OBM

Ted Strickland
Governor

J. Pari Sabety
Director

October 12, 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 September 30, 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.

Ohio's economy showed mixed signals during the month of September. Taxes performed better than estimated, and there was good year-over-year growth. Ohio's unemployment rate declined to 10.1%, the fifth monthly decline in a row. However, Ohio employment declined by 15,400 jobs, cutting the year-to-date gain to 32,800 jobs. Nationwide, private sector employment increased by 64,000 jobs, but government employment fell by 159,000 jobs, reflecting a loss of 77,000 temporary census positions and 76,000 state and local government positions. Leading economic indicators remain consistent with recovery, but illustrate a notable slowdown.

The U.S. economy maintains a pattern of slow, consistent recovery. Real GDP increased by 1.7% in the second quarter of the calendar year, the third consecutive quarterly increase. Many of the August numbers shed a hopeful light on the recovery. Personal income, wage and salary disbursements, and retail sales also saw increases during the month of August. However non-farm payrolls decreased by 95,000 jobs in September, and the unemployment rate increased from 9.5% to 9.6 percent.

During the month of September, Ohio's General Revenue Fund (GRF) tax receipts totaled $1,494.4 million, $56.2 million (3.9%) above the monthly estimate. General Revenue Fund tax receipts for the year-to-date total $3,997.7 million and are $248.2 million (6.6%) greater than the same point a year ago. For the second month in a row, Ohio has seen better-than-expected performance across most tax sources, and as a result, tax receipts for the first quarter of the fiscal year are $107.0 million (2.7%) above estimate.

September fiscal year 2011 GRF spending totaled $2,182.3 million and is $173.2 million (7.4%) below estimate for the month. On a year-to-date basis, total GRF disbursements are $33.8 million (0.4%) under estimate. This variance is attributable to under-spending in nearly every category of GRF disbursements.

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, including additional detail on State Fiscal Stabilization Funds (SFSF). Of the $8.2 billion that the state is expected to receive during this three-year program, approximately $5.2 billion has been received and $5.1 billion has been expended.

MONTHLY FINANCIAL REPORT
TABLE OF CONTENTS

ECONOMIC SUMMARY

Economic Performance Overview

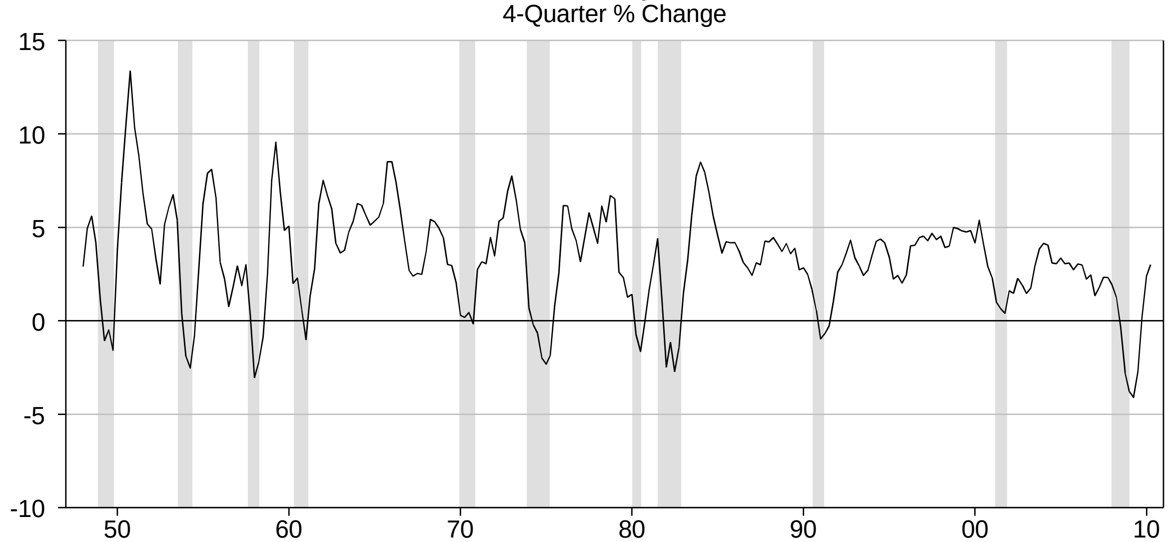
- Real GDP increased by a revised 1.7% in the second quarter after a 3.7% increase in the first quarter and 5.0% in the fourth quarter of 2009. The consensus for second-half growth is approximately 2%.
- Total employment decreased again in August due to the termination of temporary Census jobs. Private sector firms added modestly to payrolls. The unemployment rate increased from 9.5% to 9.6%, reflecting an influx of job seekers.
- Ohio employment decreased by 15,400 jobs in August, cutting the year-to-date gain to 32,800 jobs. Private sector payrolls decreased by 10,400 jobs, up 36,200 jobs year-to-date. The unemployment rate decreased for the fifth month in a row to 10.1%.
- Leading economic indicators remain consistent with continuing economic recovery both nationally and in Ohio, but point to a notable slowdown in the rate of growth nationally.

Economic Growth

The recession that started in December 2007 ended in June 2009, according to the Business Cycle Dating Committee of the National Bureau of Economic Research (NBER). At 18 months, the 2007-09 recession was the longest since World War II, exceeding the 16-month recessions in 1973-75 and 1981-82 by two months. It was also the most severe, as measured by gross domestic product (GDP), which declined 4.1% from peak to trough. The next most severe contraction was the 1957-58 episode, during which GDP shrank by 3.7%.

The Committee bases decisions about the timing of turning points in the business cycle on the degree, duration and diffusion of increases and decreases in economic activity. In particular, the committee looks closely at personal income less transfer payments, real manufacturing and trade sales, nonfarm payroll employment and aggregate hours worked and industrial production.

Real GDP and Business Cycle Reference Dates
4-Quarter % Change



In a break from the past, the Committee also relied heavily on monthly estimates of gross domestic product (GDP) and gross domestic income (GDI) – the broadest measures of economic activity. Official data for both indicators are reported only on a quarterly basis, but credible monthly estimates are now available separately from an economic consulting firm and two committee members.

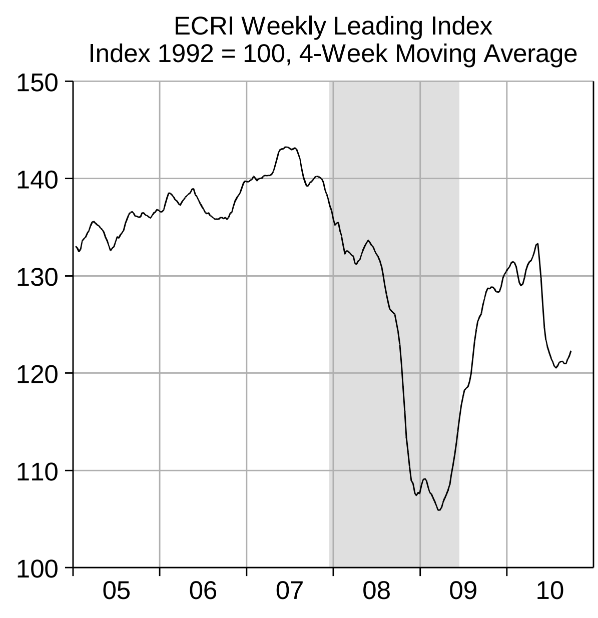
The Committee selected June as the trough for the cycle, because most of the indicators that it examines – especially the monthly estimates of GDP and GDI – reached their low points in that month. GDP and GDI are two sides of the same coin, because income exactly matches production. In practice, the two measures differ due to data availability.

By announcing the end of the recession, the Committee is saying that the economy has expanded by enough for long enough so that any new downturn would be considered a separate recession. The shortest expansion on record was the 12-month July 1980 to July 1981 episode, which occurred between the brief 6-month January 1980 to July 1980 recession and the long 16-month July 1981 to November 1982 recession. Expansions have lasted for an average of approximately five years during the post-war period.

A key point is that the Committee uses a specific definition of recession that refers to the direction and nature of economic activity, not its level. Many view the economy as still being in recession because of the low level of activity relative to potential, ignoring the fact that activity has been increasing for more than a year. The Committee's assessment is by necessity an historical exercise, which is useful to economists conducting business cycle analysis, but provides little, if any, information about the future path of economic activity.

The consensus among forecasters is that the economy will continue to muddle along at a sub-par pace, as measured by the *Blue Chip Economic Indicators* at the beginning of September. Real GDP is estimated to have increased at a rate near 2% in the third quarter, reflecting in part a surge in inventory accumulation that appears to have been involuntary. Growth is projected to continue at that pace in the fourth quarter and in 2011, rising to just above the higher end of the range by the end of the year.

The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, decreased 0.1% in August – the first decline since August 2009. The 6-month rate of change slipped to 2.7% from the peak for this cycle of 3.1% reached in July. The year-over-year increase in August of 3.3% matched the best since June 2000.



The ECRI **Weekly Leading Index** (WLI) has turned up modestly in recent weeks, lifting the 26-week smoothed rate of change to -7.8% for the week ending September 24 from a low of

-11.0% on July 23. The growth rate of index has been negative for twelve weeks in a row on average in advance of the last seven recessions. Every time the growth rate has been this low in the past (dating back to 1968), the economy has been in recession.

The **Leading Economic Index** increased 0.3% in August after a 0.1% increase in July and a 0.2% decrease in July. The 6-month smoothed percent change decreased to 4.8% – the slowest since June 2009 – down from the peak for the cycle of 10.9% in March 2010. The index has traced out similar patterns following the initial burst of growth in the early years of past recoveries and is consistent with continuing growth at a slower pace.

The **Ratio of the Coincident to Lagging Economic Index** – itself a leading economic indicator – decreased 0.2% in August for the third consecutive monthly decline. The 6-month smoothed rate of change fell to 2.0% from the peak for the cycle of 6.0% reached in December 2009 – the slowest rate of change since August 2009. The recent pattern of the ratio is consistent with a slowing in the rate of overall economic growth during the balance of the year.

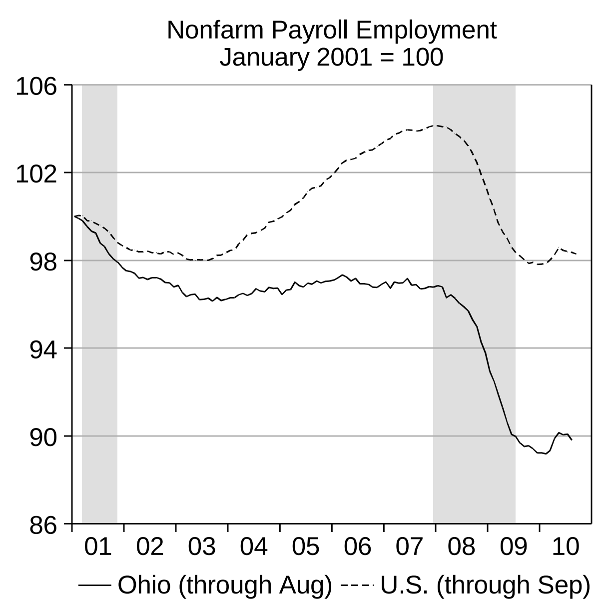
The **Ohio Leading Indicator** also continued to trace out a pattern consistent with slow but continued growth. The index managed a tenth straight monthly gain in August, due to positive contributions from all of its components. Compared with a year earlier, the index was up by 2.1% – the fourth year-over-year increase in a row and the best since September 1999.

Employment

Private sector employment continued to grow slowly in September, rising by 64,000 jobs. Government employment fell by 159,000 jobs, largely reflecting the elimination of 77,000 temporary census jobs and 76,000 state and local government jobs, mostly in education.

In September, **total employment** decreased by 95,000 jobs, with gains and losses mixed across industries. The change in total employment was revised down by a total of 15,000 jobs in July and August. The share of industries reporting higher employment than a month ago fell to 50% – the lowest since January. The **unemployment rate** stayed at 9.6% in September.

Excluding the change in government jobs, employment increased by 64,000 jobs after increases of 93,000 jobs in July and 117,000 jobs in July. Private sector payrolls have increased by an average of only 96,000 jobs per month during the first nine months of the year. Manufacturing employment fell by 6,000 jobs. Construction employment increase by 21,000 jobs. Employment increased in professional and business services (+28,000), leisure and hospitality (+34,000) and mining (6,000).



The current recovery in labor markets is the weakest in many respects compared with other recoveries since World War II. Private sector employment, for example, has increased 0.8% since reaching its low for this cycle nine months ago, a bit less than following the 1990-91 and 2001 recessions and approximately one-fourth of the average increase during the previous recoveries.

Ohio employment decreased by 15,400 jobs in August, reducing the year-to-date total gain to 32,800 jobs. Private sector payrolls decreased by 10,400 jobs in August, cutting the year-to-date gain to 36,200. Ohio employment losses were concentrated during August in professional and business services (-8,800), manufacturing (-5,100), government (-5,000) and finance (-3,200). Employment increased in trade, transportation and utilities (+5,900), leisure and hospitality (+1,500) and other services (+1,300).

The unemployment rate edged down again in August to 10.1% from the high for the cycle of 11.0% in March – the seventeenth consecutive month at or above 10.0%. The unemployment rate had reached a cyclical low of 5.3% in April 2006.

Employment increased during the twelve months ending in August in Ohio and each of the **contiguous states**, except for Michigan, where employment fell marginally. The year-over-year comparisons have improved markedly from the lows reached in 2009. Employment increased 1.4% in Indiana, 0,7% in Kentucky, 0.4% in Pennsylvania, 0.3% in West Virginia and 0.1% in Ohio.

For the Ohio and contiguous state region, employment increased 0.4% during the same period, compared with a 0.1% increase for all states outside the region combined. August was the fifth month since November 2002 in which year-over-year growth in Ohio and contiguous state employment was greater than growth in the rest of the country.

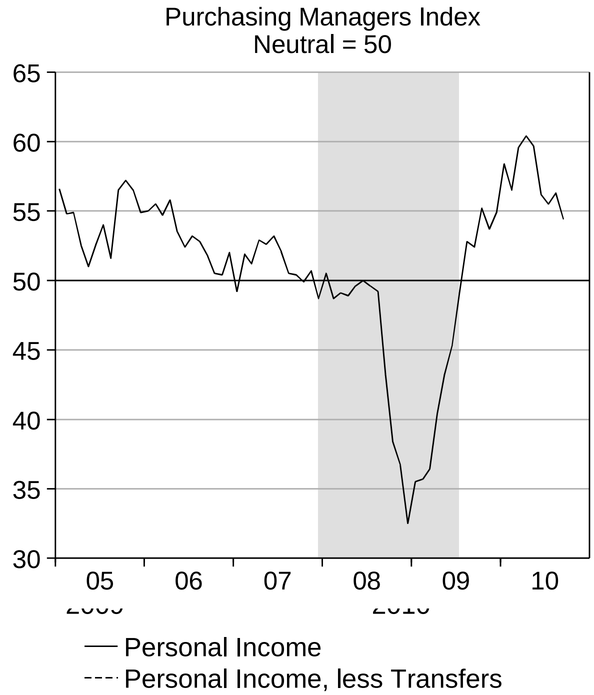
Consumer Income and Consumption

Personal income increased 0.5% in August to 3.3% above the year earlier level. The gain followed a 0.2% rise in July and no change in June. Wage and salary disbursements increased 0.3% to 1.3% above the year earlier level. After adjustment for inflation, personal income increased 0.2% in August to 1.8% above a year ago and wage and salary disbursements increased 0.1% to 0.4% above a year ago.

The gap between growth in wage and salary disbursements and personal income reflects strong growth in federal transfer payments. Personal transfers increased 1.6% in August, largely due to emergency jobless insurance payments, and are up 7.9% from August 2009. Federal government support accounted for a record-high 20% of disposable personal income in August, compared with a previous peak in the mid-teens following the 1990-91 economic downturn.

Ohio personal income increased 4.0% at an annual rate in the second quarter, following gains of 2.9% in the first quarter and 1.6% in the fourth quarter of 2009. Compared with a year earlier Ohio personal income was up 2.0%. Wage and salary disbursements advanced 3.6% at an annual rate in the second quarter – the strongest quarterly pace since the first quarter of 2008.

Compared with a year earlier, Ohio wage and salary disbursements were higher by 0.6%.



Personal consumption expenditures increased by 0.4%, or 0.2% after inflation, for the second month in a row. **Retail sales** also increased 0.4% in August and were up 0.5% excluding sales at automotive dealers and at gasoline stations. Compared with a year earlier, consumption was up 2.7%, or 1.2% in real terms. **Chain store sales** increased 2.1% from July to August, according to the International Council of Shopping Centers. Compared with a year earlier, sales were higher by 3.2%.

The **saving rate**, which has been above 5% since November 2008, was little changed at 5.8%, reflecting concern about the outlook for the economy and efforts by households to strengthen their balance sheets. Despite the ongoing recovery in the economy, household net worth fell 2.8% in the second quarter, largely due to declines in stock prices as federal tax credits for first-time home purchases temporarily supported residential real estate values. Households pared back liabilities for the seventh consecutive quarter.

Consumer confidence remained stuck in low gear in September. The Conference Board index of consumer confidence fell to its lowest level since February, reflecting deterioration in expectations. Even after a substantial recovery from the extreme low in February 2009, the index of consumer expectations remains 30% below the level observed on average in recessions since the late 1960s. Consumer sentiment, as measured by the Reuters\University of Michigan survey, was little changed in September, but also remained below the average level observed in past recessions.

Manufacturing

Industrial production increased by 0.2% in August – the sixth increase in a row. The July increase was revised down by 0.4 percentage points to 0.6%. Revisions to May and June offset each other. Manufacturing output also grew 0.2% in August after a 0.7% increase in July. Total industrial production was higher by 6.2% from a year earlier – the eighth positive year-over-year comparison in a row, although down from the 8.2% year-over-year gain in July.

Gains in production were fairly broad-based. Two-thirds of industries reported higher production than a year earlier, with 58% reporting higher production than in July. The slower expansion of industrial production during August in part reflected the 5.0% decrease in motor vehicles and parts production that followed a 9.5% increase in July.

Production of high-technology goods increased 1.0% on the month following a 0.8% gain in July. Three industries of particular importance for Ohio – primary metals, fabricated metals and machinery – increased 1.0%, 1.2% and 0.4% in August.

Capacity utilization increased to 74.7% in August, up from the record low of 68.2% in June 2009. Even after the substantial recovery during the last fourteen months, however, capacity utilization is only 1.2 percentage points above the low reached in the 2001 recession and 4.0 percentage points below the low reached in the 1990-91 recession.

Information about where manufacturing is heading during the remainder of the summer and in the fall remains mixed. **Purchasing managers** at manufacturing firms reported less-widespread improvement in activity for the second month in a row in September. The overall index fell to its lowest mark since November 2009 – although remained consistent with growth – as reports of new orders, production, employment and other key components weakened.

Midwest manufacturing output fell 1.4% in August, due to a 6.9% drop in motor vehicle production, according to the Chicago Federal Reserve Bank. Production in the other three sectors – steel, machinery and resource – increased. Compared with a year earlier, Midwest manufacturing production was up by 8.6%, compared with a peak so far for this cycle of 13.8% in May.

Construction

Total **construction put-in-place** increased 0.4% in August, but the July decline was revised lower to -1.4% from the originally-reported -1.0%. Residential construction put-in-place was flat, following three large monthly declines, but declined excluding the poorly-estimated improvements category. Nonresidential construction put-in-place increased 0.6%. Compared with a year earlier, total construction was down by 10.0%.

Nonresidential construction put-in-place was boosted by gains in infrastructure categories and health care. Construction put-in-place declined in power (-2.6%), commercial (-2.2%) and communications (-1.8%). The **Architecture Billings Index** from the American Institute of Architects improved for the third month in a row in August, extending the uneven but substantial string of increases that began in February 2009. The Inquiries for New Work index also increased, as did the Billings Index for the Midwest.

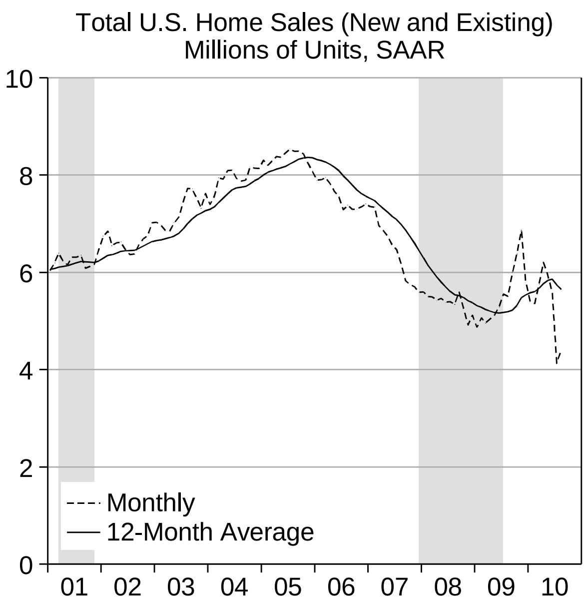
Residential real estate activity continues to exhibit the aftereffects of federal incentives for home purchase and the housing bubble. **Housing starts** rebounded 10.5% in August, due to a 4.3% increase in single-family starts and a 32.2% increase in multi-family starts. On a 3-month moving average basis, single-family starts were down 1.6% and multi-family starts were up 9.1%. Even after the August gains, total housing starts were still lower than in 97% of all months since January 1959.

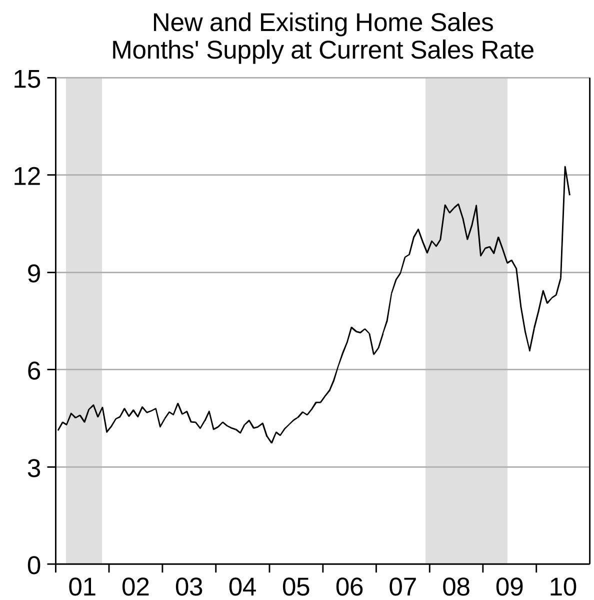
Ohio housing permits jumped 53.7% in July as activity rebounded from the swoon following the expiration of the tax credit program. Both single-family and multi-family permits increased. Total Ohio housing permits were 17.7% higher than a year earlier, but the 12-month moving average of permits was still 6.8% below the year earlier level and the August level was still lower than the pace of permits in all but twenty of the 247 other months in the data set stretching back to January 1990.

Home sales rebounded in August after falling sharply in July, due to the expiration of tax credits for home purchase. Sales of existing homes increased 7.6%, but the level was the second lowest in the last dozen years, despite historically low fixed 30-year mortgage rates. Sales of new homes were flat in August, remaining at the all-time low. The forward-looking **pending home sales** index increased 4.3% in August on top of the 4.5% increase in July after falling a total of 31.9% in the two previous months to an all-time low in June.

Home prices decreased 0.1% in July, according to the S&P/Case-Shiller index for twenty large metro areas. Prices had declined modestly in February and March and more than recouped those declines in April, May and June. Home prices could be weaker than indicated, in part because the most recent data point precedes the expiration of the tax credit program.

Combined with still-high inventories of homes on the market, weak sales will maintain downward pressure on prices and construction. The number of both existing and new homes for sale decreased during August, but the number of months of homes offered for sale at the August sales paces remained very elevated.





REVENUES

During the month of September**, GRF receipts totaled $2,365.2 million** which was $85.7 million (3.8%) above the estimate**.** This positive variance was the result of better than estimated performance across the board as tax receipts, non-tax receipts, and transfers were above estimate. For the month, tax receipts totaled $1,494.5 million, which was $56.2 million (3.9%) above estimate, while non-tax receipts and transfers totaled $843.0 million and $27.8 million and were $13.6 million (1.6%) and $15.8 million (131.9%) above estimates respectively.

Category	**Includes:**	**YTD Variance**	**% Variance**
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	$106.9 million	2.7%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	($101.5 million)	(3.9%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$9.4 million	21.7%
TOTAL REVENUE VARIANCE:		$14.7 million	0.2%

A second consecutive month of better-than-expected receipts across most tax sources resulted in a September performance that exceeded estimates by $56.2 million (3.9%). Combined with the positive August variance, tax receipts through the first quarter of the fiscal year are now $107.0 million (2.7%) above estimate. On a year-over-year basis, total tax receipts for September were $77.9 million (5.5%) greater than they were during the same month a year ago. For the year-to-date, tax collections in FY 2011 are $248.2 million (6.6%) higher than for the same period a year ago. The largest contributors to this year-over-year growth were the non-auto sales and personal income tax receipts which were 9.8% and 5.7% above those for the same month in 2009.

Individual Sources Above Estimate		Individual Sources Below Estimate	
Non-Auto Sales Tax	$18.9	Auto Sales Tax	($2.5)
Personal Income Tax	$22.2	Other Income	($3.9)
Corporate Franchise Tax	$5.9	Other Sources Below Estimate	($0.6)
Kilowatt Hour Tax	$3.5		
Foreign Insurance Tax	$1.5		
Cigarette Tax	$4.0		
Estate Tax	$2.6		
Federal Grants	$16.5		
Liquor Profits Transfer	$15.0		
Other Sources Above Estimate	$2.6		
Total above	**$92.7**	**Total below**	**($7.0)**

Non-Auto Sales and Use Tax

Following the positive performance in August, non-auto sales receipts totaled $510.5 million in September, exceeding the estimate by $18.9 million (3.8%) and exceeding last September's collections by $45.6 million (9.8%). For the first quarter of the fiscal year, receipts have exceeded last year by 10.7 percent.

Auto Sales Tax

September auto sales tax receipts totaled $82.6 million, which was $2.5 million (2.9%) below the estimate. On a year-over-year basis, this tax source experienced a decrease as September receipts were $10.0 million (10.8%) below those for the same month a year ago. OBM and the Department of Taxation believe that the negative performance of this tax versus estimate was the result of the impact the "Cash for Clunkers" program had on last September's revenues. The shortfall should be balanced out over the next couple months.

Personal Income Tax

Personal income tax receipts totaled $781.1 million in September, exceeding the estimate by $22.2 million (2.9%). Withholding continued to be the major contributor with a variance of $19.3 million (3.4%) above estimate. However, some of the overage in withholding may be due to timing at the end of the month accelerating some income into September from October. Thus, there may be a corresponding shortfall in October. Refunds also contributed to the monthly variance and were $2.5 million (9.9%) below estimate.

On a year-over-year basis, personal income tax collections during this first quarter of fiscal year 2011 were $86.9 million (5.0%) above the corresponding level in fiscal year 2010. Again, employer withholding was the main contributor as it accounted for $83.0 million (5.0%) of this growth during the quarter. The first quarterly estimated payments of this fiscal year also experienced growth of $11.1 million (4.6%) over the previous year, thus indicating the possibility of sustained positive trends in the coming months.

FY2011 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)						
	ESTIMATE SEP	ACTUAL SEP	$ VAR SEP	ESTIMATE Y-T-D	ACTUAL Y-T-D	$ VAR Y-T-D
Withholding	$573.6	$592.9	$19.3	$1,698.4	$1,737.8	$39.4
Quarterly Est.	$227.9	$228.2	$0.3	$249.7	$253.1	$3.4
Trust Payments	$4.3	$4.9	$0.6	$5.6	$5.8	$0.2
Annual Returns & 40 P	$21.1	$21.1	$0.0	$38.0	$36.2	($1.8)
Other	$5.9	$7.3	$1.4	$20.4	$21.1	$0.7
Less: Refunds	($25.3)	($22.8)	$2.5	($83.3)	($83.9)	($0.6)
Local Distr.	($48.6)	($50.5)	($1.9)	($156.6)	($159.6)	($3.0)
Net to GRF	**$758.9**	**$781.1**	**$22.2**	**$1,772.2**	**$1,810.5**	**$38.3**

Corporate Franchise Tax

Corporate franchise tax receipts for the month of September were $5.9 million. The expectation was that the refunds would equal the collections leaving the net receipts as zero. This is the first quarter following the complete phase-out of this tax, except for financial institutions.

Commercial Activity Tax

In FY 2011, 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. During the month of September, CAT receipts totaled $7.2 million (1.4%) above the monthly estimate. Through the first three months of the fiscal year, total CAT receipts year are $354.1 million (5.9%) above the year-to-date estimate.

Kilowatt Hour Tax

Kilowatt-hour tax receipts during the month of September totaled $20.7 million, which was $3.5 (20.3%) above the monthly estimate. This variance indicates a rebound in the demand for electricity driven perhaps by a combination of hotter-than-normal weather during the summer of 2010 and growth in demand from an increase in overall economic activity.

Cigarette Tax

Cigarette tax receipts during the month of September totaled $76.2 million, which was $4.0 million (5.5%) above the monthly estimate. As a result of this month's positive variance, the cigarette tax is now $9.6 million (6.0%) above estimate through the first quarter of the fiscal year. On a year-over-year basis, cigarette tax receipts were $4.5 million (5.6%) lower this month than the same month a year ago, while year-to-date collections have decreased by $10.3 million (5.7%).

GRF non-tax receipts totaled $842.9 million in September, with the performance coming in $13.6 million (1.6%) above estimate. Most of that variance is due to federal grants exceeding estimates by $16.5 million, or 2.0 percent. **GRF transfers** during the month of September totaled $27.8 million and were $15.8 million (131.9%) above the estimate. As discussed in the September 10th monthly report, the variance in transfers is due primarily to the delay in the processing of a liquor profits transfer from August of $12.0 million which posted to September.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2011 VS ESTIMATE FY 2011
($ in thousands)

REVENUE SOURCE	Month: ACTUAL SEPTEMBER	Month: ESTIMATE SEPTEMBER	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	510,508	491,600	18,908	3.8%	1,638,928	1,587,000	51,928	3.3%
Auto Sales & Use	82,637	85,100	(2,463)	-2.9%	260,328	257,400	2,928	1.1%
Subtotal Sales & Use	593,146	576,700	16,446	2.9%	1,899,255	1,844,400	54,855	3.0%
Personal Income	781,108	758,900	22,208	2.9%	1,810,489	1,772,200	38,290	2.2%
Corporate Franchise	5,863	0	5,863	N/A	433	(8,000)	8,433	105.4%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	32	0	32	N/A	30,509	44,700	(14,191)	-31.7%
Kilowatt Hour	20,690	17,200	3,489	20.3%	52,385	46,601	5,784	12.4%
Foreign Insurance	5,871	4,400	1,471	33.4%	5,692	4,450	1,242	27.9%
Domestic Insurance	(445)	0	(445)	N/A	(311)	134	(445)	-332.4%
Other Business & Property Tax	(70)	0	(70)	N/A	59	126	(67)	-53.1%
Cigarette	76,160	72,200	3,960	5.5%	170,382	160,800	9,582	6.0%
Alcoholic Beverage	4,871	4,300	571	13.3%	15,369	14,900	469	3.1%
Liquor Gallonage	3,031	2,900	131	4.5%	9,456	9,100	356	3.9%
Estate	4,189	1,600	2,589	161.8%	4,189	1,600	2,589	161.8%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,494,445	1,438,201	56,244	3.9%	3,997,907	3,891,010	106,897	2.7%
NON-TAX RECEIPTS								
Federal Grants	837,347	820,803	16,544	2.0%	2,514,990	2,603,092	(88,102)	-3.4%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	1,999	1,851	148	8.0%	9,633	16,151	(6,518)	-40.4%
Other Income	486	4,420	(3,934)	-89.0%	1,515	9,299	(7,784)	-83.7%
ISTV'S	3,114	2,255	859	38.1%	3,211	2,351	859	36.5%
Total Non-Tax Receipts	842,946	829,329	13,617	1.6%	2,529,349	2,630,893	(101,545)	-3.9%
TOTAL REVENUES	2,337,390	2,267,529	69,861	3.1%	6,527,256	6,521,904	5,352	0.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	27,000	12,000	15,000	125.0%	40,000	37,000	3,000	8.1%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	830	0	830	N/A	12,473	6,106	6,367	104.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	27,830	12,000	15,830	131.9%	52,473	43,106	9,367	21.7%
TOTAL SOURCES	2,365,220	2,279,529	85,691	3.8%	6,579,729	6,565,010	14,719	0.2%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL - FY 2011 VERSUS FY 2010
($ in thousands)

REVENUE SOURCE	Month SEPTEMBER FY 2011	Month SEPTEMBER FY 2010	Month $ VAR	Month % VAR	Year-to-Date ACTUAL FY 2011	Year-to-Date ACTUAL FY 2010	Year-to-Date $ VAR	Year-to-Date % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	510,508	464,902	45,606	9.8%	1,638,928	1,480,288	158,640	10.7%
Auto Sales & Use	82,637	92,622	(9,985)	-10.8%	260,328	262,595	(2,267)	-0.9%
Subtotal Sales & Use	593,146	557,524	35,622	6.4%	1,899,255	1,742,883	156,373	9.0%
Personal Income	781,108	739,052	42,056	5.7%	1,810,489	1,723,620	86,869	5.0%
Corporate Franchise	5,863	10,139	(4,275)	-42.2%	433	(3,639)	4,073	111.9%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	32	11	21	190.6%	30,509	34,125	(3,616)	-10.6%
Kilowatt Hour	20,690	16,280	4,410	27.1%	52,385	41,839	10,545	25.2%
Foreign Insurance	5,871	4,397	1,474	33.5%	5,692	4,112	1,580	38.4%
Domestic Insurance	(445)	108	(554)	-511.3%	(311)	161	(473)	-293.0%
Other Business & Property Tax	(70)	4	(74)	-1820.2%	59	101	(42)	-41.8%
Cigarette	76,160	80,679	(4,519)	-5.6%	170,382	180,632	(10,250)	-5.7%
Alcoholic Beverage	4,871	3,942	929	23.6%	15,369	14,923	446	3.0%
Liquor Gallonage	3,031	2,972	59	2.0%	9,456	9,249	206	2.2%
Estate	4,189	1,421	2,768	194.7%	4,189	1,659	2,530	152.5%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,494,445	1,416,529	77,916	5.5%	3,997,907	3,749,667	248,241	6.6%
NON-TAX RECEIPTS								
Federal Grants	837,347	709,711	127,636	18.0%	2,514,990	1,996,362	518,628	26.0%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	1,999	1,296	703	54.2%	9,633	14,056	(4,423)	-31.5%
Other Income	486	3,103	(2,618)	-84.4%	1,515	9,706	(8,192)	-84.4%
ISTV'S	3,114	7	3,107	N/A	3,211	(142)	3,352	2366.5%
Total Non-Tax Receipts	842,946	714,117	128,829	18.0%	2,529,349	2,019,983	509,365	25.2%
TOTAL REVENUES	2,337,390	2,130,646	206,745	9.7%	6,527,256	5,769,650	757,606	13.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	27,000	15,000	12,000	80.0%	40,000	42,000	(2,000)	-4.8%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	830	17,594	(16,764)	-95.3%	12,473	18,572	(6,100)	-32.8%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	27,830	32,594	(4,764)	-14.6%	52,473	60,572	(8,100)	-13.4%
TOTAL SOURCES	2,365,220	2,163,240	201,980	9.3%	6,579,729	5,830,222	749,506	12.9%

DISBURSEMENTS

September 2010 GRF disbursements, across all fund uses, total $2,182.3 million. This was $173.2 million (7.4%) below estimate for the month. On a year-to-date basis, total GRF disbursements are $8,094.6 million, which is $33.8 million (0.4%) below estimate. Year-to-date disbursements by category are provided in the following table ($ 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)	$7,524.7	($46.4)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	$569.9	$12.6
TOTAL GRF DISBURSEMENTS:		$8,094.6	($33.8)

GRF disbursements are reported according to functional categories. 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 September totaled $536.3 million which was $9.1 million (1.7%) below the monthly estimate. Year-to-date disbursements total $1,980.5 million, which is $4.0 million (0.2%) below estimate.

Higher Education

September disbursements for Higher Education were $189.0 million, representing a variance of $2.1 million (1.1%) above the estimate for the month. Year-to-date disbursements were $606.9 million, representing a variance totaling $0.55 million (0.1%) below the estimate.

Public Assistance and Medicaid

September expenditures in this category, which include all GRF expenditures by the Department of Job & Family Services (ODJFS), were $979.0 million. Expenditures were $8.2 million (0.8%) below estimate for the month. Year-to-date expenditures total $3,403.4 million, which is $54.3 million (1.6%) above the estimate. The following discussion of spending and variances to date addresses Public Assistance and Non-Medicaid programs separate from Medicaid.

<u>Medicaid</u>
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 $3,244.6 million, which is $68.1 million (2.1%) above estimate, and $571.8 million (17.6%) above the same point in time in the prior year. Disbursements for the month of September were $947.6 million, which was $1.1 million (0.1%) below estimate and $481.2 million (50.8%) above the same period in the prior year.

All funds disbursements year-to-date are $3,430.8 million, which is $20.6 million (0.6%) below estimate, and $229.7 million (6.7%) above disbursements for the same point in time in the prior year. Disbursements for September were $1,106.3 million, which was $44.8 million (3.9%) below projected expenditures and $111.9 million (10.1%) above the same period in the prior year.

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

	September Projection	September Actual	Variance	Variance %
GRF	$ 948,716,098	$ 947,618,442	$ (1,097,656)	-0.1%
Non-GRF	$ 202,402,793	$ 158,674,570	$ (43,728,223)	-21.6%
All Funds	$ 1,151,118,891	$ 1,106,293,012	$ (44,825,879)	-3.9%

Specific variances across all funding sources include:

<u>Inpatient Hospital</u> – Disbursements for the month of September for the Inpatient Hospital category were $75.5 million, which was $16.9 million (18.3%) below projected expenditures. This is primarily due to a lower than projected number of member months in the Fee-For-Service category, and lower than projected per member per month costs.

<u>Drug</u> – Disbursements for the prescription Drug category in September were $121.3 million, which was $20.3 million (14.37%) below projected expenditures. This is due to lower than projected claims and per member per month costs.

Caseload

Total caseload for the month of August, the most recent month available, was 2.14 million covered persons, which was an increase of 13,267 persons over the month of July. This number includes select non-Medicaid programs, such as the Breast and Cervical Cancer program, and represents the 32st consecutive month of growth, the longest instance of sustained increase in nine years. The Covered Families and Children (CFC) category increased by 10,292 persons, for an August total of 1.63 million persons. The Aged, Blind and Disabled (ABD) program decreased by 1,464 people, for an August total of 401.6 thousand covered lives.

As noted in previous reports, the Medicare premium assistance programs (the Qualified Medicare Beneficiary (QMB) and Specified Low Income Medicare Beneficiary (SLMB)) have been re-categorized from the ABD category to the "Non-Medicaid" group. These two programs, totaling 96,320 covered lives in the month of August, account for the decrease in the reported total ABD population as compared to previous months.

Total enrollment for the same period last year was 1.99 million covered persons, including 1.51 million persons in the CFC program, 385.5 thousand people in the ABD category, and 94,437 in the Other Non-Medicaid program, including Premium Assistance. This represents total program growth over the last twelve months of 149.5 thousand covered lives.

CFC showed an increase of 10,292 persons to 1.63 million covered lives, and continues to be the main driver of caseload increases in the Medicaid program. Enrollment in this category was 8,091 (0.5%) over total projected enrollment. 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, accounting for nearly all of the increase.

The ABD program showed an increase of 1,464 people to a total of 401.6 thousand covered lives. As noted above, this category no longer includes the QMB and SLMB programs, which account for 96,320 people in August. Enrollment was 6,731 persons (1.7%) over total projected enrollment for this category.

<u>Public Assistance and Non-Medicaid</u>

ODJFS, non-Medicaid, General Revenue Fund disbursements totaled $31.3 million for the month of September. In the aggregate, GRF actual spending was $7.15 million (18.57%) lower than the disbursement estimates for the month. Major variances within individual line items were attributable to the following:

- Computer Projects, ALI 600416, expenditures were $4.3 million lower than agency estimates due to lower than anticipated vendor and contract payments.
- Disability Financial Assistance, ALI 600511, spending was $2.95 million lower than line item estimates for the month. This was mainly due to the quarterly county finance closeout reconciliation process.
- Support Services, ALI 600321, expenditures were $1.4 million lower than original estimates due to lower than expected payroll, maintenance, and invoice expenditures for the month.
- Entitlement Administration, ALI 600521, disbursements were $2.2 million higher than agency estimates mainly from higher than anticipated county subsidy payments.
- Over/under spending across remaining GRF line items also contributed to the variance.

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.

September expenditures in this category were $52.3 million, which was $6.5 million (11.0%) below estimate for the month. The year-to-date actual disbursements are $298.9 million, which is $11.4 million (3.7%) below the estimate. Notable items include:

- For the year-to-date, the Department of Health disbursements total $26.4 million, which is under estimate by $3.9 million (3.6%).

- September 2010 disbursements for the Department of Health totaled $4.1 million. When compared to September 2010 estimates, in aggregate, actual disbursements were $3.0 million (74.6%) below estimate. This is primarily attributable to the following:
  - The AIDS Prevention and Treatment line item (440-444) was $0.55 million under estimate. This was due to more federal funds being used in lieu of GRF.
  - The Federally Qualified Health Centers line item (440-465) was under estimate by $1.3 million, due to a payment being made in August which was originally scheduled for September.
  - The Bureau for Children with Medical Handicaps line item (440-505) was under estimate by $0.6 million. This was due to payments moving into October which were originally planned for August and September.

- For the year, the Department of Aging disbursements total $44.0 million, which is below estimate by $1.9 million (4.3%).

- September 2010 disbursements for the Department of Aging totaled $9.0 million. When compared to September 2010 estimates, in aggregate, actual disbursements were $2.0 million (22.1%) above estimate. This is primarily attributable to the following:
  - The Residential State Supplement line item (490-412) was under estimate by $0.4 million. This was due to a payment moving into October which was originally planned for September.
  - The Long Term Care Budget – State line item (490-423) was under estimate by $1.6 million, due to a payment moving into October which was originally planned for September.

- The Department of Mental Health disbursed $16.9 million in the month of September, which is $1.8 million (9.5%) under the estimate. The variance of $1.1 million in the Community and Hospital Mental Health Services line (334408), is attributable to cost savings days and other human resource related savings, such as vacancies. The Behavioral Health Services – Children line (335404) and the Family and Children First (FCF) line (335405) showed a variance of $0.6 million below estimate spending. Funding in these line items is disbursed when County Boards and local FCF Councils request to draw down their allocation. Boards and FCF Councils may request funding throughout the fiscal year, making it difficult to estimate the timing of these GRF disbursements on a monthly basis.

- The Department of Developmental Disabilities disbursed $18.6 million in the month of September, which is $1.1 million (6.1%) above the estimate. Approximately $1.8 million of this variance is due to the timing of the ICF/MR (Intermediate Care Facilities for the Mentally Retarded) franchise fee payment from the 322647 line item. The first quarter payment to the Department of Job and Family Services was estimated to occur in August but was processed in the month of September. Due to the timing of the submission of Medicaid waiver claims, the Department was $0.7 million under estimate in the Martin Waiver line item 322504.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Corrections (DRC) and the Department of Youth Services (DYS). September expenditures in this category were $136.8 million, which was $10.6 million (7.2%) below estimate for the month. Year-to-date disbursements are $530.5 million, which is $2.4 million (0.4%) below the estimate. Notable items in the subcategories include:

- The Department of Rehabilitation and Correction (DRC) disbursed $100.9 million in the month of September, which was $13.4 million (10.3%) less than the $114.3 million estimate for the month. This variance is primarily the result of fewer than anticipated OSU medical bills being paid in the month. As a result, DRC's October disbursements may be higher than anticipated as these bills are paid.

- The Department of Youth Services (DYS) disbursed $14.9 million in the month of September, which was $0.8 million (5.2%) less than the $15.8 million estimate for the month.

General Government

For September, General Government disbursements were $33.5 million which was $4.2 million (11.1%) below the monthly estimate of $37.7 million. Year-to-date actual expenditures are $98.7 million, which is $6.7 million (6.4%) below the estimate.

Community and Economic Development

For the month of September, disbursements in this category were $22.1 million which was $2.3 million (9.5%) below the estimate. Year-to-date disbursements total $36.7 million, which is $3.3 million (8.3%) below the estimate.

- For the month of September, the Department of Development disbursed $5.29 million in GRF, which is $1.87 million (26%) below estimate. The Thomas Edison program (195401) disbursed $1.30 million less than estimated. The Governor's Office of Appalachia (195416) disbursed $1.1 million less than estimated, most of which are a result of prior year encumbrances. These were was offset by higher-than-estimated disbursements in Business Development Grants (195412). The discrepancies in these lines are due to the nature of the grants, which are reimbursement-based. Grantees must incur and pay costs before seeking reimbursement under their respective grants. As grantees operate on their own schedules disbursements are difficult to accurately project.

Tax Relief and Other

September disbursements for the tax relief totaled $210.3 million and were $66.3 million (24.0%) below the $276.6 million monthly estimate. Of the amounts disbursed, $89.9 million was paid to local governments, while $120.4 million was paid to school districts. For the year-to-date, total tax relief payments have totaled $310.2 million and are $72.3 million (18.9%) below the year-to-date estimate. 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 rollback, as well as the homestead exemption.

Debt Service

As expected, September debt service spending was well below estimate as a result of the transfer of $65.0 million to the Common Schools bond service fund that occurred in August instead of September as projected. Thus, the September underage fully offset the August overage and debt service spending for the fiscal year-to-date is just $1.1 million (0.5%) below the year-to-date estimate.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2011 VS ESTIMATE FY 2011
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL SEPTEMBER	MONTH ESTIMATED SEPTEMBER	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	536,330	545,436	(9,106)	-1.7%	1,980,535	1,984,551	(4,016)	-0.2%
Higher Education	189,049	186,983	2,066	1.1%	606,903	607,449	(546)	-0.1%
Public Assistance and Medicaid	978,965	987,213	(8,248)	-0.8%	3,403,369	3,349,050	54,319	1.6%
Health and Human Services	52,251	58,741	(6,490)	-11.0%	298,872	310,233	(11,360)	-3.7%
Justice and Public Protection	136,784	147,364	(10,581)	-7.2%	530,460	532,822	(2,362)	-0.4%
Environmental Protection and Natural Resources	4,642	4,232	411	9.7%	19,232	18,083	1,149	6.4%
Transportation	745	733	12	1.7%	7,190	7,208	(18)	-0.3%
General Government	33,500	37,694	(4,194)	-11.1%	98,662	105,384	(6,722)	-6.4%
Community and Economic Development	22,052	24,356	(2,304)	-9.5%	36,701	40,021	(3,320)	-8.3%
Tax Relief and Other	210,267	276,564	(66,297)	-24.0%	315,910	388,355	(72,445)	-18.7%
Capital Outlay	0	43	(43)	N/A	24	43	(19)	-43.9%
Debt Service	16,923	82,852	(65,928)	-79.6%	226,869	227,951	(1,082)	-0.5%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**2,181,509**	**2,352,211**	**(170,702)**	**-7.3%**	**7,524,728**	**7,571,148**	**(46,420)**	**-0.6%**
Transfers Out:								
OPER TRF OUT-OTH	772	3,230	(2,458)	-76.1%	39,603	25,248	14,355	56.9%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	530,270	532,000	(1,730)	-0.3%
Total Transfers (Out)	**772**	**3,230**	**(2,458)**	**-76.1%**	**569,874**	**557,248**	**12,626**	**2.3%**
Total Fund Uses	**2,182,281**	**2,355,441**	**(173,159)**	**-7.4%**	**8,094,601**	8,128,396	**(33,795)**	**-0.4%**

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2011 VS ACTUAL FY 2010
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	**SEPTEMBER FY 2011**	**SEPTEMBER FY 2010**	**$ VAR**	**% VAR**	**ACTUAL FY 2011**	**ACTUAL FY 2010**	**$ VAR**	**% VAR**
Primary, Secondary and Other Education	536,330	536,589	(259)	0.0%	1,980,535	1,732,548	247,987	14.3%
Higher Education	189,049	185,323	3,726	2.0%	606,903	590,883	16,020	2.7%
Public Assistance and Medicaid	978,965	529,410	449,555	84.9%	3,403,369	2,863,758	539,611	18.8%
Health and Human Services	52,251	49,434	2,818	5.7%	298,872	274,449	24,423	8.9%
Justice and Public Protection	136,784	158,261	(21,477)	-13.6%	530,460	547,564	(17,103)	-3.1%
Environmental Protection and Natural Resources	4,642	5,379	(737)	-13.7%	19,232	22,161	(2,929)	-13.2%
Transportation	745	504	241	47.9%	7,190	2,482	4,708	189.6%
General Government	33,500	40,595	(7,095)	-17.5%	98,662	99,496	(834)	-0.8%
Community and Economic Development	22,052	19,998	2,054	10.3%	36,701	34,613	2,088	6.0%
Tax Relief and Other	210,267	245,329	(35,062)	-14.3%	315,910	373,778	(57,867)	-15.5%
Capital Outlay	0	155	(155)	-100.0%	24	255	(231)	-90.6%
Debt Service	16,923	15,862	1,062	6.7%	226,869	165,465	61,404	37.1%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	**2,181,509**	**1,786,838**	**394,671**	**22.1%**	**7,524,728**	**6,707,452**	**817,276**	**12.2%**
Transfers Out:								
OPER TRF OUT-BUD STABILIZATION	0	0	0	N/A	0	0	0	N/A
OPER TRF OUT-OTH	772	11,235	(10,463)	-93.1%	39,603	48,798	(9,195)	-18.8%
OPER TRF OUT-TEMPORARY	0	0	0	N/A	530,270	541,794	(11,524)	-2.1%
Total Transfers (Out)	**772**	**11,235**	**(10,463)**	**-93.1%**	**569,874**	**590,592**	**(20,719)**	**-3.5%**
Total Fund Uses	**2,182,281**	**1,798,074**	**384,208**	**21.4%**	**8,094,601**	**7,298,044**	**796,557**	**10.9%**

FUND BALANCE

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2011. Based on the estimated revenue for FY 2011 and the estimated FY 2011 disbursements, transfers, and encumbrances, the current GRF ending fund balance for FY 2011 is an estimated $153.9 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2011 nor should it be considered as equivalent to the FY 2011 surplus calculation as defined in Section 131.44 of the Ohio Revised Code. There are a number of known risks to achieving this ending GRF balance, including the outcome of litigation involving the disposition of tobacco settlement proceeds and the performance of the economy.

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 2011
($ in thousands)

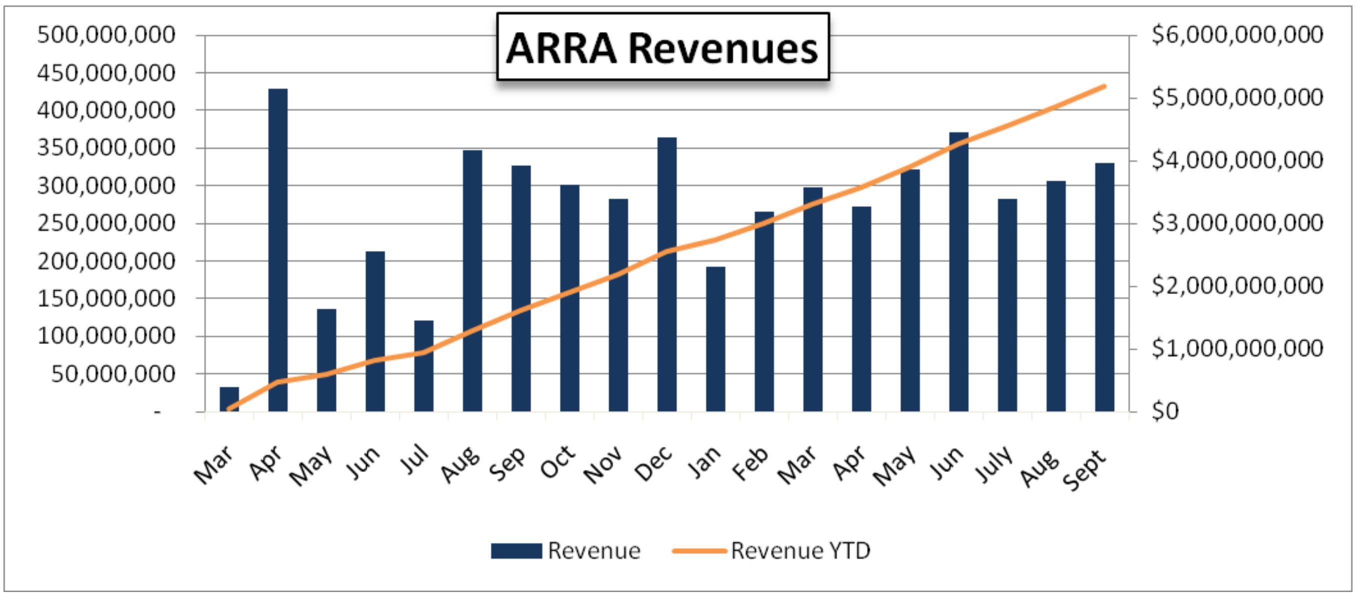
July 1, 2010 Beginning Cash Balance	**$ 510,401**
Plus FY 2011 Estimated Revenues	17,090,500
Plus FY 2011 Estimated Federal Revenues	8,370,930
Plus FY 2011 Estimated Transfers to GRF	1,372,840
Total Sources Available for Expenditure & Transfer	**27,344,671**
Less FY 2011 Estimated Disbursements	25,997,497
Less FY 2011 Estimated Total Encumbrances as of June 30, 2010	278,465
Less FY 2011 Estimated Transfers Out	914,800
Total Estimated Uses	**27,190,763**
FY 2011 ENDING FUND BALANCE	**153,908**

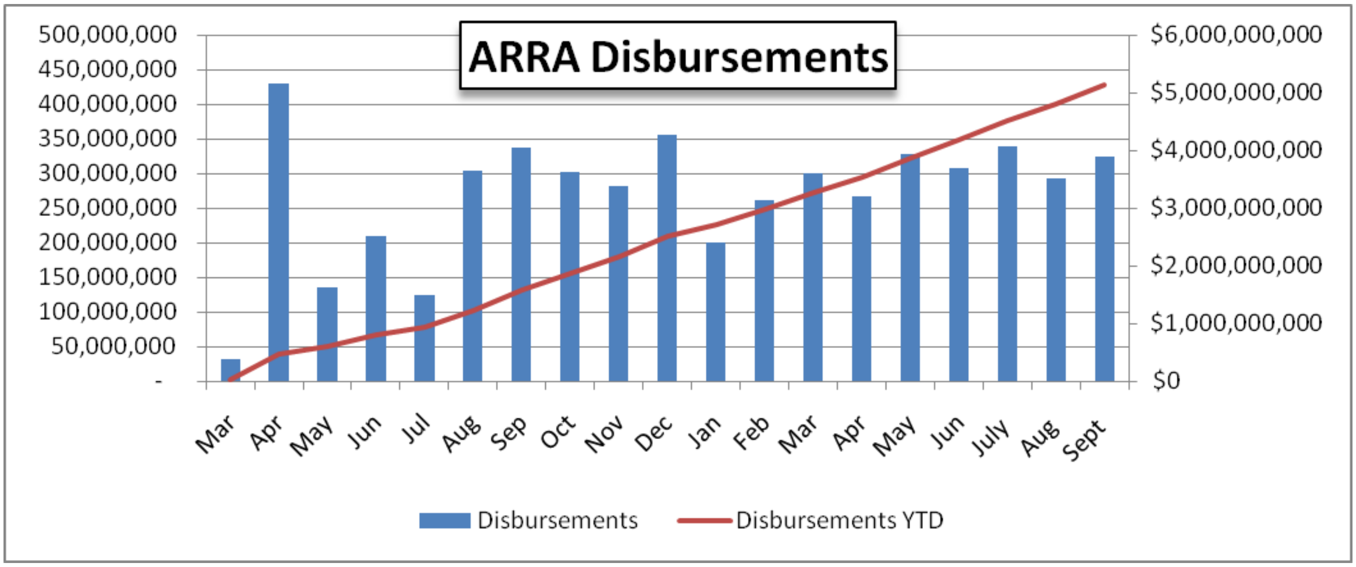
ARRA Monthly Revenue and Disbursements Report

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 $5.191 billion in federal revenue and disbursed $5.136 billion as of September 30, 2010.

	Revenue	Disbursements
FY 2009	$808,753,636	$806,882,970
FY 2010	$3,463,056,888	$3,372,015,092
FY 2011	$919,577,284	$956,707,777
TOTAL	**$5,191,387,808**	**$5,135,605,840**





ARRA Revenue and Disbursements
for the month of September

Revenue	Disbursements
$330,418,066	$ 324,787,116

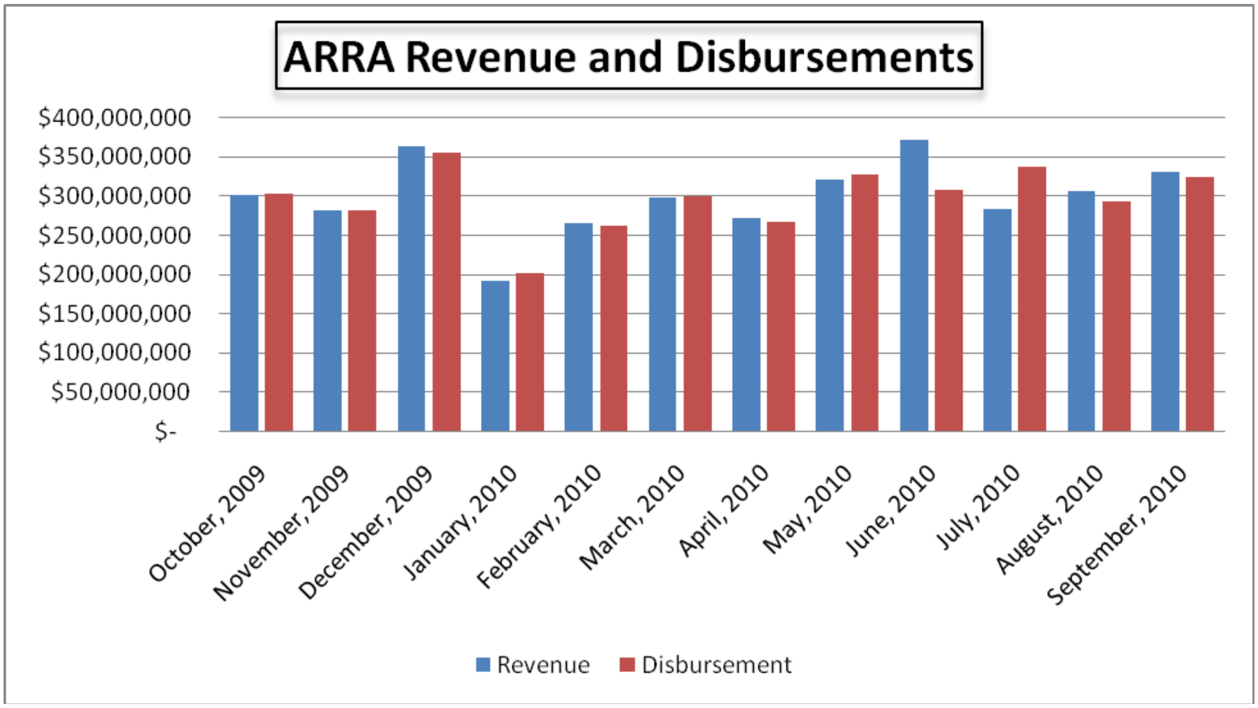
September – Fiscal Year 2011

ARRA Revenue

September 2010 Federal ARRA revenue received by all state agencies was $330.4 million. This was an increase of $23.1 million or 8% from the month of August.

ARRA Disbursements

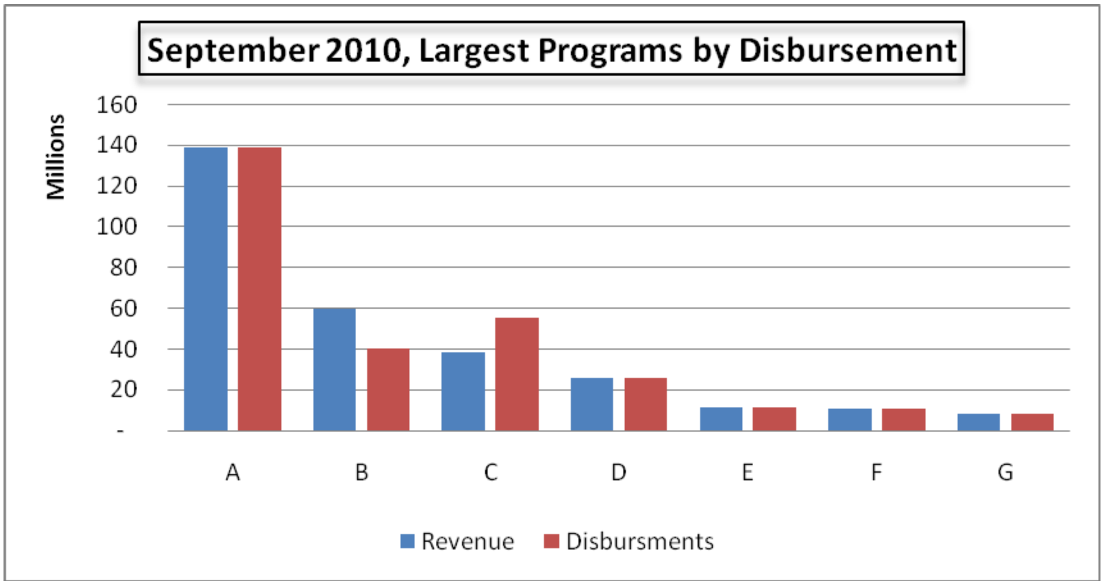
September 2010 Federal ARRA disbursements for all state agencies were $324.8 million. This was an increase of $31.6 million or 11% over the month of August. The variance between the amount of revenue and disbursements is primarily due to the different reimbursement or expenditure practices by the administering federal agencies.



	Oct	Nov	Dec	Jan	Feb	Mar
Revenue	301,192,405	282,183,655	363,341,536	191,882,605	265,621,851	298,249,769
Disbursements	302,907,634	282,545,148	355,229,309	201,038,310	261,516,518	299,521,424
	Apr	**May**	**June**	**July**	**Aug**	**Sept**
Revenue	272,408,432	321,110,146	371,389,127	283,020,180	306,139,038	330,418,066
Disbursements	267,704,305	328,255,930	307,641,883	338,048,993	293,138,377	324,787,116

Largest Amount of Activity by Program

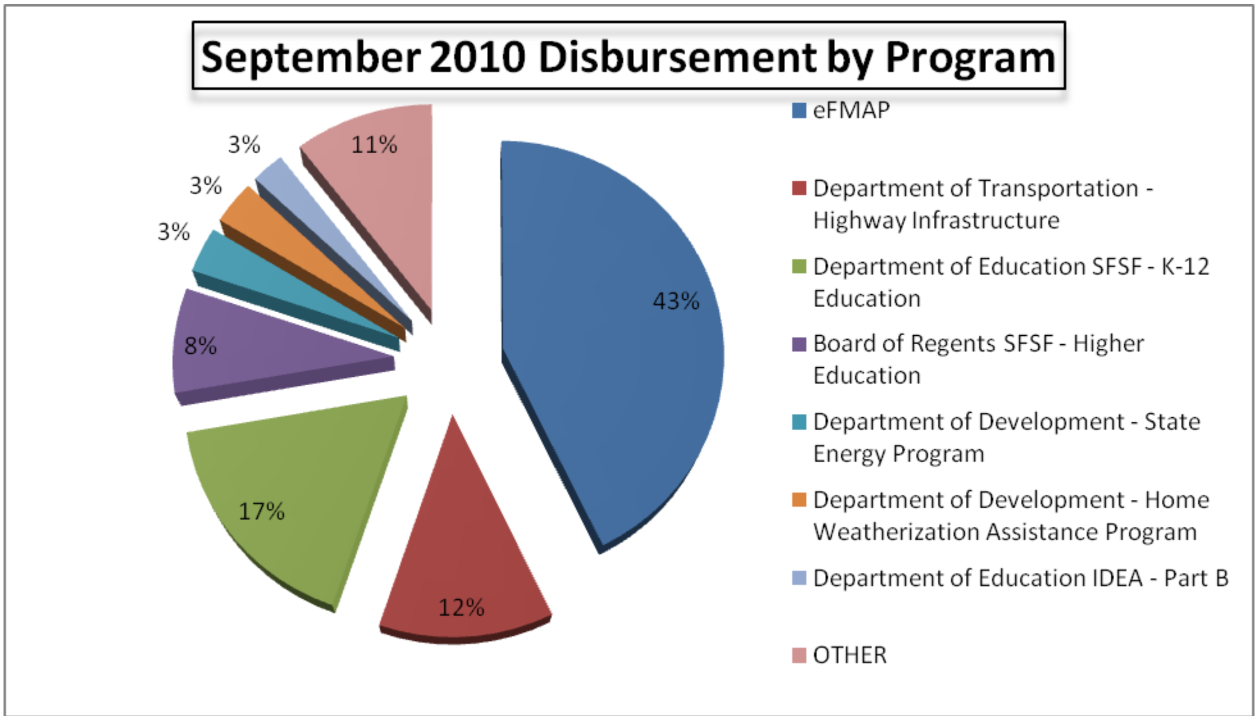
During the month of September, there were more than 70 active federal stimulus grants in the State of Ohio. Of those programs, the seven highlighted below accounted for over 89% of the funds disbursed.



	Program	Revenue	Disbursements
A	eFMAP	139,119,084	139,119,084
B	Department of Transportation - Highway Infrastructure	59,657,326	40,167,632
C	Department of Education SFSF - K-12 Education	38,335,740	55,415,608
D	Board of Regents SFSF - Higher Education	25,733,527	25,733,527
E	Department of Development – State Energy Plan	11,242,121	11,243,578
F	Department of Development - Home Weatherization Assistance Program	10,907,790	10,874,505
G	Department of Education IDEA - Part B	8,125,007	8,125,007

Breakdown of Largest Amount of Activity by Program

During the month of September, the Department of Job and Family Services disbursed 43% of ARRA funds through eFMAP. The Department of Transportation disbursed 12% of the ARRA funds for Highway Infrastructure projects, and the Department of Education disbursed 17% of ARRA funds for K-12 SFSF Education Programs.



State Fiscal Stabilization Fund Overview

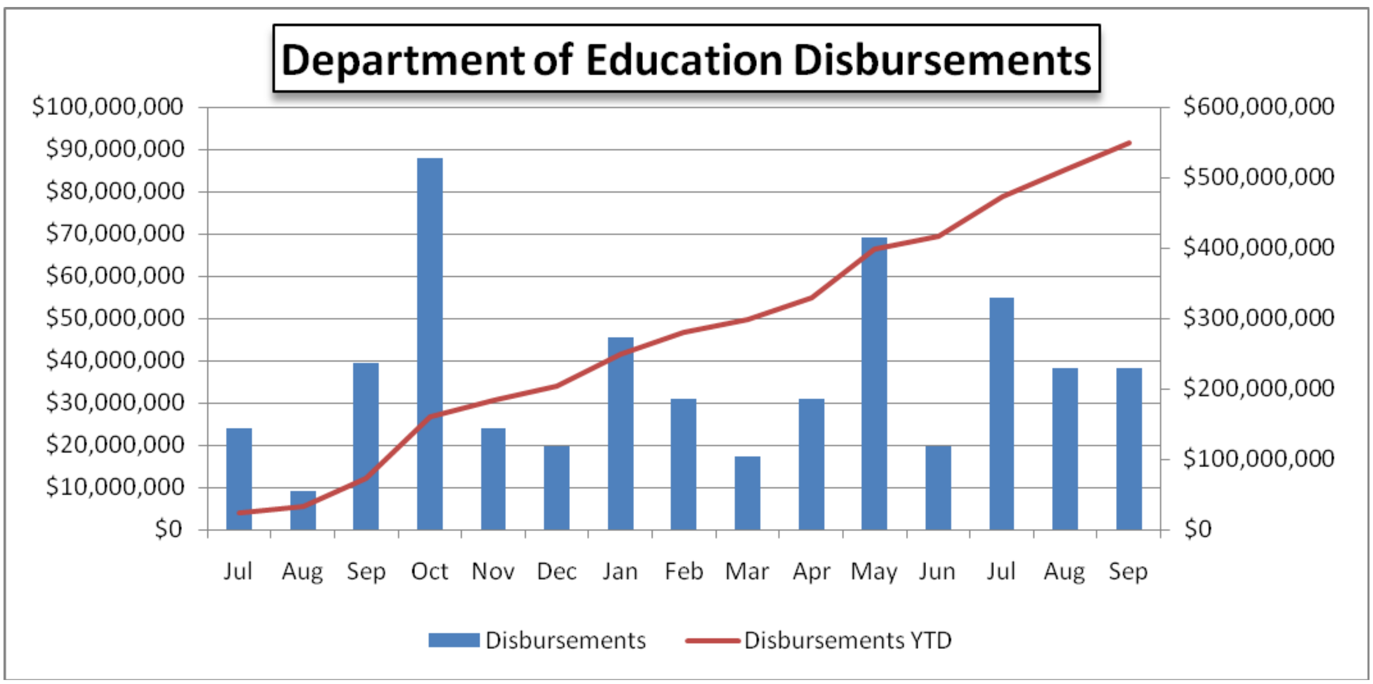
The State of Ohio has been awarded $1,789,376,483 in State Fiscal Stabilization Funds (SFSF) through ARRA. Of this amount, $1,463,709,963 is from the Education Stabilization Fund (ESF) and $325,666,520 is from the Government Services Fund (GSF). The ESF is to be used by the state to restore support for elementary and secondary education and public higher education. The GSF is intended to be used to support public safety and other government services, which can include support for education.

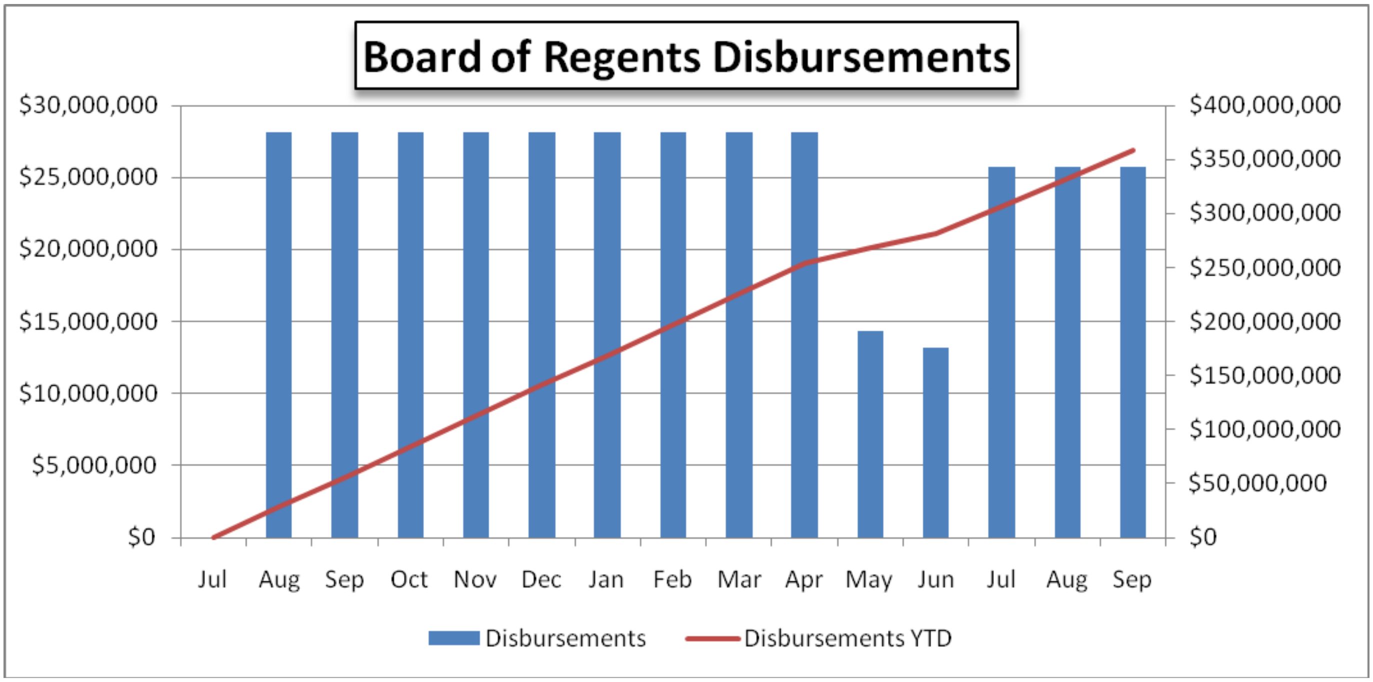
H.B. 1, the state's FY 2010-2011 operating budget, originally included appropriations for the SFSF. Controlling Board request #OBM0100041, which was approved on April 19, 2010, modified the allocations for each agency to ensure the state would meet the Maintenance of Effort (MOE) and Use of Funds provisions of ARRA for FY10 that are a condition of using the portion of federal funds that relate to education. The modifications did not result in an overall change to the SFSF appropriations for the state as a whole.

Agency	ALI	FY 2010	FY 2011	Total
Department of Education (ESF)	200551	$417,583,913	$457,449,362	$875,033,275
Board of Regents (ESF/GSF)	235644	$281,022,236	$308,802,662	$589,824,898
Department of Rehabilitation and Correction (GSF)	501620	$110,029,321	$214,488,988	$324,518,309

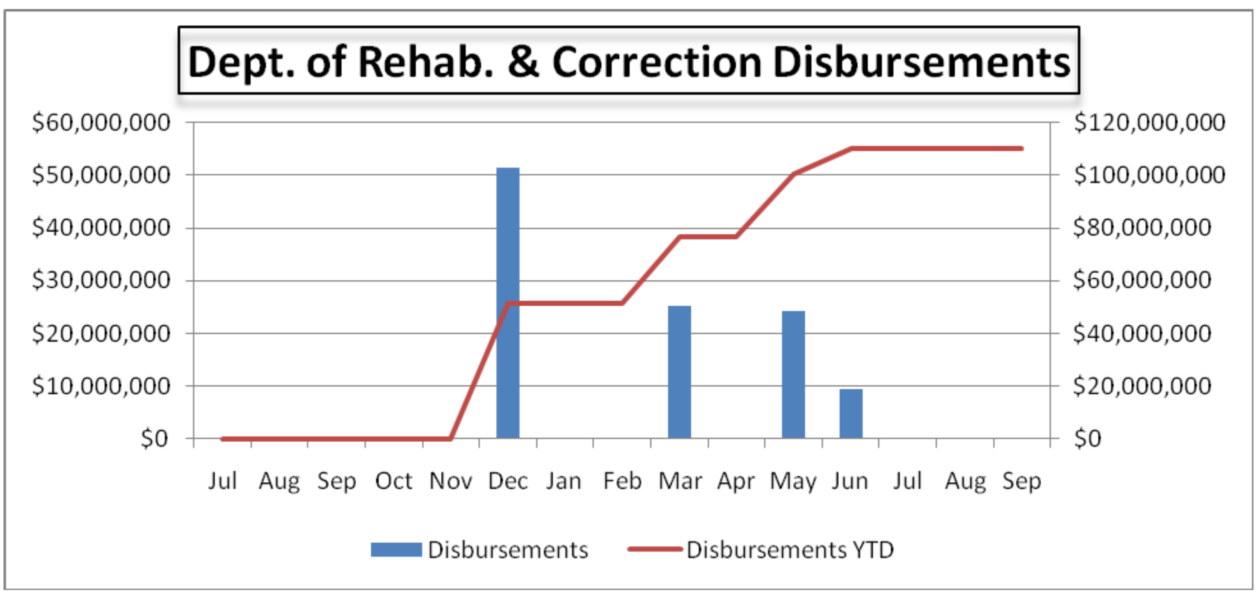
The appropriation for the Department of Education is being used to distribute ESF funds to local education agencies (LEAs) through the state's elementary and secondary education funding formula, the Ohio Evidence-Based Model (OEBM). The Board of Regents' appropriation is being used to distribute ESF funds to public institutions of higher education (IHEs) through the higher education funding formula, the State Share of Instruction (SSI). Finally, the Department of Rehabilitation and Correction's appropriation is being used to support payroll with the GSF.

Through September 2010, the state has disbursed $1,017.4 million in SFSF ($549.1 million from the Department of Education (ESF), $358.2 million from the Board of Regents (GSF/ESF) and $110.0 million from the Department of Rehabilitation and Correction (GSF)).





Board of Regents Disbursements
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
$400,000,000
$350,000,000
$300,000,000
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$0
Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep
Disbursements
Disbursements YTD



Dept. of Rehab. & Correction Disbursements
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0
$120,000,000
$100,000,000
$80,000,000
$60,000,000
$40,000,000
$20,000,000
$0
Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep
Disbursements
Disbursements YTD