



June 10, 2011

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

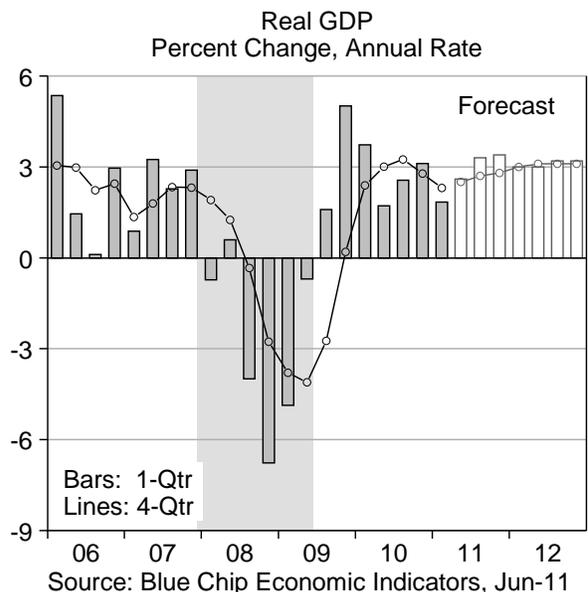
ECONOMIC SUMMARY

Economic Performance Overview

- Real GDP slowed to a 1.8% pace in the first quarter, down from 3.1% in the fourth quarter and 2.8% for all four quarters of 2010. Forecasters expect somewhat faster growth during the remainder of 2011.
- The pace of growth in U.S. employment slowed to a gain of 54,000 jobs in May, and the unemployment rate increased to 9.1 percent.
- Ohio employment increased by 8,600 jobs in April after gains totaling 53,700 in the first quarter. The Ohio unemployment rate decreased for the fourteenth month in a row to 8.6% after peaking at 10.6% in February 2010.
- Leading economic indicators remain consistent with growth continuing both nationally and in Ohio, but at a slower pace.

Economic Growth

Economic activity slowed to 1.8% in the first quarter from the moderate pace of 3.1% during the fourth quarter. The first quarter gain was the seventh in a row, and lifted real GDP further above the pre-recession peak first topped in the fourth quarter. However, the rise since the trough in the second quarter of 2009 remains the second weakest in the post-war period. Compared with a year earlier, real GDP increased 2.3% – a slowdown from the peak of 3.2% in the third quarter last year. During the 30 years ending in the first quarter, real GDP grew at a compound annual rate of 2.7 percent.



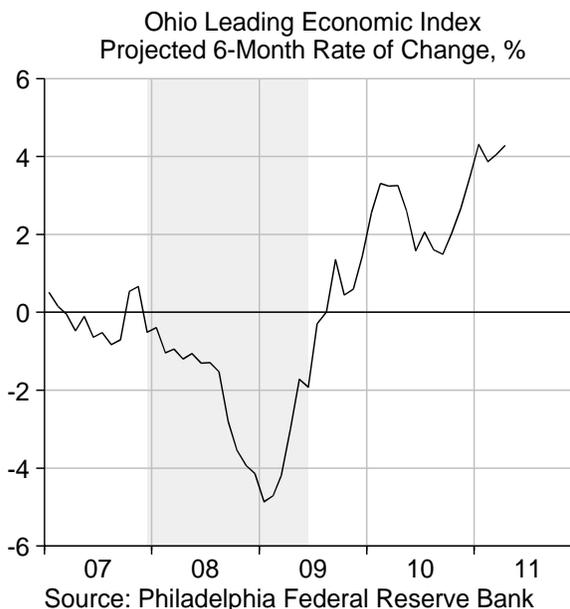
First quarter growth primarily reflected increases in personal consumption expenditures and inventory accumulation. Investment in equipment, software, and exports also made positive contributions to the change in real GDP. Government spending at the federal, state, and local levels subtracted from growth, due in part to an unlikely-to-be-continued decline in defense outlays. Investment in both residential and nonresidential structures also subtracted from growth. Imports increased after a large decline in the fourth quarter, meaning that a greater share of domestic spending was for goods and services produced overseas. If not for the unusually large decline in government spending, real GDP would have increased 2.9% in the first quarter.

Forecasters expect growth of approximately 2½% in the second quarter and project an increase in growth to 3¼% to 3½% in the second half of the year, according to the June *Blue Chip Economic Indicators* consensus. Two important variables are the degree and duration of disruptions stemming from the earthquake and tsunami in Japan and severe spring weather in the U.S. Effects began to appear in May, as labor markets softened, manufacturing activity slowed, and auto sales fell to the lowest level since the summer of 2010 (see sections below).

The **Leading Economic Index** decreased 0.3% in April following nine straight monthly increases. Six of the ten components of the index made negative contributions, led by higher initial claims for unemployment insurance and faster deliveries (faster deliveries indicate a reduction in orders). The ratio of coincident to lagging indexes also decreased 0.3% in April for the third consecutive decline. The 4-week moving average of the **Weekly Leading Index** decreased for the sixth straight week in late May, pulling down the rate of change to 4.9% from 7.8% in mid-April.

The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased 0.8% for the fourth month in a row in April and for the twentieth straight gain. The 12-month rate of change increased to 6.3% – the fastest since the mid-1990s. The rebound in a **leading index for Ohio**, also compiled by the Philadelphia Fed continued in April, pointing to a steady expansion in the Ohio economy during the spring and summer.

Effects from tornadoes and flooding in the U.S. and the earthquake and tsunami in Japan are expected to temporarily hold back growth in the near term. Reports suggest that supply chain disruptions have begun to interfere with motor vehicle production and could continue to do so through year end.



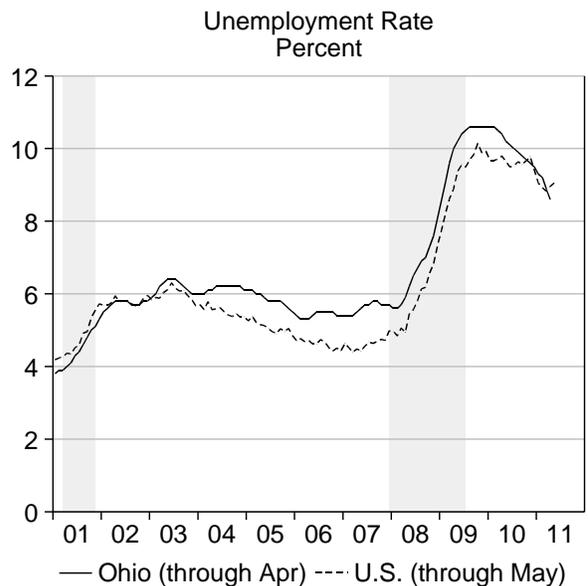
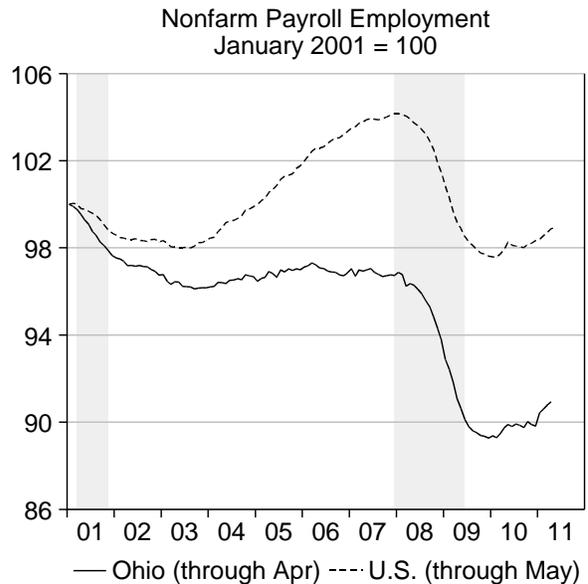
Employment

Nonfarm payroll employment increased by 54,000 jobs in May and the gains in March and April were revised down by a total of 39,000 jobs. Employment increased by an average of 220,000 jobs per month during the three previous months. The **unemployment rate** edged up again in May to 9.1% as the number of unemployed people increased for the second month in a row. The workweek was unchanged, and aggregate hours increased 0.1% to 2.2% above the year earlier level, down from a peak rate of change of 2.7% in February. Average hourly earnings increased 0.3% to 2.1% above the year earlier level – well below the 3.1% rate of change in the general level of consumer prices during the same period.

Gains in nonfarm payroll employment narrowed across industries in May, with 53.6% of 269 private sector industries reporting higher employment than in April. Among 82 manufacturing industries, 54.9% reported higher payrolls than in April. Manufacturing employment decreased by 5,000 jobs in May following six straight gains totaling 160,000 jobs. Construction employment eked out the fourth straight gain, rising by 2,000 jobs. Among industries in the service sector, increases were concentrated in professional and business services (+44,000), and education and health services (+34,000). Government employment decreased by 29,000 jobs, mostly in local government.

The recent change in the pattern of **initial jobless claims** indicates that labor markets are softening. After falling early this year convincingly below the 450,000 per week average that had prevailed during most of 2010, initial claims in recent weeks have jumped well above the 400,000 level, possibly reflecting disruptions from the tornadoes and flooding in the U.S. and the earthquake and tsunami in Japan.

From its peak nineteen months ago in October 2009, the **unemployment rate** has decreased by one percentage point – a typical pattern at this stage in the business cycle during the past half-



century. During the current episode, however, an unusual decline in the labor force has accounted for one-fifth of the decline in the unemployment rate, with four-fifths resulting from an increase in employment. Every other instance of a decline in the unemployment of this size over a 19-month period since the early 1960s has been accompanied by an increase rather than a decrease in the labor force, suggesting that labor markets are weaker than implied by the recent decline in the unemployment rate since the peak for the cycle in October 2009.

The severity of unemployment also remained high. The average duration of unemployment increased in May to a new record high of 39.7 weeks. The median duration increased back to near a record high at 22.0 weeks. The broadest measure of unemployment, which includes people who have given up seeking a job because they do not expect to find one and people working part-time because they cannot find a full-time job, ticked lower in May to 15.8 percent. In addition, the percentage of unemployed people who are not on temporary layoff was 51.0% in May, still close to the all-time high of 54.0 percent. Prior to the 2007-09 recession, the percentage had never been higher than 45.0 percent.

Ohio employment increased by 8,600 jobs in April. The March gain was revised up from 2,200 jobs to a gain of 9,800 jobs, which matched the gain in February. In January, Ohio employment increased 34,100 jobs. During 2010, Ohio employment increased by a total of 31,000 jobs, rising during the winter and spring and remaining flat through year's end. Ohio employment remains 357,000 jobs below the pre-recession peak reached in March 2006.

Employment increased in all sectors except for government during the twelve months ending in April. Gains were concentrated in professional and business services (+14,600), trade, transportation and utilities (+11,000), education and health services (+9,900) and manufacturing (+7,100). Employment increased 6,300 in leisure and hospitality, 6,100 in construction and 5,500 in financial activities.

The **Ohio unemployment rate** fell to 8.6% in April, 0.4 percentage points below the U.S. rate. The most recent period during which the Ohio unemployment rate was consistently below the national rate was during the 2001 recession. The Ohio unemployment rate was last lower than the national rate by more than 0.4 percentage points in March 1998. On average since 1970, the Ohio unemployment rate has been approximately 0.4 percentage points above the national unemployment rate.

Employment increased in each of the **contiguous states** to Ohio during the twelve months ending in April. On a year-over-year basis, employment increased 1.5% in Michigan, 1.4% in Kentucky and Pennsylvania, 1.3% in Ohio, 1.2% in West Virginia and 0.2% in Indiana, respectively.

For the Ohio and contiguous state region, employment increased 1.2% during the most recent twelve months, compared with a 0.9% increase for all states outside the region combined. The year-over-year change in employment in Ohio and the contiguous states has exceeded growth outside the region during the sixteen months from January 2010 through April. The last time employment in the region grew faster than in the rest of the nation for as long as sixteen months was February 1993.

Consumer Income and Consumption

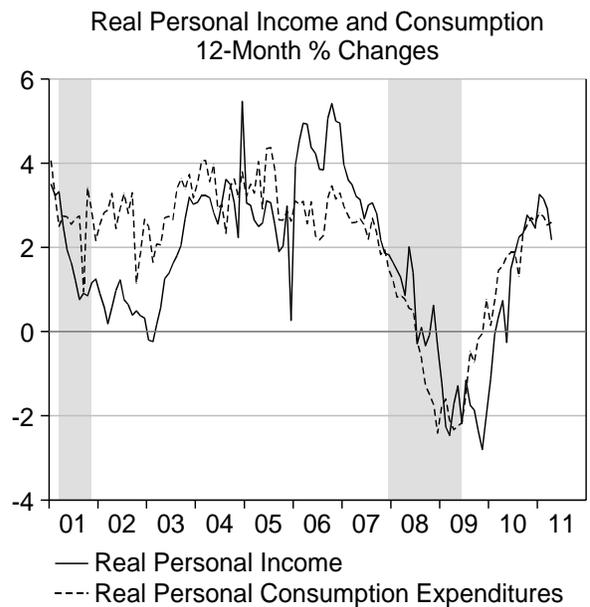
Consumer income continues to benefit from the temporary reduction in the payroll tax rate and rising trends in employment, hours and earnings. Gains in income are readily translating into gains in consumption, much of which reflects price increases. The price index for personal consumption expenditures increased 0.3% in April and 2.2% during the past year. That is still a relatively slow rate of increase, but is up considerably from the low of 1.0% last November. Food and energy price increases have driven the increase in inflation, but non-food-and-energy prices have also picked up this year.

Personal income growth of 0.4% in April was matched by growth in **personal consumption expenditures**, which left the saving rate at 4.9 percent. **Wage and salary disbursements** also increased 0.4 percent. Compared with a year earlier, personal income was higher by 4.4%, consumption was up by 4.8%, and the saving rate was down by 1.1 percentage points from 6.0 percent. Wage and salary disbursements were up only 3.3% from April 2010. Disposable personal income increased 0.3% in April and 3.3% from a year ago.

After adjustment for inflation, personal income was unchanged in April for the third straight month and only 2.2% above the year earlier level. Real personal consumption expenditures rose 0.1% to 2.6% above the April 2010 level. Wage and salary disbursements edged up 0.1% in April to only 1.1% above the year earlier level, and were essentially unchanged during the preceding six months. Real disposable personal income was flat for the second month in a row and up only 1.1% from a year ago.

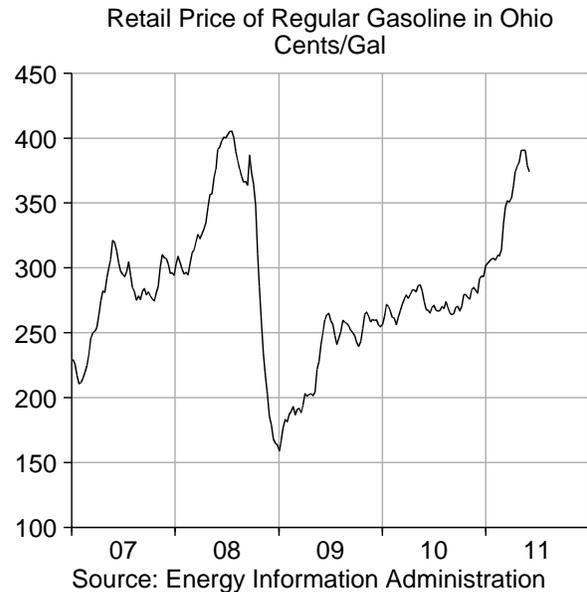
The trend in spending during May was distorted by the shift in the timing of Easter this year, which might have increased spending in April at the expense of May. **Chain store sales** fell 2.6% in May, but were still up 5.4 percent. In April, sales were up by 8.5% compared with a year earlier. Sales at luxury retailers were strong, while sales at drug stores and apparel stores were relatively weak. Auto sales dropped to 11.8 million units in May from an average of 13.2 million units during the three previous months due to limited availability caused by the disaster in Japan.

High gasoline prices, falling home prices and stock market volatility continue to undermine consumer confidence. The price of gasoline in Ohio at the end of May was about 8.0% below the recent peak of \$4.11 per gallon at the beginning of the month, but still about 22.0% above the level at the start of the year and about 50.0% higher than at the same time last year. The ongoing



decline in housing prices picked up pace in the first quarter, accordingly eroding household wealth. Stock prices have fallen about 6.0% since the peak for the year at the end of April.

As a consequence, **consumer confidence** has trailed off in recent months. The overall measures of confidence from Reuters/University of Michigan and the Conference Board were lower in May than three months earlier, with most of the deterioration occurring in expectations. The two surveys paint divergent pictures of assessments of current conditions. Despite impressive gains from the recession-lows, measures of consumer confidence remain near average levels observed during recessions in the past.



Ohio personal income and wage and salary disbursements grew at the fastest pace in 2010 since 2006. Personal income increased 3.0% in the fourth quarter to a new all-time high in nominal terms, and wage and salary disbursements increased 2.8 percent. Wage and salary disbursements remain 2.6% below the all-time peak reached in the first quarter of 2008. Data for the first quarter of 2011 are scheduled for release on June 22nd. From the fourth quarter of 2009 to the fourth quarter of 2010, personal income and wage and salary disbursements grew 3.8% and 3.4%, respectively, compared with declines of 0.6% and 4.0% in 2009.

Manufacturing

The shock from the earthquake/tsunami in Japan is starting to show up in manufacturing activity across the U.S. and in Ohio as **Industrial production** was unchanged in April, as an 8.9% drop in production of motor vehicles and parts offset gains in other areas. The number of motor vehicle assemblies fell 12.6% to 30.9% below the year earlier level. The percent of capacity in use declined from 74.8% to 74.4 percent. Production of primary metal fell 1.8% and production of fabricated metal slowed to 0.4% from 1.1% the month before. Production of machinery rebounded from 1.0% in March to a 0.2% gain in April.



Midwest manufacturing output decreased 1.6% in April, primarily reflecting a 7.0% decrease in auto production, according to the Chicago Federal Reserve Bank. Production in the steel and

machinery sectors increased 0.4% each, and production in the resource sector declined 0.2 percent. Compared with a year earlier, Midwest manufacturing production was up by 8.7%, compared with a peak growth rate so far for this cycle of 14.6% in June. The level of Midwest production in April was 22.2% above the low in June 2009 but still 17.6% below the peak in January 2008.

Reports from **purchasing managers** in manufacturing deteriorated sharply in May, but remained consistent with continued expansion in the sector. In one of the steepest one-month declines on record, the overall index fell from 60.4 to 53.5 – the twenty-second month in a row above the neutral level of 50 but the lowest mark since September 2009. All components of the overall index declined, including the key new orders and production indices. Recent similar surveys by regional Federal Reserve Banks, such as from the Philadelphia Federal Reserve Bank, produced similar results.

Manufacturing activity is expected to continue to be affected through year end by supply chain disruptions in the auto industry stemming from the earthquake and tsunami in Japan and possibly also by severe flooding and tornadoes in the U.S. But the underlying upward trend in activity is likely to remain in place.

Construction

Total **construction put-in-place** increased 0.4% in April although the March change was revised down from 1.4% to 0.1 percent. Excluding the unreliably estimated residential improvements component, construction decreased 0.8% in April. Private construction rose 1.7%, with residential and nonresidential construction up 3.1% and 0.5%, respectively. Public construction-put-in-place decreased by 1.9 percent. There remains insufficient evidence to conclude with confidence that construction has reached a trough.

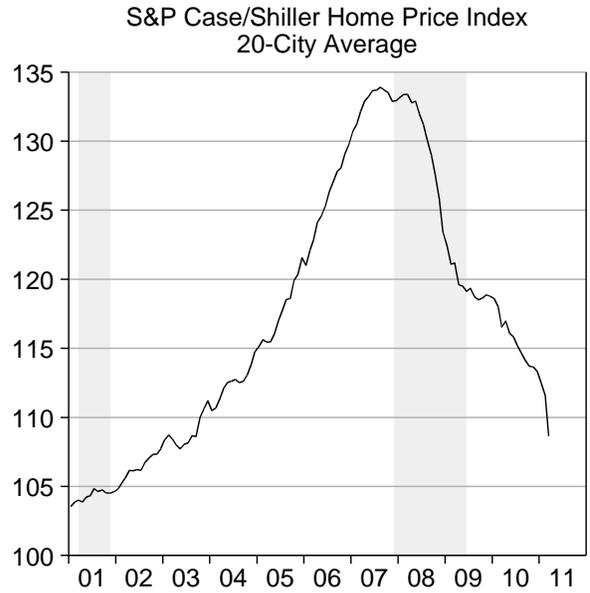
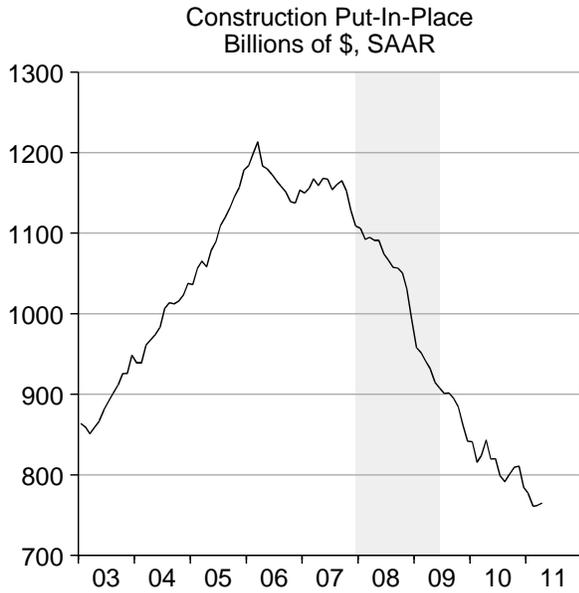
Private nonresidential construction increased for the third month in a row, rising 0.5% in April following gains of 1.4% in March and 2.4% in February, but remaining 8.5% below the year earlier level. The **Architecture Billings Index** from the American Institute of Architects fell to 47.6 in April from 50.5 in March – the first reading below the neutral level of 50.0 after five months at or above neutral. The **Inquiries for New Work Index** declined from 58.7 to 55.0. The **Billings Index for the Midwest** was little changed at 51.1 after having fallen from 54.8 to 53.5 in March. The Midwest Billings Index remained above 50.0 for the eighth month in a row.

Private residential construction-put-in-place increased 3.1% in April, but excluding improvements was down 0.9%, reflecting declines in both single-family and multi-family categories. The March change, which was originally reported as +2.6%, was revised down to -0.7 percent. Housing construction remains essentially flat, which month-to-month and quarter-to-quarter swings occurring in response to weather and, previously, government subsidies to home buyers. There is little prospect of a significant strengthening in construction and sales activity until the inventory overhang is corrected.

Excess inventories of homes currently for sale and homes being acquired and resold by lenders continue to put downward pressure on home prices. According to the S&P/Case-Shiller **home**

price index, a composite of prices in twenty large cities across the country fell 2.6% in February – the ninth monthly decline in a row. The price index for Cleveland – the only Ohio city in the index – fell 1.2% in March and the originally reported gain of 1.2% in February was revised down to 0.6 percent.

A separate measure of housing prices from the Federal Housing Finance Agency shows that home prices in Ohio have followed the national trend, falling 2.9% in the first quarter to 6.7% below the year earlier level, compared with a 2.5% decline during the quarter and 5.5% decline from a year earlier across the nation.



REVENUES

NOTE: Estimates reflected in the revenue tables are based on the original estimates for H.B. 1 as amended by H.B. 318 and do not include revised fiscal year 2011 annual estimates that were released as part of the Executive Budget for fiscal years 2012 and 2013. While the Executive Budget contains revised annual estimates for fiscal year 2011, revised monthly estimates were not prepared; therefore, the monthly estimates contained in the report will continue to reflect the original fiscal year 2011 estimates.

During the month of May, **GRF receipts totaled \$2,316.7 million** which was \$31.5 million (1.3%) below the estimate. For the month, tax receipts totaled \$1,502.8 million and were \$3.8 million (-0.2%) below the estimate, while non-tax receipts totaled \$801.9 million and were \$147.8 million (22.6%) above the estimate. Transfers totaled \$12.0 million and were \$175.5 million (93.6%) below the estimate.

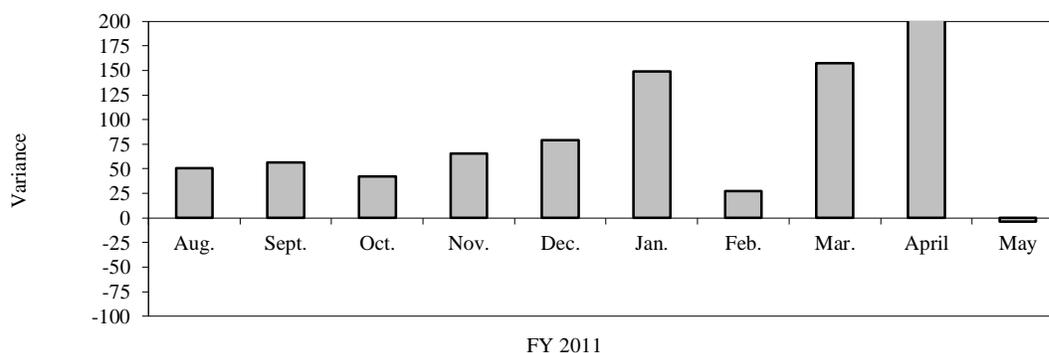
As readers of the monthly report are aware, prior to May fiscal year 2011, tax revenues met or exceeded the estimate in every single month, resulting in a performance that is now \$837.2 million above the estimate (Note that the May underage was due to timing factors, as discussed herein.). However, due to assumptions contained in the budget framework enacted in H.B. 1, revenues that are in excess of the estimates to this point in time cannot be viewed as a surplus since a number of spending issues must be addressed, including meeting all fiscal year 2011 obligations. Specifically, since H.B. 1 was balanced only by assuming that a number of fiscal year 2011 obligations would not be paid until fiscal year 2012, the revenue in excess of the estimate is largely consumed in meeting these deferred obligations. The deferred obligations included not making the June 2011 Medicaid managed care payment as well as delaying the final fiscal year 2011 state share of instruction subsidy payment to the state's higher education institutions until fiscal year 2012.

Given fiscal year 2011 performance to-date, the administration plans to make these fiscal year 2011 payments in fiscal year 2011 as assumed in the pending main operating budget (H.B. 153) for fiscal years 2012 and 2013. Additionally, the July 1st payroll will be processed normally in June rather than delayed to fiscal year 2012 as was previously assumed in the H.B. 1 framework.

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	\$837.2 million	5.5%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$282.3 million)	(3.3%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	(\$156.1 million)	(14.6%)
TOTAL REVENUE VARIANCE:		\$398.7 million	1.6%

Due to timing issues that will be discussed in detail later in the report, May tax sources were under the estimate by \$3.8 million (-0.2%), the first month during fiscal year 2011 that tax receipts failed to meet or exceed the estimate. As a result, year-to-date tax receipts are now \$837.2 million (5.5%) above the estimate. On a year-over-year basis, total tax receipts for May were \$149.2 million (11.0%) greater than they were in May 2010. For the year-to-date, tax collections in fiscal year 2011 are \$1,381.2 million (9.4%) higher than for the same period a year ago. The largest contributors to this year-over-year growth are the non-auto sales tax and personal income tax receipts. Non-auto sales tax growth has been driven by better-than-expected retail sales growth, while personal income tax receipt growth has been driven by strong performance in withholding, quarterly estimated payment components, and payments associated with annual returns.

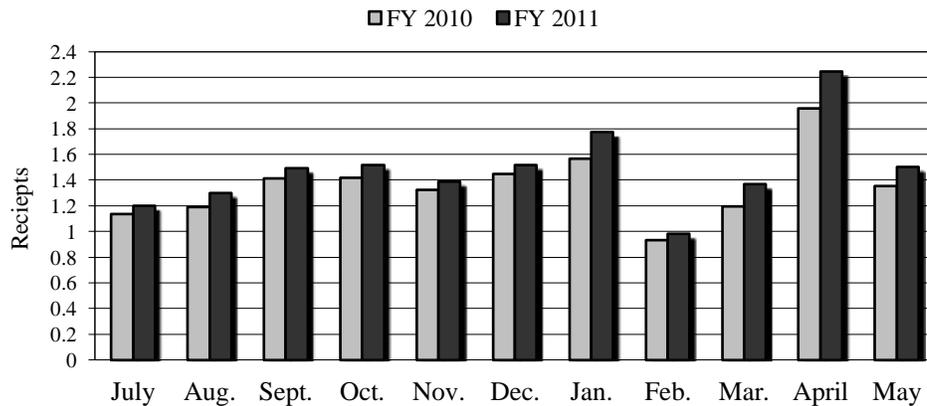
GRF - Variance of Tax Sources by Month
(\$ in millions)



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

<u>Individual Sources Above Estimate</u>		<u>Individual Sources Below Estimate</u>	
Auto Sales Tax	\$1.1	Non-Auto Sales Tax	(\$17.8)
Personal Income Tax	\$94.4	Public Utility Tax	(\$19.5)
Corporate Franchise Tax	\$23.8	Kilowatt Hour Tax	(\$6.0)
Cigarette Tax	\$12.3	Foreign Insurance Tax	(\$1.4)
Estate Tax	\$12.1	Domestic Insurance Tax	(\$86.6)
Federal Grants	\$154.8	Other Business & Property Tax	(\$16.4)
Liquor Transfers	\$2.0	Licenses & Fees	(\$1.0)
Other Sources Above Estimate	\$0.3	Other Income	(\$3.8)
		ISTV's	(\$2.1)
		Transfers In - Other	(\$22.5)
		Temporary Transfers In	(\$155.0)
		Other Sources Below Estimate	(\$0.1)
Total above	\$300.8	Total below	(\$332.2)

FY 2010 - FY 2011 Tax Revenue Comparison by Month
(\$ in billions)



Non-Auto Sales and Use Tax

May receipts for the non-auto sales tax totaled \$513.0 million, and were \$17.8 million (3.4%) below the estimate. The monthly underage was due to the pull-forward of Medicaid managed care and prescription drug payments from April to March, which resulted in an acceleration of non-auto tax receipts totaling approximately \$29.0 million. Without the shift of MHIC payments, May revenues would have been approximately \$11.0 million over the estimate. The acceleration and the accompanying non-auto sales tax revenue changes during April and May will not affect the annual revenue balance. Year-to-date receipts now total \$6,048.5 million and are \$202.6 million (3.5%) above the estimate. On a year-over-year basis, this tax was \$9.3 million (1.8%) above collections for the same month a year ago, with baseline growth in the tax increasing by approximately 3.5 percent. Year-to-date collections exceed those of fiscal year 2010 by \$459.1 million (7.1%).

Auto Sales Tax

May receipts for the auto sales tax were a bit weaker than anticipated but still finished above the monthly estimate by \$1.1 million (1.4%). Likely contributors to this weaker-than-anticipated growth are higher gasoline prices coupled with weakening demand for automobiles. For the year-to-date, auto sales tax receipts now total \$882.3 million and are \$71.3 million (8.8%) above estimate. On a year-over-year basis, this tax source experienced an increase of \$5.7 million (7.3%) over the receipts for the same month a year ago, while year-to-date collections exceed those of fiscal year 2010 by \$81.2 million (10.1%).

Personal Income Tax

Personal income tax receipts totaled \$560.0 million in May and exceeded the estimate by \$94.4 million (20.3%). The withholding component is the major contributor to the overage, exceeding the estimate by \$56.7 million (10.1%). Trust payments meanwhile experienced an overage of \$14.8 million (1,347.8%) due in large part to some trust payments expected in April being received in May, thus reversing what had been a shortfall in this component in April. Payments associated with annual returns continued to show strong growth, exceeding the estimate by \$17.1 million (95.4%). Adding to the positive variance in personal income tax receipts, May refunds were lower than the estimate by \$7.1 million (12.4%).

On a year-over-year basis, personal income tax collections through eleven months of fiscal year 2011 were \$841.3 million (12.9%) higher than the corresponding period in fiscal year 2010. Employer withholding continued to be the largest contributor to this growth with a \$457.7 million (7.2%) increase during this period. Payments associated with annual returns were the second largest contributor to this growth with an increase of \$257.8 million (27.9%) over the previous year.

FY2011 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	MAY	MAY	MAY	Y-T-D	Y-T-D	Y-T-D
Withholding	\$559.8	\$616.5	\$56.7	\$6,556.2	\$6,788.1	\$231.9
Quarterly Est.	\$7.9	\$11.8	\$3.9	\$816.9	\$929.7	\$112.8
Trust Payments	\$1.1	\$15.9	\$14.8	\$38.2	\$48.9	\$10.7
Annual Returns & 40 P	\$17.9	\$35.0	\$17.1	\$997.4	\$1,183.0	\$185.6
Other	\$14.8	\$18.7	\$3.9	\$100.4	\$122.0	\$21.6
Less: Refunds	(\$57.4)	(\$50.3)	\$7.1	(\$1,113.8)	(\$1,086.6)	\$27.2
Local Distr.	(\$78.5)	(\$87.7)	(\$9.2)	(\$606.7)	(\$640.7)	(\$34.0)
Net to GRF	\$465.6	\$559.9	\$94.3	\$6,788.6	\$7,344.4	\$555.8

Corporate Franchise Tax

Corporate franchise tax receipts for the month of May were above the estimate by \$23.8 million (79.2%), with receipts of \$53.8 million. Better-than-expected net worth in banks and other

financial institutions is driving the overage. For the year-to-date, total receipts are now \$231.6 million and are \$109.2 million (89.2%) over the estimate.

Commercial Activity Tax

In fiscal year 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 May, CAT receipts totaled \$298.0 million and were \$6.8 million (2.3%) above the monthly estimate of \$291.2 million. For the year-to-date, total CAT receipts are \$1,433.4 million and are \$54.1 million (3.9%) above the estimate of \$1,379.3 million.

Foreign Insurance Tax

May receipts for the foreign insurance tax totaled -\$12.0 million and were \$1.4 million (13.7%) below the estimate of -\$10.5 million. For the year-to-date, total foreign insurance tax receipts are \$256.7 million and are \$4.6 million (1.8%) above the estimate.

Kilowatt-Hour Tax

Kilowatt-hour tax receipts during the month of May totaled \$2.7 million and were \$6.0 million (69.2%) below the estimate. Year-to-date receipts are \$144.8 million and are \$12.5 million (7.9%) below the estimate. On a year-over-year basis, receipts were \$5.6 million (67.7%) lower than the same month in the previous fiscal year, while year-to-date collections decreased by \$2.1 million (1.4%).

Domestic Insurance Tax

Domestic insurance tax receipts during the month of May totaled \$94.4 million and were \$86.6 million (47.8%) below the estimate. This monthly variance is due to the timing of the mailing of billings and the return of the payments, as estimates assumed a greater proportion of total billings would be received in the month of May. This is primarily attributable to the loose billing and payment schedule for this tax as the Department of Insurance must certify the amount of billings to the Treasurer of State no later than the first Monday in May (May 2nd). The Treasurer of State then has up to twenty days after certification to send out the bills. Those billed then have twenty to thirty days from the mailing date to submit payment. As a result of this issue, the balance of the May billings (which totaled \$195.5 million) will be received in June and thus June receipts for this tax should exceed the estimate by approximately the same amount of the May shortfall.

Other Business and Property Tax

Other business and property tax receipts, namely the dealers in intangibles tax, totaled \$5.1 million in May and were \$16.4 million (76.4%) below the estimate. The underage was the result of the timing of the receipt of payments of billings mailed in May. The balance of the bills mailed in May, totaling \$26.7 million, was \$2.8 million above the estimate and should be

received in June. As a result, the June estimate should be exceeded by approximately \$19.2 million.

Cigarette Tax

Cigarette tax receipts totaled \$130.0 million during the month of May and were \$12.3 million (10.5%) above the estimate. Year-to-date receipts are \$51.4 million (7.1%) above the estimate. On a year-over-year basis, cigarette tax receipts were \$14.2 million (12.3%) higher than the same month a year ago, while year-to-date collections have decreased by \$18.0 million (2.3%).

Estate Tax

Estate tax receipts in May totaled \$22.5 million and were \$12.1 million (116.8%) above the estimate. This relatively large monthly variance was the result of an unusually large payment from a single county. For the year-to-date, total receipts are \$70.4 million and are \$10.5 million (17.5%) above the estimate. On a year-over-year basis, estate tax receipts are \$13.1 million (139.4%) higher than the same month a year ago, while year-to-date collections are \$15.9 million (29.2%) above those for the first eleven months in fiscal year 2010.

GRF non-tax receipts totaled \$801.9 million in May, with the performance coming in \$147.8 million (22.6%) above the estimate. Most of this variance is due catch-up federal revenues for the Department of Rehabilitation and Corrections and SFSF disbursements. **GRF transfers** during the month of May totaled \$12.0 million and were \$175.5 million (93.6%) below the monthly estimate due to timing issues with the posting of temporary transfers to the GRF. These timing related issues will be resolved in June and thus June temporary transfers will exceed the estimates.

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

REVENUE SOURCE	Month				Year-to-Date			
	ACTUAL MAY	ESTIMATE MAY	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
TAX RECEIPTS								
Non-Auto Sales & Use	513,015	530,800	(17,785)	-3.4%	6,048,514	5,845,900	202,614	3.5%
Auto Sales & Use	83,534	82,400	1,134	1.4%	882,310	811,000	71,310	8.8%
Subtotal Sales & Use	596,548	613,200	(16,652)	-2.7%	6,930,824	6,656,900	273,924	4.1%
Personal Income	559,962	465,600	94,363	20.3%	7,344,475	6,788,600	555,876	8.2%
Corporate Franchise	53,755	30,000	23,755	79.2%	231,584	122,400	109,184	89.2%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	42,177	61,700	(19,523)	-31.6%	124,343	179,000	(54,657)	-30.5%
Kilowatt Hour	2,677	8,700	(6,022)	-69.2%	144,813	157,300	(12,487)	-7.9%
Foreign Insurance	(11,996)	(10,550)	(1,446)	-13.7%	256,654	252,100	4,554	1.8%
Domestic Insurance	94,427	181,000	(86,573)	-47.8%	97,735	181,134	(83,399)	-46.0%
Other Business & Property Tax	5,075	21,474	(16,399)	-76.4%	4,082	21,600	(17,518)	-81.1%
Cigarette	130,048	117,700	12,348	10.5%	779,031	727,600	51,431	7.1%
Alcoholic Beverage	4,406	4,300	106	2.5%	50,530	52,200	(1,670)	-3.2%
Liquor Gallonage	3,139	3,000	139	4.6%	34,383	32,900	1,483	4.5%
Estate	22,543	10,400	12,143	116.8%	70,374	59,900	10,474	17.5%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,502,761	1,506,523	(3,763)	-0.2%	16,068,829	15,231,634	837,195	5.5%
NON-TAX RECEIPTS								
Federal Grants	798,810	644,025	154,785	24.0%	7,943,826	8,134,667	(190,842)	-2.3%
Earnings on Investments	0	0	0	N/A	5,303	63,500	(58,197)	-91.6%
License & Fees	553	1,600	(1,047)	-65.5%	58,566	60,831	(2,265)	-3.7%
Other Income	677	4,520	(3,843)	-85.0%	143,173	182,519	(39,346)	-21.6%
ISTV'S	1,898	4,000	(2,102)	-52.6%	25,674	17,351	8,323	48.0%
Total Non-Tax Receipts	801,938	654,145	147,793	22.6%	8,176,541	8,458,868	(282,327)	-3.3%
TOTAL REVENUES	2,304,698	2,160,668	144,030	6.7%	24,245,370	23,690,503	554,868	2.3%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	12,000	10,000	2,000	20.0%	138,000	126,300	11,700	9.3%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	22,500	(22,500)	-100.0%	30,398	78,606	(48,208)	-61.3%
Temporary Transfers In	0	155,000	(155,000)	-100.0%	741,668	861,300	(119,632)	-13.9%
Total Transfers	12,000	187,500	(175,500)	-93.6%	910,066	1,066,206	(156,140)	-14.6%
TOTAL SOURCES	2,316,698	2,348,168	(31,470)	-1.3%	25,155,437	24,756,709	398,728	1.6%

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

REVENUE SOURCE	Month				Year-to-Date			
	MAY	MAY	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2011	FY 2010	VAR	VAR	FY 2011	FY 2010	VAR	VAR
TAX RECEIPTS								
Non-Auto Sales & Use	513,015	503,749	9,266	1.8%	6,048,514	5,670,626	377,888	6.7%
Auto Sales & Use	83,534	77,879	5,655	7.3%	882,310	801,134	81,176	10.1%
Subtotal Sales & Use	596,548	581,627	14,921	2.6%	6,930,824	6,471,760	459,064	7.1%
Personal Income	559,962	428,180	131,782	30.8%	7,344,475	6,503,136	841,339	12.9%
Corporate Franchise	53,755	49,904	3,851	7.7%	231,584	123,165	108,419	88.0%
Commercial Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	42,177	46,888	(4,711)	-10.0%	124,343	136,028	(11,685)	-8.6%
Kilowatt Hour	2,677	8,280	(5,602)	-67.7%	144,813	146,936	(2,123)	-1.4%
Foreign Insurance	(11,996)	(10,191)	(1,804)	-17.7%	256,654	252,914	3,740	1.5%
Domestic Insurance	94,427	98,584	(4,158)	-4.2%	97,735	99,732	(1,997)	-2.0%
Other Business & Property Tax	5,075	18,083	(13,009)	-71.9%	4,082	18,501	(14,419)	-77.9%
Cigarette	130,048	115,837	14,211	12.3%	779,031	797,075	(18,044)	-2.3%
Alcoholic Beverage	4,406	3,967	439	11.1%	50,530	50,504	27	0.1%
Liquor Gallonage	3,139	3,031	108	3.5%	34,383	33,419	964	2.9%
Estate	22,543	9,417	13,125	139.4%	70,374	54,450	15,924	29.2%
Horse Racing	0	0	0	N/A	0	0	0	N/A
Total Tax Receipts	1,502,761	1,353,608	149,153	11.0%	16,068,829	14,687,620	1,381,209	9.4%
NON-TAX RECEIPTS								
Federal Grants	798,810	774,087	24,723	3.2%	7,943,826	6,685,451	1,258,375	18.8%
Earnings on Investments	0	1	(1)	-100.0%	5,303	25,792	(20,489)	-79.4%
License & Fee	553	547	5	1.0%	58,566	65,358	(6,792)	-10.4%
Other Income	677	1,298	(621)	-47.8%	143,173	156,310	(13,138)	-8.4%
ISTV'S	1,898	3,778	(1,881)	-49.8%	25,674	13,097	12,577	96.0%
Total Non-Tax Receipts	801,938	779,712	22,225	2.9%	8,176,541	6,946,008	1,230,534	17.7%
TOTAL REVENUES	2,304,698	2,133,320	171,378	8.0%	24,245,370	21,633,628	2,611,743	12.1%
TRANSFERS								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	12,000	13,000	(1,000)	-7.7%	138,000	151,000	(13,000)	-8.6%
Transfers In - Capital Reserve	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	1,235	(1,235)	-100.0%	30,398	30,145	253	0.8%
Temporary Transfers In	0	0	0	N/A	741,668	669,866	71,802	10.7%
Total Transfers	12,000	14,235	(2,235)	-15.7%	910,066	851,011	59,055	6.9%
TOTAL SOURCES	2,316,698	2,147,555	169,144	7.9%	25,155,437	22,484,638	2,670,798	11.9%

DISBURSEMENTS

May 2011 GRF disbursements, across all fund uses, total \$2,515.1 million. This was \$251.6 million (11.1%) above the estimate for the month. On a year-to-date basis, total GRF disbursements are \$25,962.1 million and are \$26.8 million (0.1%) below the 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)	\$24,784.1	(\$301.2)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$1,178.0	\$274.4
TOTAL GRF DISBURSEMENTS:		\$25,962.1	(\$26.8)

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

Primary, Secondary and Other Education

This category includes expenditures made by the Department of Education, E-tech, the Ohio State School for the Blind, and the School for the Deaf. May disbursements in this category were \$517.4 million, which was \$34.3 million (6.2%) below the projection.

Disbursements for the Department of Education alone totaled \$512.3 million. This amount is \$36.5 million (6.6%) below the monthly estimate. The variance is attributable to lower-than-projected monthly spending for the foundation program (ALIs 200502, 200550, 200551). The foundation payment reconciliation process causes lower-than-projected monthly expenditures in the latter half of the year. Year-to-date disbursements totaled \$6,416.9 million and were \$49.7 million (0.8%) below the estimate for the year.

Higher Education

May disbursements for Higher Education were \$190.6 million, representing a variance of \$12.4 million (6.1%) below the estimate for the month. Year-to-date disbursements were \$2,230.8 million and were \$6.5 million (0.3%) below the estimate. The monthly variance is due to State Share of Instruction campus subsidy payments below the monthly estimate by approximately \$27.0 million.

Public Assistance and Medicaid

May expenditures in this category, which includes all GRF expenditures by the Department of Job and Family Services (ODJFS), were \$974.9 million. Expenditures were \$36.1 million

(3.6%) below estimates for the month. Year-to-date expenditures total \$10,748.0 million, which is \$292.8 million (2.7%) below estimates.

The following discussion of spending and variances to date addresses Public Assistance and Non-Medicaid programs separate from Medicaid.

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 \$9,996.3 million, which is \$241.8 million (2.4%) below estimate, and \$1,547.8 million (18.3%) above the same point in time in the prior year. Disbursements for the month of May were \$908.5 million, which was \$57.9 million (6.3%) below estimate and \$5.7 million (0.6%) below the same period in the prior year.

All funds disbursements year-to-date are \$12,716.7 million, which is \$435.2 million (3.3%) below estimate, and \$1,277.0 million (10.0%) above disbursements for the same point in time in the prior year. Disbursements for May were \$1,153.6 million, which was \$140.5 million (10.9%) below projected expenditures and \$70.6 million (6.1%) above the same period in the prior year.

Due to timing issues related to the Memorial Day holiday, payments in the amount of \$103.5 million that were originally scheduled to be disbursed in May were instead paid in June. Had these payments been made in May, all funds disbursements would have been \$1,257.1 million, which would have been \$37.0 million (2.9%) below projected expenditures for the month. Year-to-date expenditures across all funds would have been \$12,820.2 million, which would have been \$331.7 million (2.5%) below expected disbursements.

It is anticipated that the negative variance will be closed by fiscal year end as June payments will be over current estimates for the reason noted above, as well as the payment of the twelfth managed care and ICF/MR payments which are not assumed in the monthly disbursement estimates in this report. Although the estimates align with the H.B. 1 framework, the Administration plans to make these twelfth fiscal year 2011 payments in fiscal year 2011 as assumed in the pending main operating budget (H.B. 153) for fiscal years 2012 and 2013.

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

	May Projection	May Actual	Variance	Variance %
GRF	\$ 966,407,302	\$ 908,489,067	\$ (57,918,235)	-6.0%
Non-GRF	\$ 327,702,683	\$ 245,139,875	\$ (82,562,809)	-25.2%
All Funds	\$ 1,294,109,985	\$ 1,153,628,942	\$ (140,481,044)	-10.9%

Large variances were seen across several categories due to the timing issue discussed above. Specific variances across all funding sources include:

Prescription Drug – Disbursements for the month of May in the Prescription Drug category totaled \$139.9 million, which was \$56.6 million (28.8%) below projected expenditures. Without the timing issue discussed above, disbursements would have been \$175.3 million, or \$21.3 million (10.8%) below the estimate. As in previous months, this is primarily due to lower-than-projected per member per month costs.

Outpatient Hospital– Disbursements for the month of May for the Outpatient Hospital category were \$29.5 million, which was \$14.7 million (33.3%) below projected expenditures. Absent the timing issue mentioned previously, disbursements would have been \$38.4 million, or \$5.8 million (13.1%) below estimates. This is primarily due to lower-than-expected member months.

Caseload

Total caseload for the month of April, the most recent month available, was 2.17 million covered persons, which was a decrease of 4,196 persons over the month of March. This number includes select non-Medicaid programs such as the Medicare premium assistance programs. Total Medicaid caseload for the month as of the month of February was 31,364 (1.47%) covered lives over projection.

The Covered Families and Children (CFC) category decreased by 5,241 persons to an April total of 1.64 million persons. The Aged, Blind and Disabled (ABD) program decreased by 646 people to an April total of 412.0 thousand covered lives. These decreases were offset by an increase to the Premium Assistance category of 1,770 persons to an April total of 102.4 thousand covered lives.

Total enrollment for the same period last year was 2.09 million covered persons, including 1.59 million persons in the CFC program, 397.5 thousand people in the ABD category, and 98,451 in the Other Non-Medicaid program, including Premium Assistance. This represents total program growth over the last twelve months of 80.6 thousand covered lives.

As noted above, CFC decreased 5,241 persons to 1.64 million covered lives. Enrollment in this category was 6,993 (0.4%) above total projected enrollment. The decrease occurred primarily in the Healthy Families category.

The ABD program showed a decrease of 646 people to a total of 412.0 thousand covered lives. Enrollment was 11,091 persons (2.8%) over total projected enrollment for this category.

Public Assistance and Non-Medicaid

ODJFS, non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$66.4 million for the month of May. In the aggregate, GRF spending was \$21.9 million (49.1%) higher than disbursement estimates for the month. Major variances within individual line items were attributable to the following:

- Child Care Match/Maintenance of Effort (600413) disbursements was \$14.4 million above agency estimates. This was due to May containing five weeks of weekly child care subsidy payments – more than original estimates predicted.
- Early Care and Education (600535) subsidy spending was \$10.4 million higher than agency estimates. This was due to May containing five weeks of weekly child care subsidy payments – more than original estimates predicted.
- TANF State (600410) subsidy disbursements were \$6.5 million above agency estimates for the month. Ohio Works First (OWF) payments were funded by ALI 600410 instead of the federal TANF Block Grant as originally projected for the month.
- Disability Financial Assistance (600511) subsidy expenditures were \$3.3 million lower than estimates due to the quarterly county finance close-out process within the Bureau of County Finance and Technical Assistance.
- Entitlement Administration – Local (600521) subsidy disbursements were \$2.8 million less than original estimates due to lower than anticipated county payments made within the line item.
- Computer Projects (600416) expenses were \$1.8 million below original estimates due to Department of Administrative Services (DAS) Office of Information Technology invoices not received and paid as anticipated.
- Child, Family, and Adult Community & Protective Services (600533) expenditures were \$1.4 million below original agency estimates due to lower than anticipated county allocation expenses.
- 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: Health, Aging, Mental Health, Developmental Disabilities, and ODADAS. Examples of expenditures in this category include: administration of the state's psychiatric hospitals; operating subsidies to county boards of developmental disabilities; various immunization programs; and Ohio's long term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in this category instead of the previous category.

May expenditures in this category were \$91.5 million, which was \$20.0 million (27.9%) above the estimate for the month. Year-to-date actual disbursements total \$1,052.4 million and are \$10.7 million (1.0%) below the estimate. Notable items include:

Department of Health

For the year-to-date, the Department of Health disbursements total \$78.3 million, which is under estimate by \$9.4 million (10.7%). May 2011 disbursements for the Department of Health totaled \$13.5 million. When compared to May 2011 estimates, actual disbursements were \$11.1 million (462.7%) above estimate. Major variances for the month include:

- The Immunizations line (440418) was above estimate by \$2.7 million. This was due to payments being made in May which were originally scheduled in March and April.
- The AIDS Prevention and Treatment line (440444) was above estimate by \$0.5 million, due to payments being made in May which were scheduled earlier in the year.

- The Health Care Quality Assurance line (440453) was above estimate by \$0.3 million. This was due to fewer federal funds being used in lieu of GRF funds.
- The Help Me Grow line (440459) was above estimate by \$6.85 million due to payments scheduled for April moving into May.
- The Federally Qualified Health Centers line (440465) was above estimate by \$0.7 million, due to payments scheduled for April moving into May.

Department of Aging

For the year-to-date, the Department of Aging disbursements total \$145.5 million, which is above estimate by \$4.7 million (3.2%). May 2011 disbursements for the Department of Aging totaled \$11.4 million. When compared to May 2011 estimates, actual disbursements were \$0.4 million (3.1%) above estimate. This is primarily attributable to the following:

- The Senior Community Services line (490411) was above estimate by \$0.2 million. This was due to fewer federal funds being used in place of GRF funding given the late passage of the federal budget.

Department of Mental Health

The Department of Mental Health disbursed \$30.3 million in the month of May, which is \$4.2 million (16.0%) above the estimate. In the Community and Hospital Mental Health Services line (334408), the department underestimated the number of pay periods that would post in May.

Department of Developmental Disabilities

The Department of Developmental Disabilities disbursed \$31.3 million in the month of May, which is \$3.4 million (12.2%) above the estimate. Above estimate spending of \$2.3 million occurred in the Developmental Center Operations (323321) line item. Funding for the developmental centers primarily comes from the GRF and from federal Medicaid reimbursement. In May, the department shifted less funding off the GRF and on to federal funding than was estimated in the beginning of the fiscal year. Additionally, the ICF/MR franchise fee payment of \$1.7 million to the Department of Job and Family Services was planned for April, but paid in May.

Justice and Public Protection

This category includes GRF expenditures by the Department of Rehabilitation & Corrections (DRC) and the Department of Youth Services (DYS). May disbursements in this category totaled \$166.4 million and were \$0.3 million (0.2%) below the estimate for the month.

Department of Corrections

The Department of Rehabilitation and Correction (DRC) disbursed \$127.8 million in the month of May, which was \$1.4 million (1.2%) less than the \$129.2 million estimate for the month.

Department of Youth Services

The Department of Youth Services (DYS) disbursed \$18.5 million in the month of May, which was \$1.5 million (8.8%) more than the \$17.0 million estimate for the month. This variance is due to a community correction facilities disbursement occurring in May rather than April.

General Government

For April, General Government disbursements totaled \$18.7 million and were \$2.7 million (12.4%) below the estimate for the month. Year-to-date actual expenditures are \$258.2 million, which is \$21.9 million (7.8%) below the estimate.

Department of Administrative Services

In May, the Department of Administrative Services (DAS) disbursed \$0.6 million, which was \$1.7 million (75.4%) less than expected for the month. This occurred because rent bills for GRF-supported state agencies, veterans organizations, and vacant space in state buildings managed by DAS did not post in May as anticipated. Instead, these quarterly bills will post in June, which will cause June spending to be over the estimate by similar amounts for the two affected line items.

Tax Relief and Other

May disbursements for tax relief totaled \$375.9 million and were \$154.7 million (69.9%) above the monthly estimate of \$221.2. For the year-to-date, total tax relief payments have totaled \$1,591.1 million and are \$140.6 million (9.7%) above the year-to-date estimate of \$1,450.5 million. These payments are made to local governments and school districts to reimburse for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. Based on year-to-date expenditures as well as payments that remain to be made, the line item appropriations for this purpose are insufficient and have been increased pursuant to temporary law which authorizes automatic increases in appropriation necessary to cover reimbursement costs.

Debt Service

There were no debt service disbursements in May, as projected. Year-to-date, debt service spending is \$450.4 million, which is \$11.5 million (2.5%) below the estimate.

American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Fund (SFSF)

The State of Ohio has been awarded approximately \$1,789.4 million in SFSF. Of this amount, approximately \$1,463.7 million is from the Education Stabilization Fund (ESF), and approximately \$325.7 million is from the Government Services Fund (GSF). April SFSF disbursements were \$153.1 million (\$86.4 million from the Department of Education (ESF), \$18.7 million from the Board of Regents (GSF/ESF), and \$47.9 million from the Department of Rehabilitation and Correction (GSF)). For the program to date, the state has disbursed a total of \$1,599.8 million in SFSF (89.4% of the total award amount), of which \$862.7 million has been disbursed from the Department of Education (ESF), \$531.4 million from the Board of Regents (GSF/ESF), and \$205.8 million from the Department of Rehabilitation and Correction (GSF).

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	MAY	MAY	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	517,365	551,618	(34,252)	-6.2%	6,466,866	6,518,425	(51,559)	-0.8%
Higher Education	190,570	202,928	(12,358)	-6.1%	2,230,797	2,224,317	6,480	0.3%
Public Assistance and Medicaid	974,859	1,010,913	(36,054)	-3.6%	10,748,006	11,040,819	(292,813)	-2.7%
Health and Human Services	91,527	71,542	19,985	27.9%	1,052,427	1,063,160	(10,733)	-1.0%
Justice and Public Protection	166,403	166,720	(318)	-0.2%	1,807,186	1,854,253	(47,067)	-2.5%
Environmental Protection and Natural Resources	10,261	9,043	1,218	13.5%	69,981	70,159	(178)	-0.3%
Transportation	727	1,105	(379)	-34.3%	12,744	12,600	144	1.1%
General Government	18,732	21,387	(2,655)	-12.4%	258,234	280,088	(21,854)	-7.8%
Community and Economic Development	7,660	6,993	667	9.5%	96,333	108,716	(12,382)	-11.4%
Tax Relief and Other	375,899	221,238	154,661	69.9%	1,591,105	1,450,522	140,583	9.7%
Capital Outlay	0	43	(43)	N/A	24	383	(359)	-93.8%
Debt Service	0	0	0	N/A	450,367	461,838	(11,471)	-2.5%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	2,354,002	2,263,530	90,472	4.0%	24,784,069	25,085,280	(301,210)	-1.2%
Transfers Out:								
OPER TRF OUT-OTH	0	0	0	N/A	71,174	27,600	43,574	157.9%
OPER TRF OUT-TEMPORARY	161,125	0	161,125	N/A	1,106,837	876,000	230,837	26.4%
Total Transfers (Out)	161,125	0	161,125	N/A	1,178,011	903,600	274,410	30.4%
Total Fund Uses	2,515,127	2,263,530	251,598	11.1%	25,962,080	25,988,880	(26,800)	-0.1%

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	MAY FY 2011	MAY FY 2010	\$ VAR	% VAR	ACTUAL FY 2011	ACTUAL FY 2010	\$ VAR	% VAR
Primary, Secondary and Other Education	517,365	726,381	(209,016)	-28.8%	6,466,866	6,526,818	(59,953)	-0.9%
Higher Education	190,570	205,815	(15,245)	-7.4%	2,230,797	2,244,845	(14,049)	-0.6%
Public Assistance and Medicaid	974,859	950,192	24,666	2.6%	10,748,006	9,229,385	1,518,621	16.5%
Health and Human Services	91,527	73,503	18,023	24.5%	1,052,427	987,376	65,051	6.6%
Justice and Public Protection	166,403	162,438	3,965	2.4%	1,807,186	1,834,355	(27,169)	-1.5%
Environmental Protection and Natural Resources	10,261	7,599	2,662	35.0%	69,981	79,301	(9,320)	-11.8%
Transportation	727	1,274	(548)	-43.0%	12,744	16,633	(3,889)	-23.4%
General Government	18,732	19,450	(718)	-3.7%	258,234	274,472	(16,238)	-5.9%
Community and Economic Development	7,660	7,573	87	1.2%	96,333	104,732	(8,398)	-8.0%
Tax Relief and Other	375,899	370,958	4,941	1.3%	1,591,105	1,572,993	18,112	1.2%
Capital Outlay	0	50	(50)	N/A	24	380	(356)	-93.7%
Debt Service	0	0	0	N/A	450,367	368,438	81,930	22.2%
Pending Payroll	0	0	0	N/A	0	0	0	N/A
Total Expenditures & ISTV's	2,354,002	2,525,235	(171,233)	-6.8%	24,784,069	23,239,728	1,544,342	6.6%
Transfers Out:								
OPER TRF OUT-BUD STABILIZATION	0	0	0	N/A	0	0	0	N/A
OPER TRF OUT-OTH	0	780	(780)	-100.0%	71,174	56,384	14,790	26.2%
OPER TRF OUT-TEMPORARY	161,125	0	161,125	N/A	1,106,837	971,337	135,499	13.9%
Total Transfers (Out)	161,125	780	160,345	N/A	1,178,011	1,027,721	150,289	14.6%
Total Fund Uses	2,515,127	2,526,015	(10,888)	-0.4%	25,962,080	24,267,449	1,694,631	7.0%

FUND BALANCE

Table 5 describes the General Revenue Fund (GRF) ending fund balance for FY 2011 and is based on the estimated revenue for FY 2011 and the estimated FY 2011 disbursements, transfers, and encumbrances at the beginning of the fiscal year.

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.

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.

Note: The Fund Balance is based on the original fiscal year 2011 estimates and does not include or reflect fiscal year 2011 annual updates contained in the Executive Budget.

FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 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, 2011	278,465
Less FY 2011 Estimated Transfers Out	914,800
Total Estimated Uses	27,190,763
 FY 2011 ENDING FUND BALANCE	 153,908

OBM staff that contributed to the development of this report were:

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