable upturn in nonresidential construction will remain 9-12 months away, according to the AIA.

REVENUES

The monthly and fiscal year GRF revenue estimates contained in this report reflect the December passage of H.B. 318 which delayed the final installment of the personal income tax rate reduction from 2009 until 2011.

January GRF revenue totaled $2,246.8 million which was $149.0 million (6.2%) below estimates. This negative variance was the result of weaker-than-expected performance primarily in the personal income tax which offset better-than-expected performances in a number of other tax sources. Total GRF revenue for the fiscal year-to-date is provided by category in the following table ($ 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	($99.6)	(1.1%)
Non-tax receipts	Federal grants, investment earnings, licenses & fees, other income, intrastate transfers	($234.9)	(4.8%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	($40.9)	(7.9%)
TOTAL REVENUE VARIANCE:		($375.4)	(2.5%)

With respect to January tax receipts, a negative variance in the personal income tax wiped out better than expected results in the non-auto and auto sales, corporate franchise and cigarette taxes. This January negative variance of $108.4 million reversed what had been a positive year-to-date performance and shifted it into negative territory as year-to-date tax receipts are now $99.6 million (1.1%) below estimates. On a year-over-year basis, tax receipts through January were $1,005.0 million (9.8%) below tax receipts collected through the same period a year ago.

Individual Sources Above Monthly Estimate		Individual Sources Below Monthly Estimate	
Non-Auto Sales Tax	$3.8	Personal Income Tax	($139.5)
Auto Sales Tax	$6.2	Public Utility Tax	($8.2)
Corporate Franchise Tax	$24.5	Kilowatt Hour Tax	($1.2)
Cigarette Tax	$6.3	Federal Grants	($12.5)
License and Fees	$4.3	Earnings on Investments	($9.7)
ISTV's	$1.1	Other Income	($4.5)
Other Sources Above Estimate	$0.2	Liquor Transfers	($3.0)
		Temporary Transfers In	($16.3)
		Other Sources Below Estimate	($0.5)
Total above:	**$46.4**	**Total below:**	**($195.4)**

Non-Auto Sales and Use Tax

January non-auto tax receipts totaled $616.3 million which was $3.8 million (0.6%) above the estimate. While the tax was again above estimate and as has been the case in recent months, this overage was driven by the managed care company portion of the tax base which contributed about $26.0 million to January receipts. Year-over-year, January receipts were $30.5 million (5.2%) above the same month a year ago, but total year-to-date receipts are still $140.8 million (3.6%) below FY 2009 receipts for the same period.

Auto Sales Tax

Auto sales tax receipts continued to perform better than forecast in January as receipts totaled $61.3 million, resulting in a positive variance of $6.2 million (11.3%). For the year-to-date, auto sales tax receipts are now $30.0 million (6.4%) above estimate. Despite the relatively strong year-to-date performance, on a year-over-year basis, receipts for January were $4.0 million (6.2%) below collections for the same month a year ago and total year-to-date receipts are $12.3 million (2.4%) below collections for the first seven months a year ago.

Personal Income Tax

Personal income tax receipts in January totaled $754.4 million, falling short of the monthly estimate by $139.5 million (15.6%). Among the components of the tax, quarterly estimated payments were the primary source of the negative variance accounting for $95.4 million of the January shortfall. In addition to quarterly payments, the withholding component of the tax also came up short with a negative variance of $45.1 million (6.8%). Employer withholding had been on an improving trend before being interrupted in January. Further analysis is being undertaken to determine whether the January withholding result is due to poor labor market conditions and/or other factors that may indicate continuing weakness or merely an aberration.

On a year-to-date basis, personal income tax receipts through January were below estimate by $97.7 million (2.3%), venturing into negative territory for the first time in FY 2010. This year-to-date underperformance is concentrated in the quarterly estimated payments as withholding is essentially right on the estimate through the first seven months of the fiscal year. The negative performance in January exacerbated the drop off in receipts in FY 2010 relative to FY 2009 as the year-over-year negative variance has widened to $655.6 million (13.5%).

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

	ESTIMATE JAN	ACTUAL JAN	$ VAR JAN	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$664.0	$618.9	($45.1)	$4,017.6	$4,021.1	$3.5
Quarterly Est.	$358.1	$262.7	($95.4)	$719.3	$616.3	($103.0)
Trust Payments	$9.9	$4.4	($5.5)	$23.6	$15.6	($8.0)
Annual Returns & 40 P	$19.0	$12.3	($6.7)	$136.2	$136.9	$0.7
Other	$1.2	$0.1	($1.1)	$34.9	$42.4	$7.5
Less: Refunds	($101.1)	($87.3)	$13.8	($293.2)	($287.3)	$5.9
Local Distr.	($57.2)	($56.7)	$0.5	($355.9)	($360.3)	($4.4)
Net to GRF	**$893.9**	**$754.4**	**($139.5)**	**$4,282.5**	**$4,184.8**	**($97.7)**

Corporate Franchise Tax

Corporate franchise tax receipts for the month of January were $42.5 million, against the estimate of $18.0 million. Large payments received late in January are believed to have driven this positive variance. If such payments reflect a pull-forward from current month, combining two months data for January and February will reveal a closer-to-estimate performance. As fiscal year 2010 is the final year for completing the phase out of this tax for most taxpayers, comparing the performance on a year-over-year basis will not be 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. After a large shortfall in November and a smaller variance in December, the CAT posted another negative variance in January as receipts were $14.5 million (36.2%) short of the estimate of $54.5 million. For the year-to-date, the CAT has collected $686.4 million in receipts or $63.7 million less than estimated. As a result, temporary transfers into the GRF to reimburse it for funds advanced to make payments to school districts and local governments in August and September are also behind schedule. OBM and the Department of Taxation will thus monitor the performance of this tax closely to determine the extent to which this shortfall will continue over the remainder of the fiscal year.

Public Utility Tax

During the month of January, public utility tax receipts totaled $0.3 million or $8.2 million below the estimate. This $8.2 million monthly variance was due to an assumption made in constructing the monthly estimates which were based on previous years where one natural gas company had consistently remitted their payment several weeks early, thus hitting in January instead of February. However, this did not occur this year and as a result, receipts were well short of the $8.5 million estimate. As this variance is a timing issue, this shortfall should be made up in February's receipts. For the year-to-date, this tax source is $25.6 million below the estimate (30.9%), which is attributed to a combination of lower than expected prices for natural gas and milder than expected weather during the fall and the timing issue described above.

Kilowatt Hour Tax

The kilowatt hour tax during the month of January posted receipts of $12.9 million, or $1.2 million (8.8%) below the estimate. As a result, the kilowatt hour tax is now $10.8 million (10.7%) below the estimate for the year-to-date. 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 experienced another strong month of performance in January with total receipts of $72.4 million which were $6.3 million above the estimate (9.6%). Through January, cigarette tax receipts continue to be strong, exceeding estimates by $33.9 million (7.7%).

GRF non-tax receipts totaled $631.6 million in January, which was $21.3 million (3.3%) below the estimate. This negative performance relative to estimates is attributable to receiving less in federal Medicaid reimbursement during the month of January than was expected in the estimate, as well as lower than expected investment earnings interest rates have remained near historical lows for an extended period of time.

GRF transfers during the month of January totaled $47.2 million and were $19.3 million (29.0%) below the estimate. This positive variance in January is due to a lower than expected liquor profits transfer and a smaller than estimated temporary transfer as a result of lower than expected CAT revenue.

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

	Month				Year-to-Date			
REVENUE SOURCE	ACTUAL JANUARY	ESTIMATE JANUARY	$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	616,266	612,491	3,775	0.6%	3,742,166	3,750,253	(8,087)	-0.2%
Auto Sales & Use	61,340	55,091	6,249	11.3%	498,678	468,683	29,995	6.4%
Subtotal Sales & Use	677,606	667,582	10,024	1.5%	4,240,845	4,218,936	21,908	0.5%
Personal Income	754,379	893,900	(139,521)	-15.6%	4,184,777	4,282,499	(97,722)	-2.3%
Corporate Franchise	42,481	18,000	24,481	136.0%	(16,545)	(2,039)	(14,506)	-711.4%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	257	8,465	(8,208)	-97.0%	57,163	82,763	(25,600)	-30.9%
Kilowatt Hour	12,864	14,111	(1,248)	-8.8%	90,392	101,202	(10,810)	-10.7%
Foreign Insurance	50	97	(47)	-48.1%	132,847	137,110	(4,263)	-3.1%
Domestic Insurance	6	0	6	N/A	1,242	(820)	2,062	251.5%
Other Business & Property Tax	46	(28)	73	265.0%	226	430	(203)	-47.3%
Cigarette	72,385	66,052	6,332	9.6%	477,140	443,206	33,934	7.7%
Alcoholic Beverage	4,051	4,341	(290)	-6.7%	32,647	33,786	(1,139)	-3.4%
Liquor Gallonage	3,920	3,834	87	2.3%	22,092	21,861	231	1.1%
Estate	0	116	(116)	-100.0%	25,909	29,371	(3,462)	-11.8%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,568,043	1,676,470	(108,426)	-6.5%	9,248,733	9,348,303	(99,570)	-1.1%
NON-TAX RECEIPTS								
Federal Grants	599,259	611,786	(12,527)	-2.0%	4,487,891	4,703,483	(215,592)	-4.6%
Earnings on Investments	9,820	19,500	(9,680)	-49.6%	21,355	38,000	(16,645)	-43.8%
License & Fees	18,100	13,770	4,330	31.4%	38,603	34,991	3,612	10.3%
Other Income	843	5,300	(4,457)	-84.1%	152,370	156,601	(4,232)	-2.7%
ISTV'S	3,552	2,500	1,052	42.1%	6,985	9,051	(2,066)	-22.8%
Total Non-Tax Receipts	631,574	652,856	(21,282)	-3.3%	4,707,203	4,942,127	(234,924)	-4.8%
TOTAL REVENUES	2,199,617	2,329,326	(129,709)	-5.6%	13,955,936	14,290,429	(334,494)	-2.3%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	9,000	12,000	(3,000)	-25.0%	94,000	86,000	8,000	9.3%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	6	0	6	N/A	20,951	37,664	(16,713)	-44.4%
Temporary Transfers In	38,187	54,500	(16,313)	-29.9%	359,941	392,100	(32,159)	-8.2%
Total Transfers	47,193	66,500	(19,307)	-29.0%	474,893	515,764	(40,871)	-7.9%
TOTAL SOURCES	2,246,810	2,395,826	(149,016)	-6.2%	14,430,829	14,806,193	(375,365)	-2.5%

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

REVENUE SOURCE	Month: JANUARY FY 2010	Month: JANUARY 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	616,266	585,753	30,513	5.2%	3,742,166	3,883,010	(140,844)	-3.6%
Auto Sales & Use	61,340	65,389	(4,048)	-6.2%	498,678	510,997	(12,319)	-2.4%
Subtotal Sales & Use	677,606	651,142	26,464	4.1%	4,240,845	4,394,007	(153,162)	-3.5%
Personal Income	754,379	918,217	(163,838)	-17.8%	4,184,777	4,840,353	(655,575)	-13.5%
Corporate Franchise	42,481	132,431	(89,950)	-67.9%	(16,545)	130,905	(147,451)	-112.6%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	257	8,680	(8,423)	-97.0%	57,163	84,803	(27,641)	-32.6%
Kilowatt Hour	12,864	12,161	703	5.8%	90,392	80,204	10,188	12.7%
Foreign Insurance	50	97	(46)	-47.8%	132,847	136,651	(3,804)	-2.8%
Domestic Insurance	6	0	6	N/A	1,242	(772)	2,014	261.0%
Other Business & Property Tax	46	(29)	75	-255.3%	226	372	(145)	-39.1%
Cigarette	72,385	77,578	(5,193)	-6.7%	477,140	501,449	(24,309)	-4.8%
Alcoholic Beverage	4,051	4,264	(214)	-5.0%	32,647	33,265	(618)	-1.9%
Liquor Gallonage	3,920	3,826	94	2.5%	22,092	21,688	404	1.9%
Estate	0	121	(121)	-100.0%	25,909	30,837	(4,928)	-16.0%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,568,043	1,808,487	(240,444)	-13.3%	9,248,733	10,253,761	(1,005,028)	-9.8%
NON-TAX RECEIPTS								
Federal Grants	599,259	740,183	(140,924)	-19.0%	4,487,891	3,909,706	578,184	14.8%
Earnings on Investments	9,820	46,257	(36,437)	-78.8%	21,355	97,412	(76,056)	-78.1%
License & Fee	18,100	17,982	118	0.7%	38,603	37,543	1,060	2.8%
Other Income	843	4,004	(3,161)	-79.0%	152,370	28,825	123,545	428.6%
ISTV'S	3,552	3,655	(103)	-2.8%	6,985	14,919	(7,934)	-53.2%
Total Non-Tax Receipts	631,574	812,081	(180,507)	-22.2%	4,707,203	4,088,404	618,798	15.1%
TOTAL REVENUES	2,199,617	2,620,568	(420,951)	-16.1%	13,955,936	14,342,165	(386,230)	-2.7%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	9,000	10,000	(1,000)	-10.0%	94,000	97,000	(3,000)	-3.1%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	6	0	6	N/A	20,951	48,891	(27,940)	-57.1%
Temporary Transfers In	38,187	30,000	8,187	27.3%	359,941	312,500	47,441	15.2%
Total Transfers	47,193	40,000	7,193	18.0%	474,893	458,391	16,501	3.6%
TOTAL SOURCES	2,246,810	2,660,568	(413,758)	-15.6%	14,430,829	14,800,557	(369,728)	-2.5%

DISBURSEMENTS

The monthly and fiscal year GRF spending estimates for elementary and secondary education reflect the passage in December of H.B. 318 which delayed the final installment of the personal income tax rate reduction from 2009 until 2011.

January 2010 GRF disbursements, across all fund uses, were $2,125.4 million. This was $127.6 million (6.4%) above estimate for the month. On a year-to-date basis, total GRF disbursements are $16,582.0 million, which is $106.7 million (0.6%) above estimate. Year-to-date disbursements by category are provided in the following table ($ 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)	$15,557.0	$51.0
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$1,025.0	$55.7
TOTAL GRF DISBURSEMENTS:		$16,582.0	$106.7

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 January totaled $769.3 million or 39.2% above the monthly estimate.

- January expenditures by the Department of Education totaled $763.7 million and were $217.4 million (39.8%) above estimate. Variances for the month can be attributed to foundation payments (line items 200550, 200502 and 200551) coming in $207.9 million (40.0%) above estimates. This variance is caused by the first January foundation payment being processed in January instead of December as initially planned (an indication that this would occur was included in the January report). Other programs that were above estimate were Special Education Enhancements ($4.5 million or 40.1%) and Student Assessment ($4 million or 70.1%).

Higher Education

January disbursements for Higher Education were $198.1 million, representing a variance of $8.4 million (4.4%) above the estimate for the month. Year-to-date disbursements were $1,448.1 million, representing a variance of $4.5 million (0.3%) below the estimate. The monthly variance is due to spending in the Ohio College Opportunity Grant program exceeding the estimate by $6.5 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 are necessary in December, January, and February.

Public Assistance and Medicaid

January expenditures in this category, which include all GRF expenditures by the Department of Job & Family Services (ODJFS), were $738.0 million. Expenditures were $81.9 million (10.0%) below estimate for the month. Year-to-date expenditures total $6,370.3 million, which is $296.7 million (4.5%) 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 $58.9 million for the month of January. In the aggregate, GRF spending was $38.6 million (39.6%) lower than disbursement estimates for the month. Major variances within individual line items were attributable to the following:

- The Children and Family subsidy disbursements line item (600523) was $13.9 million lower than agency estimated disbursements. This was largely due to the system processing errors last month; payments were unexpectedly processed in December instead of January.
- The Early Care and Education line item (600535) spending was $12.9 million below agency estimates. This was due to lower than projected county requests regarding child care expenditures for the month.
- The Entitlement Administration (Local) line item (600521) disbursements were $8.1 million lower than estimates due to lower than expected county spending.
- The Support Services line item (600321) spending was approximately $1.3 million under monthly estimates due to lower than anticipated payroll and equipment expenditures within the line item.

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 $5,855.3 million, which is $238.2 million (3.9%) below estimate, and $542.8 million (9.3%) below the same point in time in the prior year. Disbursements for the month of January were $679.1 million, which was $42.9 million (5.9%) below estimate and $98.3 million (14.5%) below the same period in the prior year.

All funds disbursements year-to-date are $7,479.2 million, which is $253.5 million (3.3%) below estimate, and $350.9 million (4.7%) above disbursements for the same point in time in the prior year. Disbursements for January were $974.2 million, which was $55.7 million (5.4%) below projected expenditures and $25.0 million (2.6%) above the same period in the prior year.

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

$ in millions	January Projection	January Actual	Variance	Percent Variance
GRF	$722.0	$679.1	$(42.9)	-5.9%
Non-GRF	$307.9	$295.1	$(12.8)	-4.2%
All Funds	$1,029.9	$974.2	$(55.7)	-5.4%

In general, most categories of service show some under-spending compared to the budgeted amounts due to variance in caseload. While overall caseload has continued to increase each month, the increase has been lower than projected to this point. Specific variances across all funding sources include:

Buy-In – Disbursements for the Buy-In programs, which provide premium assistance for eligible Medicare recipients, were $31.0 million, which was $1.7 million (5.7%) over projected expenditures. This is likely due to higher than expected enrollments associated with the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008, which allows applications for the Medicare Part D program to also be accepted for the Medicare Part A and B programs, should the applicant show an interest. Ohio Medicaid participates in the Part A and Part B premium assistance through its Qualified Medicare Beneficiary (QMB) and Specified Low-Income Medicare Beneficiary (SLMB) programs. This change was effective January 1, 2010.

Drugs – Disbursements for the Drug program were $33.4 million, which was $6.9 million (17.1%) below projections. This is due primarily to the lower than expected population in the institutional populations, as well as lower than expected cost per claims.

Caseload

Total caseload for the month of December, the most recent month available, was 2.05 million covered persons, which was an increase of 13,855 persons over the month of November. This number includes the State Fund Only programs, including the Breast and Cervical Cancer program, and represents the 24rd month of consecutive growth. The majority of the increase occurred in the Covered Families and Children (CFC) portion of the program, which increased by 12,117 persons to an December total of 1.56 million persons, and an increase in the Aged, Blind and Disabled (ABD) program of 1,798 persons, for a December total of 478.6 thousand covered lives.

Total enrollment for the same period last year was 1.87 million covered persons, including 1.40 million persons in the CFC program and 460.0 thousand people in the ABD category. This represents total Medicaid growth over the last twelve months of 180.4 thousand covered lives.

CFC continues to be the main driver of caseload, showing an increase of 12,117 persons to 1.56 million covered lives, which was 7,325 (.47%) under total projected enrollment. The program showed a large increase in the Managed Care portion, with additional enrollment of 15,793, offset by a decrease in Fee-For-Service (FFS) enrollment of 3,676, many of whom transitioned to the Managed Care program. The Healthy Families and the Healthy Families expansion categories, the core eligibility groups of the Medicaid program, continue to be the major factor in caseload increases, essentially accounting for the entire change in CFC enrollment.

The ABD program showed an increase of 1,798 persons to a total of 478.6 thousand covered lives. This was 1,424 persons (0.3%) over total projected year-to-date enrollment. Much of this increase can be seen as an effect of MIPPA, as discussed above in the expenditure section, with an additional 1,412 persons enrolled in the Qualified Medicare Beneficiary (QMB) and the Special Low-Income Medicare Beneficiary (SLMB) programs.

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.

January expenditures in this category were $142.7 million, which was $2.7 million (1.8%) below estimate for the month. The year-to-date actual expenditures are $682.6 million, which is $19.5 million (2.8%) below the estimate.

- For the year-to-date, the Department of Health disbursements total $53.5 million, which is under estimate by $9.2 million (14.6%).
- January 2010 disbursements for the Department of Health totaled $14.9 million. When compared to January 2010 estimates, in aggregate, actual disbursements were $2.4 million (13.7%) below estimate. This is primarily attributable to the following:
    - The Immunizations line (440418) was below estimate by $0.4 million. This was due to payments to subgrantees being made in the February-to-April timeframe originally scheduled for earlier, and program activities occurring later than planned.
    - The Healthy Ohio line (440437) was below estimate by $0.4 million. This was due to contracts being rescheduled for the third quarter, along with program activities occurring later than planned.
    - The Help Me Grow line (440459) was under estimate by $0.7 million, due to grant payments being processed slower than anticipated.
    - The Federally Qualified Health Centers line (440465) was under estimate by $0.7 million. This was due to grant contracts being executed more slowly than planned, and a payment made in February that was originally scheduled for January.
    - Access to Dental Care, line 440467, was over estimate by $0.4 million due to payments being made in January which had been planned for earlier in the fiscal year.
    - The Bureau for Children with Medical Handicaps (BCMH) line (440505) was under estimate by $0.4 million due to subsidy payments being disbursed more slowly than planned.

- For the year, the Department of Aging disbursements total $69.3 million, which is below estimate by $1.9 million (2.6%).
- January 2010 disbursements for the Department of Aging totaled $10.5 million. When compared to January 2010 estimates, in aggregate, actual disbursements were $0.9 million (8.9%) above estimate. This is primarily attributable to the following:
    - Senior Community Services (490411) was above estimate by $0.4 million. This was due to more GRF being used than federal dollars due to the federal continuing resolutions.
- The Department of Mental Health disbursed $69.2 million in the month of January, which is $.4 million, or 0.6% under the estimate.
- The Department of Developmental Disabilities disbursed $38.1 million in the month of January, which is $.4 million, or 1.0% above the estimate.

Justice and Public Protection

January expenditures in the Justice and Public Protection category were $186.3 million, which was $14.2 million (7.1%) below estimate for the month. The year-to-date expenditures are $1,214.2 million, which is $40.6 million (3.2%) below the estimate.

Disbursements in the Corrections category totaled $168.9 million in the month of January, which was $14.3 million (7.8%) less than the $183.2 million estimate for the month.

- The Department of Rehabilitation and Correction (DRC) disbursed $144.1 million in the month of January, which was $11.8 million (7.6%) less than the $155.9 million estimate for the month. This variance is primarily the result of medical bills from the Ohio State University not being paid in January. It is expected these invoices will be paid in February.
- The Department of Youth Services (DYS) disbursed $24.8 million in the month of January, which was $2.5 million (9.0%) less than the $27.3 million estimate for the month. This variance can be mainly attributed to the timing of certain subsidy payments not matching the estimated timing.

General Government

For January 2010, General Government disbursements were $22.9 million which was $6.6 million (40.9%) above the disbursement estimate. The year-to-date actual expenditures are $182.2 million, which is $1.5 million below the year-to-date estimate (0.8%).

- In January, the Department of Administrative Services (DAS) disbursed $5.9 million, which was $4.9 million more than expected for the month. The culprit for this substantial variance was debt service and third-quarter rent payments that posted several days early, at the end of January. This included the OAKS ($3.4 million) and STARS tax system ($0.8 million) lease rental payments, as well as the agency’s line item that pays maintenance and operating costs for GRF-supported agencies and vacant space in state buildings managed by DAS ($0.7 million).

Community and Economic Development

For the month of January, disbursements in this category were $4.4 million which was $0.3 million (5.9%) below the estimate. Year-to-date, community and economic development related general revenue fund disbursements total $62.9 million, which is $2.9 million (4.8%) above the estimate. Most of the monthly and year-to-date variance is in the Department of Development appropriation line items.

- For the month of January, the Department of Development disbursed $3.3 million in general revenue funding, which is $2.3 million (41.4%) below the estimate. This variance was due to the unpredictable reimbursements of grant subsidy payments from prior years. The primary lines comprising this variance were the Thomas Edison (195401), Minority Business (195405), Governor’s Office of Appalachia (195416), and Ohio Investment in Training (195434) appropriation line items.

Tax Relief and Other

January disbursements for tax relief totaled just over $5.6 million and were $12.3 million (68.8%) below the estimate. For the year-to-date, total tax relief payments have totaled $891.9 million, which is $219.1 million (32.6%) above the year-to-date estimate. 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 we continue through the year. 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)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**ACTUAL JANUARY**	**ESTIMATED JANUARY**	**$ VAR**	**% VAR**	**YTD ACTUAL**	**YTD ESTIMATE**	**$ VAR**	**% VAR**
Primary, Secondary and Other Education	769,295	552,597	216,699	39.2%	4,381,068	4,188,697	192,371	4.6%
Higher Education	198,149	189,720	8,429	4.4%	1,448,118	1,452,660	(4,542)	-0.3%
Public Assistance and Medicaid	737,991	819,935	(81,944)	-10.0%	6,370,268	6,666,952	(296,684)	-4.5%
Health and Human Services	142,651	145,309	(2,658)	-1.8%	682,607	702,093	(19,486)	-2.8%
Justice and Public Protection	186,313	200,485	(14,172)	-7.1%	1,214,226	1,254,837	(40,611)	-3.2%
Environmental Protection and Natural Resources	6,385	5,909	476	8.1%	59,309	57,228	2,081	3.6%
Transportation	1,535	909	626	68.9%	11,178	10,777	400	3.7%
General Government	22,863	16,226	6,638	40.9%	182,156	183,660	(1,504)	-0.8%
Community and Economic Development	4,435	4,714	(279)	-5.9%	62,885	59,992	2,894	4.8%
Tax Relief and Other	5,573	17,873	(12,300)	-68.8%	891,875	672,764	219,111	32.6%
Capital Outlay	75	0	75	N/A	330	0	330	N/A
Debt Service	46,451	42,143	4,308	10.2%	252,971	256,314	(3,343)	-1.3%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**2,121,716**	**1,995,819**	**125,897**	**6.3%**	**15,556,989**	**15,505,973**	**51,016**	**0.3%**
Transfers Out:								
OPER TRF OUT-OTH	3,701	1,977	1,724	87.2%	53,690	30,477	23,213	76.2%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	971,337	938,866	32,471	3.5%
Total Transfers (Out)	**3,701**	**1,977**	**1,724**	**87.2%**	**1,025,027**	**969,343**	**55,684**	**5.7%**
Total Fund Uses	**2,125,417**	**1,997,796**	**127,621**	**6.4%**	**16,582,017**	**16,475,316**	**106,701**	**0.6%**

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JANUARY FY 2010	JANUARY FY 2009	$ VAR	% VAR	ACTUAL FY 2010	ACTUAL FY 2009	$ VAR	% VAR
Primary, Secondary and Other Education	769,295	810,873	(41,578)	-5.1%	4,381,068	4,394,562	(13,494)	-0.3%
Higher Education	198,149	182,333	15,816	8.7%	1,448,118	1,541,753	(93,635)	-6.1%
Public Assistance and Medicaid	737,991	869,722	(131,731)	-15.1%	6,370,268	6,958,573	(588,305)	-8.5%
Health and Human Services	142,651	156,590	(13,938)	-8.9%	682,607	806,709	(124,102)	-15.4%
Justice and Public Protection	186,313	202,798	(16,485)	-8.1%	1,214,226	1,337,766	(123,540)	-9.2%
Environmental Protection and Natural Resources	6,385	7,351	(966)	-13.1%	59,309	70,122	(10,813)	-15.4%
Transportation	1,535	995	540	54.2%	11,178	14,369	(3,191)	-22.2%
General Government	22,863	20,463	2,400	11.7%	182,156	232,742	(50,586)	-21.7%
Community and Economic Development	4,435	7,709	(3,274)	-42.5%	62,885	89,798	(26,913)	-30.0%
Tax Relief and Other	5,573	6,749	(1,177)	-17.4%	891,875	797,456	94,419	11.8%
Capital Outlay	75	0	75	N/A	330	187	143	76.5%
Debt Service	46,451	73,191	(26,740)	-36.5%	252,971	396,525	(143,554)	-36.2%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**2,121,716**	**2,338,774**	**(217,058)**	**-9.3%**	**15,556,989**	**16,640,561**	**(1,083,572)**	**-6.5%**
Transfers Out:								
OPER TRF OUT-BUD STABILIZATION	0	0	0	N/A	0	0	0	N/A
OPER TRF OUT-OTH	3,701	0	3,701	N/A	53,690	240,034	(186,344)	-77.6%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	971,337	604,470	366,868	60.7%
Total Transfers (Out)	**3,701**	**0**	**3,701**	**N/A**	**1,025,027**	**844,504**	**180,524**	**21.4%**
Total Fund Uses	**2,125,417**	**2,338,774**	**(213,357)**	**-9.1%**	**16,582,017**	**17,485,065**	**(903,048)**	**-5.2%**

FUND BALANCE

The GRF ending fund balance estimate presented below reflects the passage of H.B. 318 in December which delayed the final installment of the personal income tax reduction from 2009 until 2011.

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 $192.0 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	16,819,704
Plus FY 2010 Estimated Federal Revenues	7,184,127
Plus FY 2010 Estimated Transfers to GRF	1,567,706
Total Sources Available for Expenditure & Transfer	**26,306,063**
Less FY 2010 Estimated Disbursements	24,746,286
Less FY 2010 Estimated Total Encumbrances as of June 30, 2009	293,454
Less FY 2010 Estimated Transfers Out	1,074,343
Total Estimated Uses	**26,114,084**
FY 2010 ENDING FUND BALANCE	**191,980**

FEATURED ANALYSIS
Census 2010 and Its Potential Impact on Ohio

The United States Census is a decennial census mandated by Article I, Section 2 of the Constitution of the United States. The population is enumerated every 10 years and the results are used to allocate congressional seats, electoral votes, and government program funding.

The census is performed by the United States Census Bureau, a division of the United States Department of Commerce. The last national census was held in 2000 and the next census will be carried out in 2010. For years between the decennial censuses, the Census Bureau issues estimates made using surveys and statistical models. The 2010 census will begin in March and conclude in July. The results of the census, including congressional reapportionment data, will be delivered in March 2011. In Ohio, the Department of Development is coordinating Census 2010 activities. More information about the national census and the census in Ohio can be found at http://www.census.ohio.gov/.

Results of each decennial census are used by both the public and private sectors for a variety of purposes. Census information helps determine locations for schools, roads, hospitals, child care and senior citizen centers, and more. Businesses use census data to locate supermarkets, shopping centers, new housing and other facilities. The census determines how many seats each state will have in the U.S. House of Representatives as well as the boundaries of legislative districts. Local communities use census data to gauge the financial health of the community and the future of vital social service programs as well as allocation of community development block grants and other grant programs essential to many communities. Census data inform a diverse range of local initiatives, such as justifying the need for an after-school program to designating urban revitalization areas.

OHIO'S POPULATION

As of July 1, 2009, the Census Bureau estimates Ohio's total population to be 11,542,000. Ohio ranks seventh in population nationally, but has one of the lowest growth rates among the states. Between 2000 and 2009, Ohio's population increased by 189,000 individuals, yielding a growth rate of 1.7%. Ranked 46th nationally for population growth rate, Ohio is trailed only by North Dakota, West Virginia, Louisiana, Rhode Island, and Michigan.[1]

[1] Cumulative Estimates of Resident Population Change for the United States, Regions, States, and Puerto Rico and Region and State Rankings: April 1, 2000 to July 1, 2009. NST-EST2009-02. http://www.census.gov/popest/states/NST-pop-chg.html

Figure 1: Ohio and U.S. historical population trends

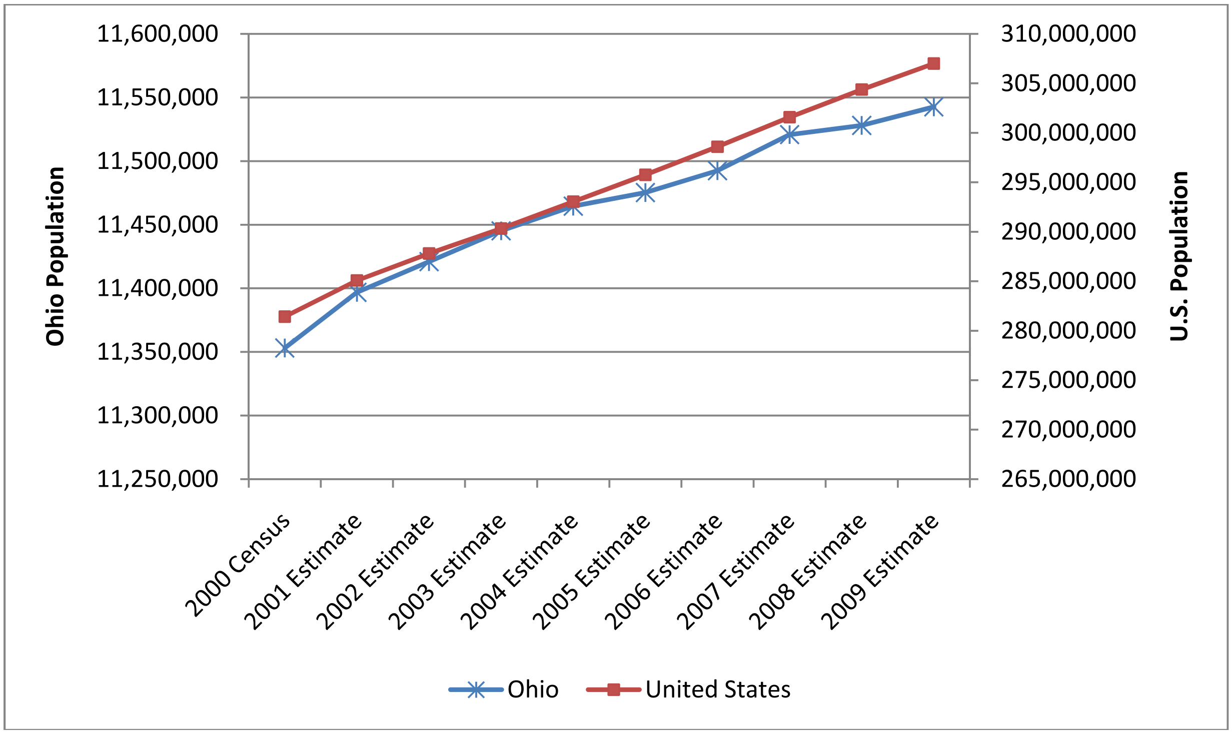
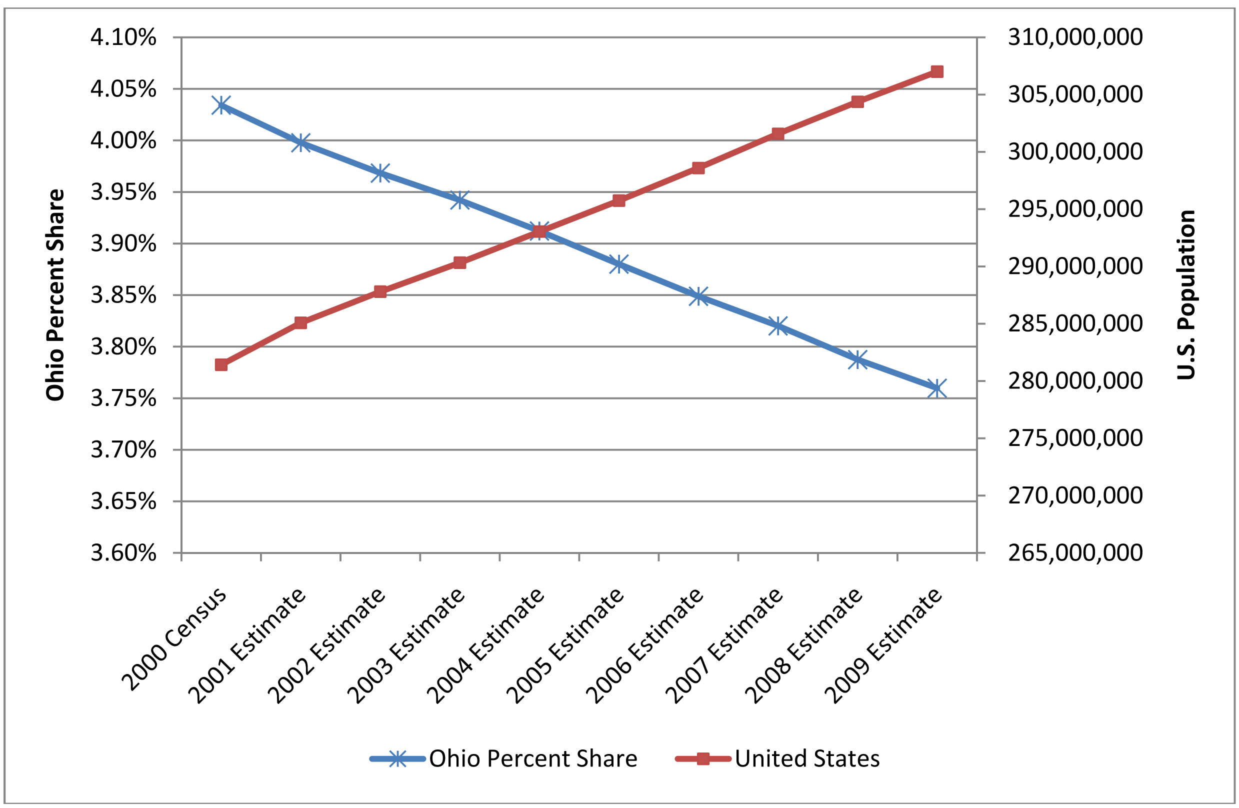


Figure 2: Ohio's share of the national population



Federal Funding

In addition to congressional apportionment, census data is also used to calculate federal funding for state and local programs that receive funding based on population. In federal fiscal year 2008, $334.9 billion was distributed nationwide through formulae dependent upon census data, such as per capita income. These federal funds comprised approximately 73 percent of total federal assistance to the states and to local governments. In federal fiscal year 2009 the amount of census-dependent funding to be distributed to the states and to local governments is expected to total approximately $478.3 billion due to increased funding from the American Reinvestment and Recovery Act.[2]

Ohio received $13.045 billion in federal funding through programs for which Ohio's allocation is dependent on census data in federal fiscal year 2008.[3] This funding was delivered to Ohio state and local governments through 124 federal programs administered by 15 federal agencies. The majority of Ohio's census-dependent funding supports social programs, with the remainder supporting special education and highway infrastructure.

The importance of a complete count in the 2010 census is reinforced when the amount of federal funding per person for census-based programs is considered. The following table illustrates the ten largest federal programs that distribute funding to Ohio based on census-related data. Additional information about each program and the population served is included below Table 1.

Table 1: Top 10 programs receiving federal funding based on census data

Federal Program	2008 Funds Received	Federal Funds Per Customer
Medical Assistance Program	$ 8,280,649,029	$ 4,623
Highway Planning And Construction	$ 1,234,105,440	$ 107
Special Education-Grants To States	$ 415,983,309	$ 1,581
Title I Grants To Local Educational Agencies	$ 293,068,441	$ 394
Head Start	$ 247,801,399	$ 6,263
Very Low To Moderate Income Housing Loans	$ 240,651,311	$ 94,931
Foster Care-Title IV-E	$ 190,294,309	$ 14,530
Adoption Assistance	$ 177,803,535	$ 8,170
State Children's Insurance Program	$ 157,858,292	$ 1,083
Child Care Mandatory & Matching Funds	$ 132,350,420	$ 1,349
Total	**$ 11,859,722,945**	

Source: U.S. Census Bureau Web Site (www.census.ohio.gov/ContactUS/FEDFunds.aspx).

[2] Formula Grants: Funding for the Largest Federal Assistance Programs is Based on Census-Related Data and Other Factors. GAO-10-263. Washington, D.C.: December 15, 2009.
[3] FFY 2008 is the most recent year for which complete data is available. Calculated by the Ohio Department of Development, Office of Policy Research and Strategic Planning

Medical Assistance Program

The Medical Assistance program provides financial assistance to states for payments of medical services on behalf of cash assistance recipients, children, pregnant women, and the aged who meet income and resource requirements, and other categorically-eligible groups. This program includes benefits such as hospital, physician, pharmacy, and other services paid through managed care plans or through fee for service. The Medical Assistance program also provides financial assistance to states to pay for Medicare premiums, copayments and deductibles of qualified Medicare beneficiaries meeting certain income requirements.

Administering Agency	FY08 Funds Received	Population Served
Jobs & Family Services	$ 8,280,649,029	1,791,080

Highway Planning and Construction

This program assists state transportation agencies in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS), including the Eisenhower Interstate System; and for transportation improvements to most other public roads; to provide aid for the repair of Federal-aid highways following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes.

Administering Agency	FY08 Funds Received	Population Served
Dept. of Transportation	$ 1,234,105,440	11,542,000

Special Education – Grants to States

Funds are used by state and local educational agencies, in accordance with the Individuals with Disabilities Education Act (IDEA), to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services.

Special education students represent about 14% of Ohio's total student population and require an Individualized Education Program (IEP) that specifies additional services the student needs to make progress in the general curriculum. In addition to base cost funding, weighted funding is distributed to school districts (including community schools and joint vocational schools) based on the severity of the disabling condition. Per-pupil funding for students with disabilities is also distributed to the state institutions and County Boards of Developmental Disabilities. These boards operate educational programs in public schools and in separate educational facilities for students with disabilities. Usually, county Boards of Developmental Disabilities serve students with more severe disabilities. All funding is distributed on a weighted per pupil basis.

Administering Agency	FY08 Funds Received	Population Served
Dept. of Education	$ 415,983,309	263,074

Title I Grants to Local Educational Agencies

The purpose of Title I is to enable schools to provide opportunities for disadvantaged children to acquire the knowledge and skills in the state's academic content standards. Nearly all districts receive basic grants based on the state's per-pupil expenditure for education and the number of school-age children from low-income families. Concentration grants, target grants, and education finance incentive grants allocate additional funds to districts with higher proportions of children from low-income families.

Administering Agency	FY08 Funds Received	Population Served
Dept. of Education	$ 293,068,441	743,364

Head Start

The Head Start program serves to promote school readiness by enhancing the social and cognitive development of low-income children through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of their local Head Start programs. At least 90 percent of the enrollees in a program must be income eligible; i.e. from families whose income is below the poverty line, from families receiving public assistance, from homeless families or children in foster care.

Administering Agency	FY08 Funds Received	Population Served
Head Start centers	$ 247,801,399	39,569

Very Low to Moderate Income Housing Loans

This program assists very low, low-income, and moderate-income households to obtain modest, decent, safe, and sanitary housing for use as a permanent residence in rural areas. Direct and guaranteed loans may be used to buy, build, or improve the applicant's permanent residence. New manufactured homes may be financed when they are on a permanent site, purchased from an approved dealer or contractor, and meet certain other requirements.

Administering Agency	FY08 Funds Received	Population Served
Rural Development (Fed.)	$ 240,651,311	2,535

Foster Care – Title IV-E

The Title IV-E Foster Care program helps states to provide safe and stable out-of-home care for children under the jurisdiction of the state child welfare agency until the children are returned home safely, placed with adoptive families, or placed in other planned arrangements for permanency. The program provides funds to assist with the costs of foster care maintenance for eligible children; administrative costs to manage the program; and training for public agency staff, foster parents and certain private agency staff. Formula grant funds may be used by the state or local child welfare agency in foster care maintenance payments on behalf of eligible children; for administrative and training costs; and for costs related to design, implement and operate a statewide data collection system.

The Foster Care program supports county child welfare costs, including the investigation of complaints of child abuse and neglect, placement of children into foster care, training programs for county child welfare workers and foster parents, and the federal share of education and training vouchers available to persons who have "aged-out" of the foster care system.

Administering Agency	FY08 Funds Received	Population Served
Jobs & Family Services	$ 190,294,309	13,097

Adoption Assistance

This supports the state's adoption programs through subsidy payments to families that adopt special needs children, reimbursement for certain out-of-pocket costs incurred by families who adopt special needs children, services to families who already have adopted special needs children, the Adoption Loan program, and continued support for outreach and advertising campaigns to promote adoption and recruit adoptive families.

Administering Agency	FY08 Funds Received	Population Served
Jobs & Family Services	$ 177,803,535	21,762

State Children's Insurance Program

The State Children's Health Insurance Program (SCHIP) provides funds to States to enable them to maintain and expand child health assistance to uninsured, low-income children. The program provides health care services to children through the same delivery systems operating in the current Medicaid program. This critical coverage includes: doctor visits, hospital care, prescriptions, immunizations, prenatal care, vision, dental, substance abuse, and mental health services.

Administering Agency	FY08 Funds Received	Population Served
Jobs & Family Services	$ 157,858,292	145,760

Child Care Mandatory & Matching Funds – Child Care & Development Fund

The Child Care Program provides subsidies to low-income working and welfare-to-work (OWF) families, funds projects and programs such as the quality rating program and the early literacy project to improve the quality of child care services, licenses and regulates the operation of child care settings, and administers the state's child care subsidy program.

The Child Care Mandatory and Matching Funds are a part of the Child Care and Development Fund (CCDF) program, along with the Child Care and Development Block Grant Act (CCDBG). The program provides grants to states for child care assistance for low-income families and to: (1) allow each state maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such state; (2) promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; (3) encourage states to provide consumer education information to help parents make informed choices about child care; (4) assist states to provide child care to parents trying to achieve independence from public assistance; and (5) assist states in implementing the health, safety, licensing, and registration standards established in state regulations.

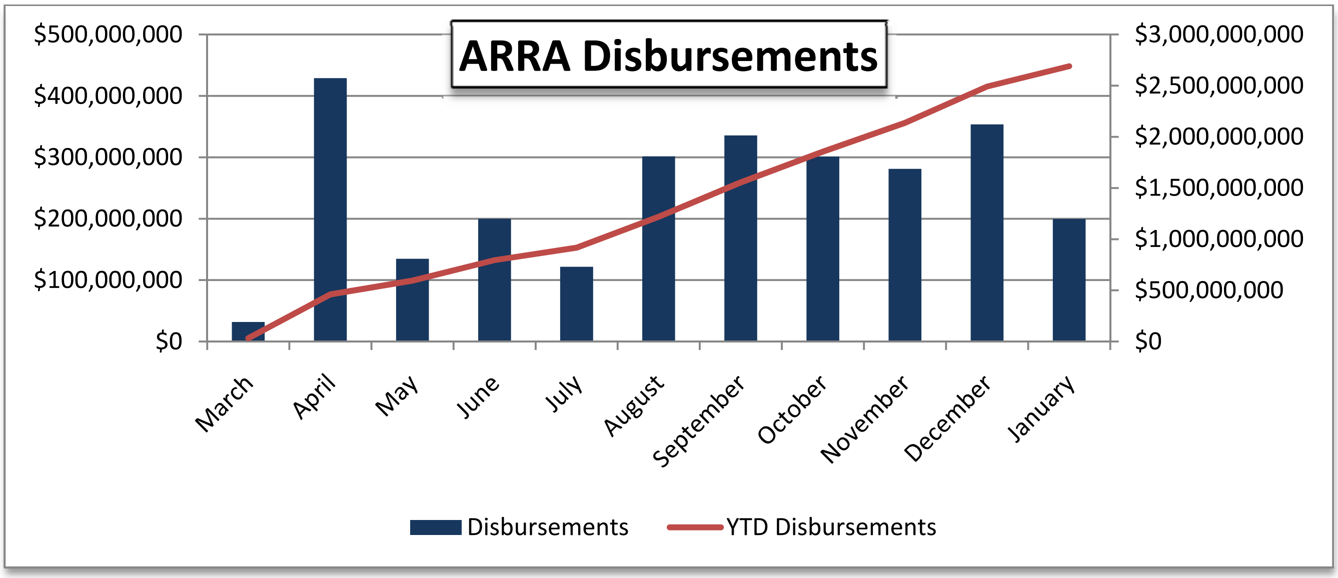
Administering Agency	FY08 Funds Received	Population Served
Jobs & Family Services	$ 132,350,420	98,140

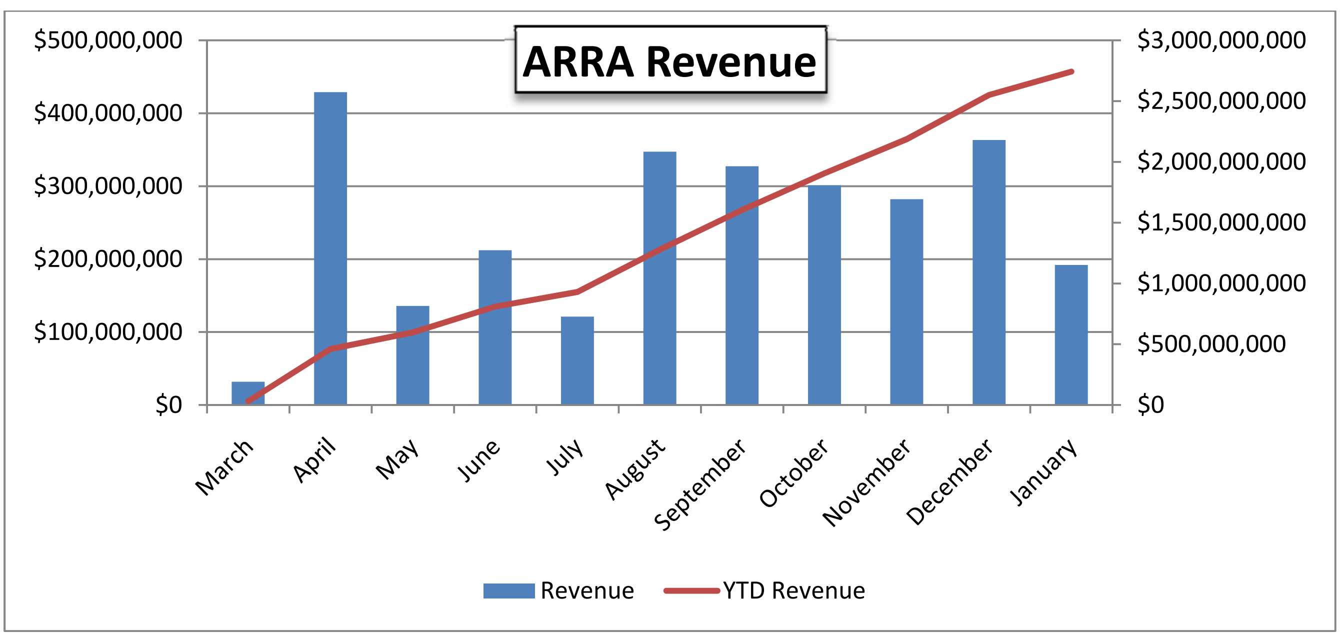
ARRA Monthly Revenue and Disbursements Report

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, as of January 31, 2010, Ohio has received $2.743 billion in federal revenue and disbursed $2.690 billion.

	Revenue	Disbursements
FY 2009	$808,753,636	$795,630,983
FY 2010	$1,934,327,613	$1,894,460,411
Total	**$2,743,081,249**	**$2,690,091,394**





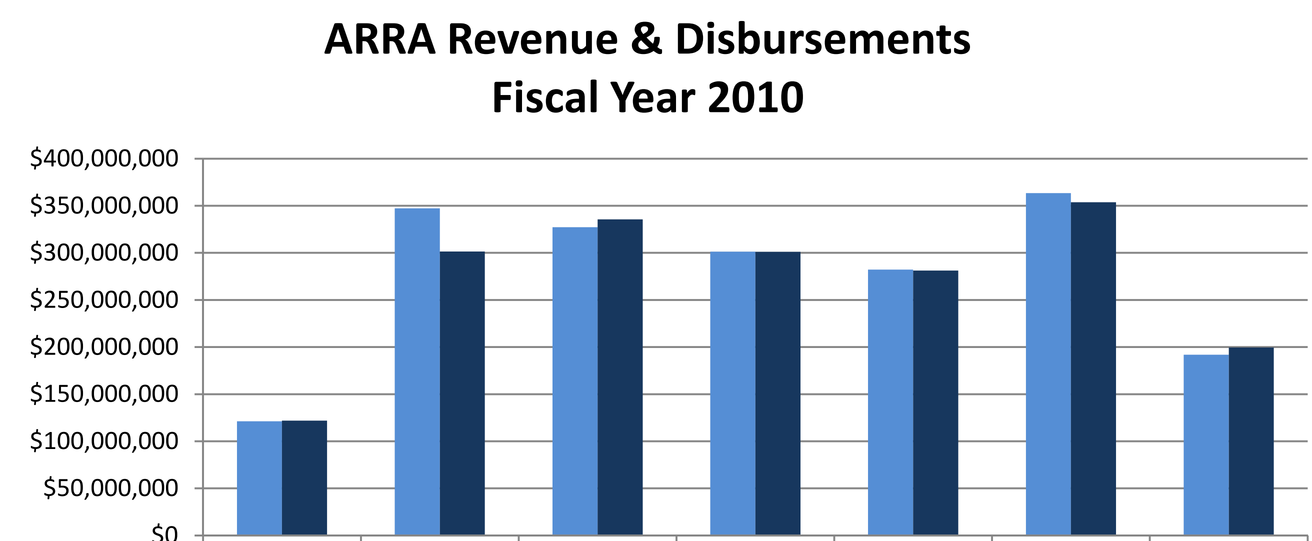
ARRA Revenue and Disbursements
for the month of January

Revenue	Disbursements
$191,912,355	$199,545,729

January – Fiscal Year 2010

ARRA Revenue
January 2010 Federal ARRA revenue received by all state agencies was $191.9 million. This was a decrease of $171.4 million or 47% from the month of December.

ARRA Disbursements
January 2010 Federal ARRA disbursements for all state agencies were $199.5 million. This was a decrease of $154.1 million or 44% from the month of December. The variance between the amount of revenue and disbursements is primarily due to the different reimbursement or expenditure practices by the administering federal agencies.

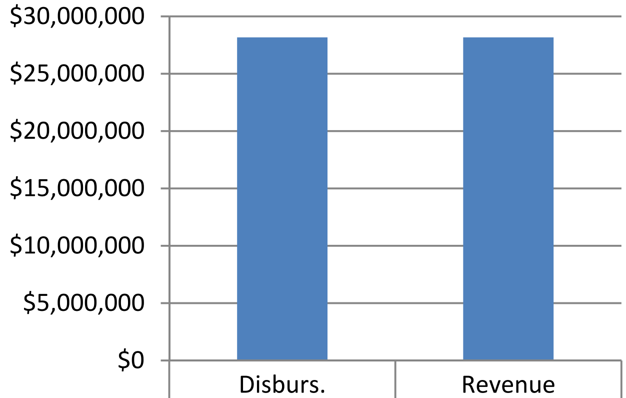


	July	August	September	October	November	December	January
Revenue	$121,147,508	$347,228,832	$327,301,022	$301,200,043	$282,192,521	$363,345,331	$191,912,355
Disbursements	$121,842,461	$301,490,365	$335,516,284	$301,140,027	$281,274,771	$353,650,774	$199,545,729

Largest Amount of Activity by Program

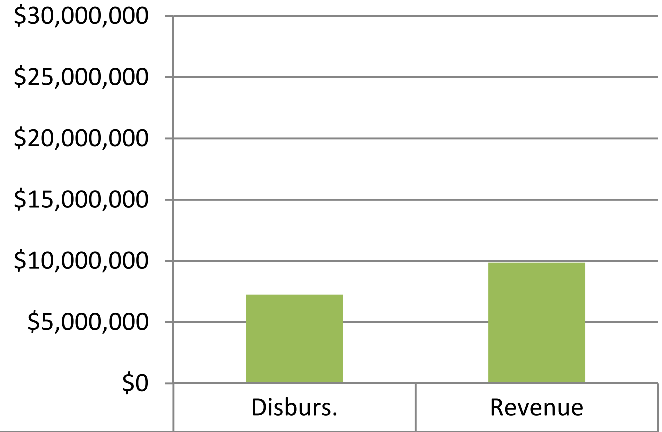
During the month of January, there were 70 programs which received and disbursed federal funds. This is an increase of 9 programs from December. Of those programs, the six highlighted below accounted for 79% of the revenue received and 82% of the funds disbursed.

Board of Regents - State Fiscal Stabilization - Higher Education



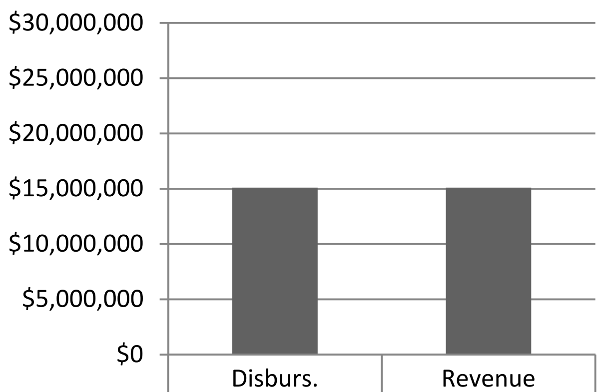
	Disburs.	Revenue
State Fiscal Stabilization - Higher Education	$28,170,464	$28,170,464

Department of Development - Weatherization Assistance



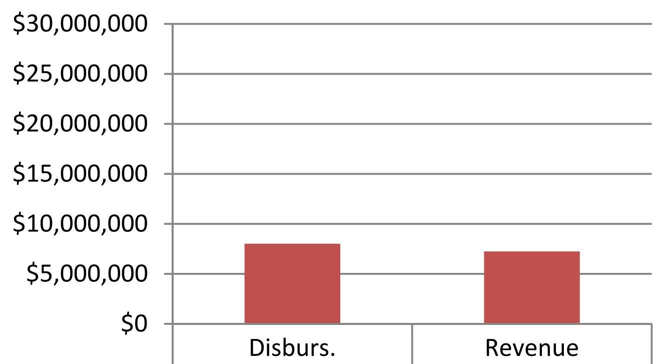
	Disburs.	Revenue
Department of Development - Weatherization Assistance	$7,250,613	$9,862,493

Dept. of Education - TITLE 1 - Education for the Disadvantaged



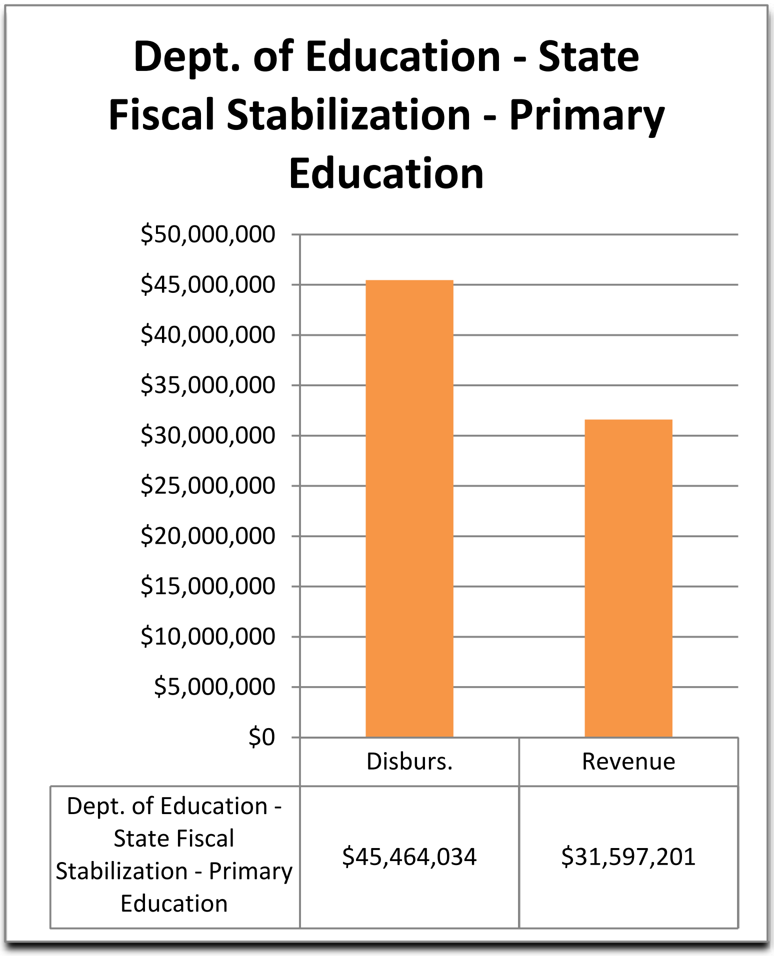
	Disburs.	Revenue
Dept. of Education - TITLE 1 - Education for the Disadvantaged	$15,099,439	$15,096,336

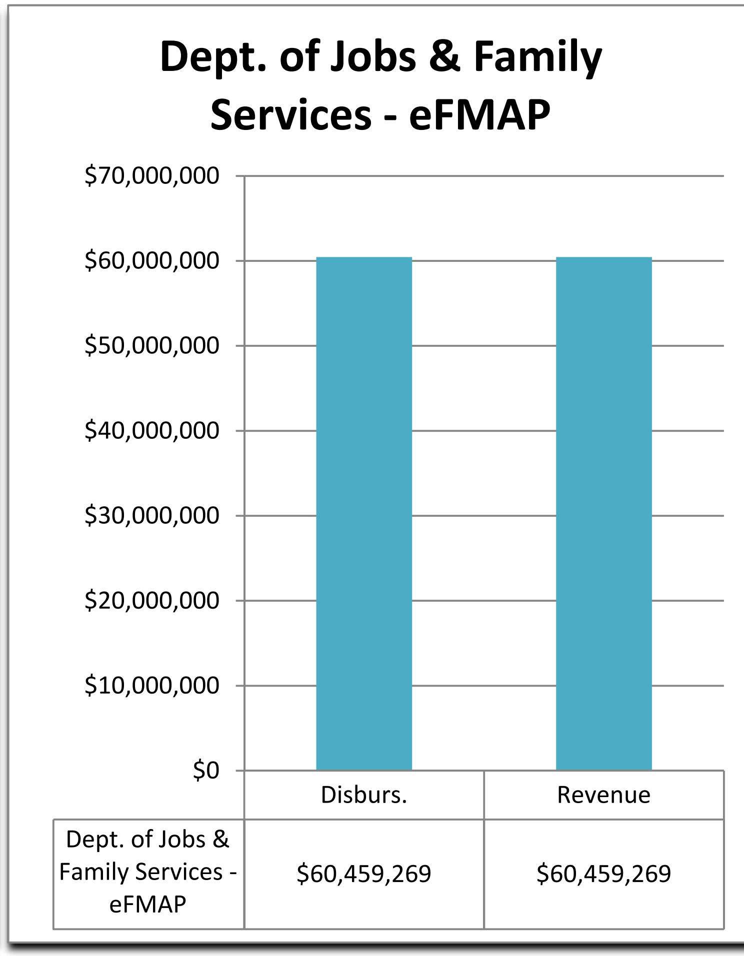
Department of Transportation - Highway Infrastructure



	Disburs.	Revenue
Department of Transportation - Highway Infrastructure	$8,021,647	$7,237,835

The data in the above charts represent program activity for the month of January 2010.





The data in the above charts represent program activity for the month of January 2010.