



August 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

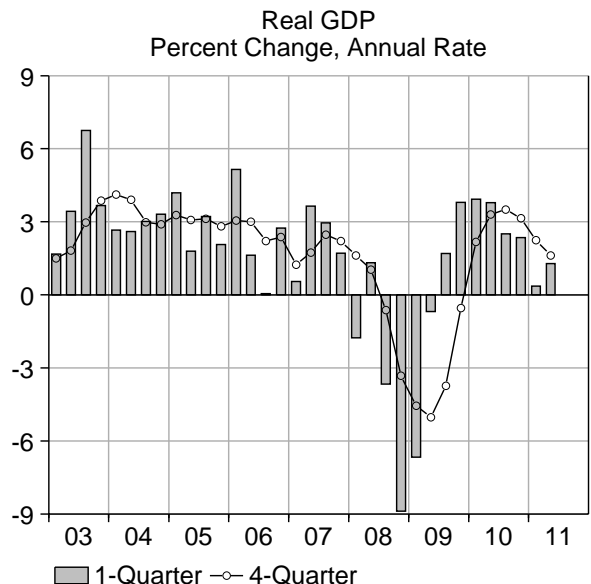
### Economic Performance Overview

- Real GDP growth slowed more than previously reported in the first quarter and remained weak in the second quarter, prompting widespread concerns of renewed recession.
- The labor market picture improved modestly in July, as employment increased by 117,000 jobs and the unemployment rate ticked down to 9.1 percent. Employment growth in previous months was revised slightly higher.
- Ohio employment increased by 10,600 in June bringing the year-to-date increase to 71,400 jobs. The Ohio unemployment rate edged up to 8.8% after a long string of declines from the peak of 10.6% reached in February 2010.
- Leading economic indicators, which previously signaled the recent economic slowdown, remain consistent with continued growth both nationally and in Ohio, but at a slow pace. Some forecasters now predict recession, but the consensus is for at least a modest pick-up in growth in the second half.

### Economic Growth

Economic activity slowed more than previously reported in the first half. Real GDP increased 1.3% in the second quarter after a downwardly revised increase of just 0.4% in the first quarter. First quarter growth was previously reported as 1.9 percent.

The increase in real GDP in the second quarter primarily reflected positive contributions from exports, nonresidential fixed investment, private inventory investment, and federal government spending that were partly offset by a negative contribution from state and local



government spending. Imports, which are a subtraction in the calculation of GDP, increased.

A leveling-off in personal consumption expenditures was a major cause of the modest growth from the first quarter. Real personal consumption expenditures increased 0.1% in the second quarter, compared with an increase of 2.1% in the first quarter. Spending on durable goods decreased 4.4%, in contrast to an increase of 11.7% in the first quarter. Purchases of nondurable goods increased 0.1%, compared with an increase of 1.6% in the first quarter. Spending on services increased 0.8% for the second quarter in a row.

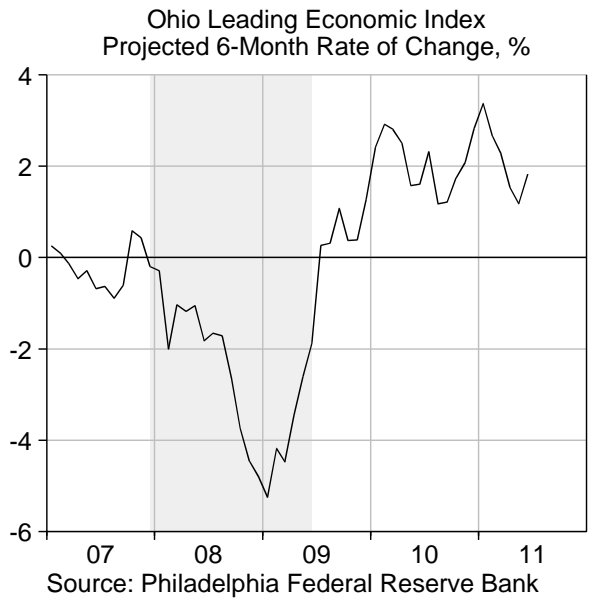
The recession was much deeper and the recovery slightly weaker than originally reported, according to the annual benchmark revisions, leaving the level of activity below the peak achieved before the onset of the 2007-09 recession. Real GDP decreased 5.1% from the peak in fourth quarter 2007 to the trough in second quarter 2009, compared with the 4.1% decline originally reported. Real GDP grew at a 2.5% annual rate from the trough to second quarter 2011, compared with 2.8% that was originally reported from the trough through the first quarter.

The 2007-09 recession remains the most severe business cycle downturn in the post-war period. The second most severe was the 3.7% peak-to-trough decline associated with the 1957-58 recession, followed by losses of 3.2% in 1973-75 and 2.9% in 1981-82. The recovery during the last eight quarters has been the weakest in the post-war period with the exception of the rebound following the 2001 recession. The recovery in real final sales, which excludes the effect of inventory rebuilding, has been the weakest in the post-war period by a wide margin.

The recovery to-date has been hobbled by efforts on the part of households and corporations to respond to the debt crisis that unfolded with the last recession. More recently, the effects of the earthquake and tsunami in Japan on the motor vehicle industry worldwide and the increase in the price of gasoline and concerns about the outlook for financial markets and the economy are deemed to be key reasons behind the subpar performance of the economy.

Composite leading indexes are mixed, but in combination do not signal a near-term recession. The **Leading Economic Index** increased 0.3% in June on top of the 0.8% gain in May. The index had fallen 0.3% in April after a long string of increases. The index has increased in eleven of the last twelve months and was higher by 6.0% from a year earlier. The **ratio of coincident to lagging indexes** – itself a leading indicator – decreased 0.1% in June for the third decline in a row and the fourth decline in the last five months. Compared with a year earlier, the ratio is down by 0.6 percent. The 4-week moving average of the **Weekly Leading Index (WLI)** increased for the fourth straight week in late July, lifting the rate of change to 2.1%. The WLI remains consistent with continued economic growth but at a sluggish pace.

The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, increased 0.2% in June for the twenty-second straight gain. The 12-month rate of change was 4.2%. The companion leading index for Ohio improved to 1.8% in June, but remained below the recent peak of 3.4 in January. The index is designed to predict the rate of increase in the coincident index during the next six months. The index moved modestly but consistently into negative territory well in advance of the previous three recessions.



The recent weakening in economic reports, combined with the uncertainty surrounding the federal debt-ceiling increase has prompted a number of forecasters to predict recession. Other forecasters have reduced projected second-half growth, but the consensus is still for growth. It is possible that recent events are a prelude to a new recession, but such an outcome is not yet evident in traditional business cycle indicators.

### Employment

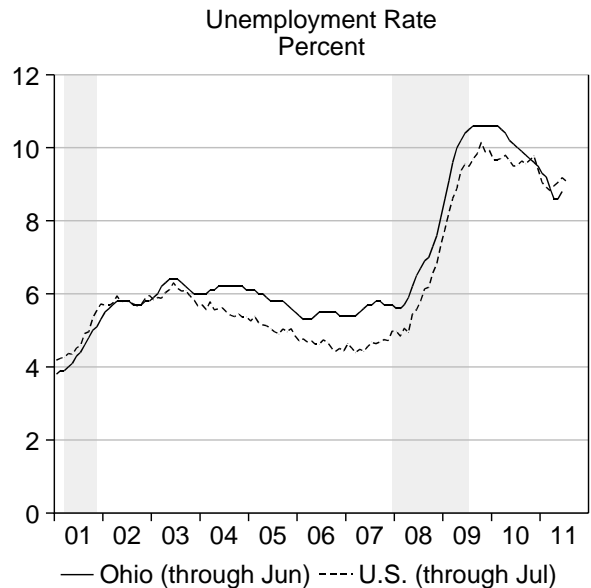
Nonfarm payroll employment increased by 117,000 jobs in July and the unemployment rate edged down to 9.1 percent. Private sector payrolls increased 154,000, as government employment decreased by 37,000. The average length of the workweek was unchanged for all nonfarm payroll employees and manufacturing workers. Overtime in manufacturing was also unchanged. The level of total hours worked by employees on private nonfarm payrolls increased slightly, but if sustained in August and September is up enough from the second quarter average to point to much better real GDP growth in the third quarter. Average hourly earnings of private sector production and non-supervisory workers increased 0.4% to 2.3% above the year earlier level.

Although moderate, the increase in **nonfarm payroll employment** in July was notably above expectations. In addition, the June increase was revised higher by 25,000 to 53,000 and the May increase was revised higher by 18,000 to 46,000. Even with the positive revisions, payroll growth of 216,000 during the three months ending in July was still approximately one-third of the increase during the three months ending in April. After rising for a period in the spring, initial claims for unemployment insurance recently have retreated to a level consistent with moderate job growth.

Across sectors, manufacturing and construction added 24,000 and 8,000 jobs, respectively. Increases were balanced across service-producing sectors with transportation, trade and utilities (+28,000), professional and business services (+34,000), education and health (+38,000) and leisure and hospitality (+17,000) all contributing to the overall gain. Temporary help services

employment was unchanged after two declines, and employment in information (-1,000) and financial activities (-4,000) declined. Cuts in non-education employment among state governments accounted for approximately two-thirds of the 37,000 job decline in government employment with the balance accounted for by education employment across local governments.

The latest data do not change the picture of a slow growing economy in which layoffs have moderated but hiring has yet to pick up. After rising by 0.3 percentage points during the previous three months, the **unemployment rate** declined from 9.2% to 9.1% in July. From its peak twenty-one months ago in October 2009, the **unemployment rate** has decreased by approximately one percentage point – a typical pattern at this stage in the business cycle during past half-century. During the current episode, however, an unusual decline in the labor force has accounted for 47.0% of the decline in the unemployment rate, with the balance resulting from an increase in employment. Every other instance of a decline in the unemployment rate of this size over a 21-month period since the early 1960's has been accompanied by an increase rather than a decrease in the labor force, suggesting that labor markets are not as strong as implied by the decline in the unemployment rate since the peak for the cycle in October 2009.



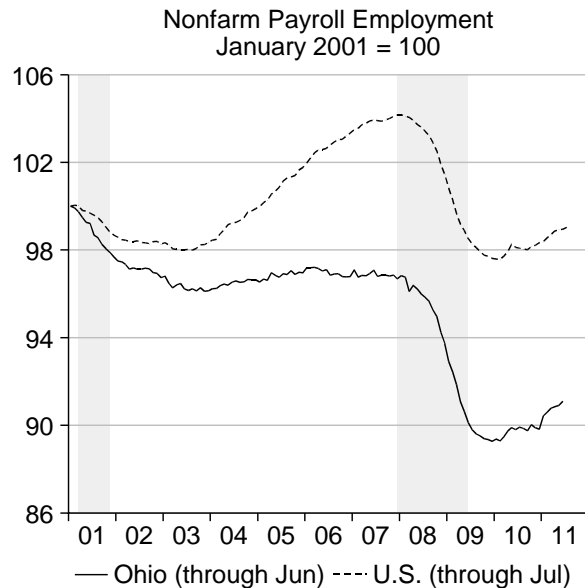
The severity of unemployment also remained high. The average duration of unemployment increased in June to a new record high of 40.4 weeks. The median duration decreased to 21.5 weeks from 22.5 weeks, but remained elevated by historical standards and close to the all-time high of 25.5 weeks reached in June 2010. 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, edged down to 15.9 percent. In addition, the percentage of unemployed people who are not on temporary layoff was 50.0% in July, 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 10,600 jobs in June. The May increase that was originally reported as an increase of 12,000 jobs was revised down to a loss of 1,000 jobs. Ohio employment has increased by 71,400 jobs year-to-date, but remains 347,900 below the pre-recession peak that was set in March 2006.

Job gains were concentrated in leisure and hospitality (+10,600), education and health services (+5,800), construction (+2,800) and trade, transportation and utilities (+2,800). During the year ending in June, Ohio employment gains were concentrated in educational and health services (+33,200), leisure and hospitality (+25,100), professional and business services (+17,300) and

manufacturing (+5,400). Government (-25,500) and information (-300) were the only two areas with year-over-year employment declines in June.

The **Ohio unemployment rate** edged up to 8.8% after a long string of declines from the peak of 10.6% reached in February 2010. Even so, the Ohio unemployment rate remained 0.4 percentage points below the U.S. rate in June. The most recent period during which the Ohio unemployment rate was consistently below the national rate was during the 2001 recession. On average since 1970, the Ohio unemployment rate has been approximately 0.4 percentage points above the national unemployment rate.



Ohio tied with Michigan among **contiguous states** in percentage job growth during the year ending in June. Employment increased 1.4% in Ohio and Michigan, 1.0% in Kentucky, 0.8% in Pennsylvania, 0.5% in West Virginia and decreased 0.3% in Indiana.

For the Ohio and contiguous state region, employment increased 0.9% during the most recent twelve months, compared with a 0.8% 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 eighteen months from January 2010 through June. Employment in the region has not grown faster than in the rest of the nation for as long as eighteen months in at least twenty years.

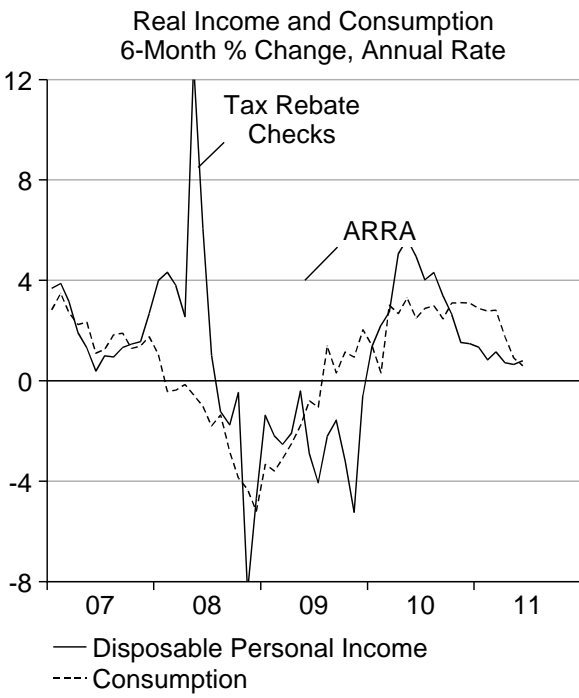
### **Consumer Income and Consumption**

Personal income slowed further in June, the saving rate increased from 5.0% to 5.4%, and personal consumption expenditures fell. **Personal income** increased just 0.1% – the weakest monthly showing since last November. Wage and salary disbursements, which comprise more than half of personal income, decreased slightly – the first drop since last November. Compared with a year earlier, personal income was higher by 5.0 percent. Wage and salary disbursements were higher than a year earlier by 3.4 percent.

**Personal consumption expenditures** decreased 0.2% in June – the first notable decline since September 2009. After adjustment for inflation, consumption fell slightly – the third decline in a row – to 1.8% above the year earlier level. Nominal spending on durable goods decreased for the fourth month in a row (-0.4%) as auto sales fell 1.4 percent. Auto sales picked up 6.0% in July. Spending on nondurable goods fell for the second month in a row (-0.6%) in June. Spending on services was essentially unchanged. Compared with a year earlier, consumption was higher by 4.4 percent.

Difficulty in getting a job, the ongoing decline in housing prices, the hangover from the previous debt-buildup and higher prices for energy and other essentials are restraining income growth and the ability and willingness of consumers to spend. In addition, **consumer confidence** has deteriorated notably since winter, particularly due to lower expectations.

As previously reported, **Ohio personal income and wage and salary disbursements** picked up pace in the first quarter. Personal income increased 7.7% to 4.8% above the year ago level. The gain was the largest since the fourth quarter of 2003. Wage and salary disbursements increased by 4.2% to 4.1% above the year earlier level. The level and growth rate in wage and salary disbursements were revised lower for the fourth quarter of last year. While Ohio personal income was 3.9% above the record high established in the second quarter of 2008, wage and salary disbursements remained 1.8% below the record level established in the first quarter of 2008.



It is important to note that state level personal income data are reported with a significant time lag. As a result, the welcome strong performance in the first quarter could be revised lower in sync with national GDP data and could have been followed in the second quarter with slower growth.

**Manufacturing**

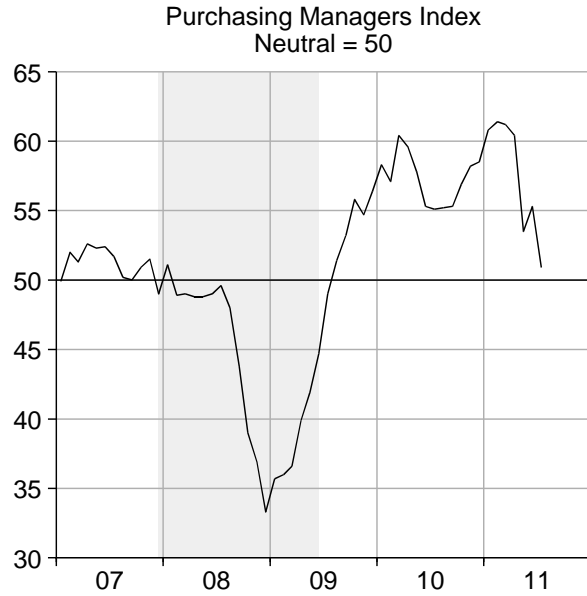
**Industrial production** remained weak in June. Capacity utilization remained at 74.4 percent. Output at the nation’s mines, utilities and factories increased a modest 0.2% in June after falling 0.1% in each of the two previous months. Total industrial production has declined in three of the last five months, reflecting in part the continuing adjustment from the earthquake and tsunami in Japan.

Utilities (+0.9%) and mining (+0.5%) accounted for all of the overall gain in industrial production. Manufacturing output was essentially unchanged in June after a 0.1% increase in May and a 0.5% decline in April. Production in three sectors with a concentration of employment in Ohio posted gains in June: primary metal (+1.6%), fabricated metal (+1.4%), machinery (+0.6%).

**Midwest manufacturing** output was flat in June after a 0.4% gain in May and a 0.7% drop in April, according to the Chicago Federal Reserve Bank. Production increased in the steel

(+1.7%) and machinery (+1.7%) sectors. Output decreased in autos (-1.3%) and resource (-0.6%). Compared with a year earlier, Midwest manufacturing production was up by 7.1 percent, compared with a peak growth rate so far for this cycle of 14.8% in June 2010. The level of Midwest production in June was 23.0% above the low in June 2009 but still 17.1% below the peak in January 2008.

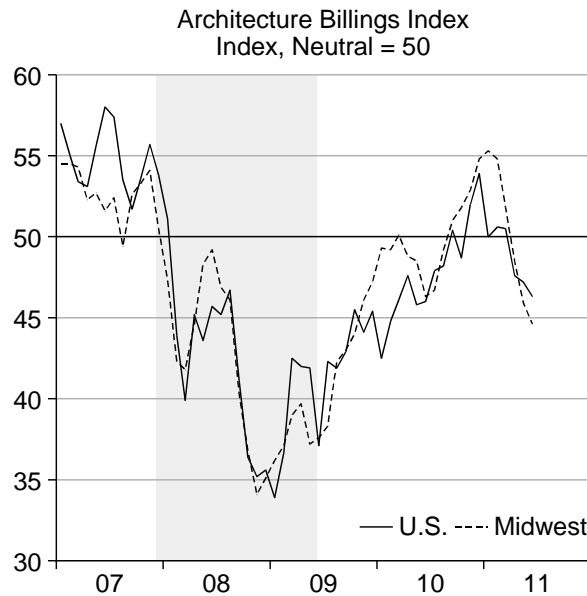
Reports from **purchasing managers** in manufacturing deteriorated in July, signaling ongoing weakness in the sector. The Purchasing Managers Index decreased to 50.9, just a touch above the neutral level of 50 and the lowest reading since July 2009. The New Orders index fell below neutral for the first time since May 2009, and the production index fell from 54.5 to 52.3 – the lowest since June 2009. Surveys of manufacturers by the Federal Reserve banks in New York and Philadelphia revealed somewhat better, but still weak, conditions in July.



### Construction

Total **construction put-in-place** increased 0.2% in June and the changes in April and May were revised from decreases to increases. Excluding the unreliably estimated residential improvements component, construction increased by 0.4 percent. Private residential construction fell 0.3% (-0.1% excluding improvements). Total construction activity was down 4.7% compared with a year earlier and remains 36.3% below the March 2006 peak.

**Nonresidential construction** increased 1.8% in June on top of a 1.2% increase in May. Compared with a year earlier, nonresidential construction was down 5.5 percent. The **Architecture Billings Index** from the American Institute of Architects deteriorated further in June to 46.3 from 47.2 in May and a recent high of 50.6 in February. The April, May and June readings were the first three in a row below the neutral 50 level since August 2010. The **Inquiries for New Work Index** improved from 52.6 to 58.1 in June – almost back to the March level. The Inquiries index is still off from the peak of 62.3 reached in September 2010. The **Billings Index for the**



**Midwest** fell again in June to 44.6 from 45.9 in May and 48.5 in April.

**Residential construction-put-in-place** decreased 0.3% in June after a 0.9% drop in May. The May decline was revised up from an initial report of -2.1 percent. Housing construction remains essentially flat, with 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 very large number of unoccupied homes declines to a normal level.

**Sales of existing homes** fell 0.8% in June for the fourth decline in five months. **Sales of new homes** were down 1.0% – the fourth decline in six months. Sales activity continues to bounce along a plateau that is well below peak levels of a few years ago. Inventories of newly built homes fell back to the lowest level relative to sales since April 2010 and, before that, March 2006, indicating a considerable adjustment to the pace of building. Inventories of existing homes, however, have increased in recent months to about double the historical average, indicating that substantial further adjustment is necessary.

Another metric of the adjustment process is home prices, which stabilized in April and May after a 9-month string of declines, according to the S&P/Case-Shiller 20-city composite **home price** index. The price index for Cleveland – the only Ohio city in the index – fell 0.5% in May following larger declines in March and April.



## *REVENUES*

During the month of July, **GRF receipts totaled \$2,265.4 million** which was \$30.0 million (1.3%) below the estimate. For the month, tax receipts totaled \$1,237.7 million and were \$16.0 million (1.3%) below the estimate, while non-tax receipts totaled \$1,017.2 million. Non-tax receipt estimates are tied to agency disbursement estimates and federal revenue schedules and as a result, will be presented in the September monthly report. Transfers totaled \$10.6 million and were \$14.0 million (56.9%) below the estimate.

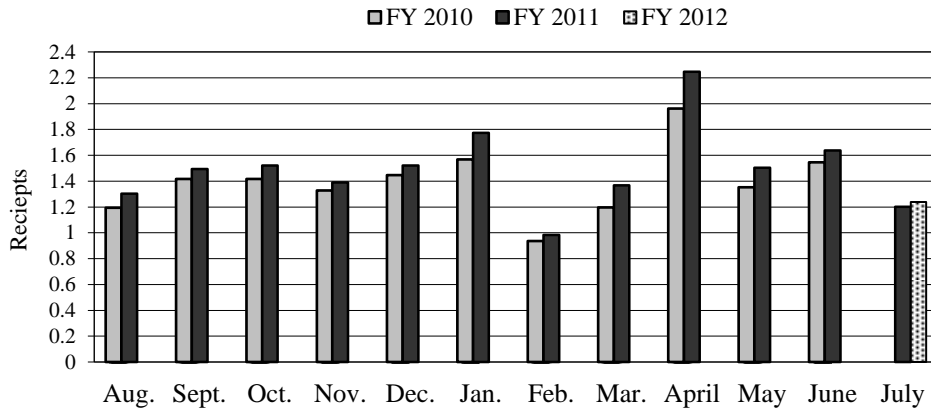
<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	(\$16.0 million)	(1.3%)
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	\$0.0 million	0.0%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	(\$14.0 million)	(56.9%)
<b>TOTAL REVENUE VARIANCE:</b>		(\$30.0 million)	(1.3%)

July tax sources were below the estimate by \$16.0 million (1.3%), mainly a result of timing issues and a one-time refund. On a year-over-year basis, total tax receipts for July were \$36.7 million (3.1%) greater than they were in July 2010. The largest contributors to this year-over-year growth were the non-auto sales tax and personal income tax receipts.

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

<b>Individual Sources Above Estimate</b>		<b>Individual Sources Below Estimate</b>	
Auto Sales Tax	\$6.7	Non-Auto Sales Tax	(\$5.1)
Corporate Franchise Tax	\$3.8	Personal Income Tax	(\$8.8)
Other Sources Above Estimate	\$1.5	Commercial Activity Tax	(\$2.0)
		Kilowatt Hour Tax	(\$2.8)
		Cigarette Tax	(\$8.6)
		Liquor Transfers	(\$14.0)
		Other Sources Below Estimate	(\$0.6)
<b>Total above</b>	<b>\$12.0</b>	<b>Total below</b>	<b>(\$42.0)</b>

Tax Revenue Comparison by Month  
(\$ in billions)



### Non-Auto Sales and Use Tax

July receipts for the non-auto sales tax totaled \$607.7 million, and were \$5.1 million (0.8%) below the estimate. This is the result of a \$16.3 million one-time refund paid out partially (\$6.3 million) during the month of July. The remainder of the refund (\$10.0 million) will be paid out during the month of August. Aside from this one-time refund, receipts would have nearly equaled the monthly estimate. On a year-over-year basis, this tax was \$15.7 million (2.7%) above collections for the same month a year ago.

### Auto Sales Tax

July receipts for the auto sales tax totaled \$86.9 million and exceeded the monthly estimate by \$6.7 million (8.3%). Stronger-than-anticipated growth in sales attributed to the overage. On a year-over-year basis, this tax source experienced an increase of \$2.6 million (3.1%) over the receipts for the same month a year ago.

### Personal Income Tax

Personal income tax receipts in July totaled \$494.9 million, and were \$8.8 million (1.7%) below the estimate. The withholding component was the major contributor to this variance with a shortfall of \$7.7 million (1.3%) relative to the estimate. This relative weakness in withholding growth is similar to June when receipts were below estimate and essentially flat with the performance of the same month a year earlier.

On a year-over-year basis, personal income tax collections for July were \$6.3 million (1.3%) above the July 2010 level. Again, the withholding component was the major contributor, this time on the positive side, experiencing growth of \$7.5 million (1.3%) compared to the same month a year ago.

<b>FY2012 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	ESTIMATE	ACTUAL	\$ VAR	ACTUAL	ACTUAL	\$ VAR
	JULY	JULY	JULY	JULY11	JULY10	Y-over-Y
Withholding	\$573.8	\$566.1	(\$7.7)	\$566.1	\$558.6	\$7.5
Quarterly Est.	\$12.9	\$13.3	\$0.4	\$13.3	\$12.9	\$0.4
Trust Payments	\$0.6	\$0.8	\$0.2	\$0.8	\$0.6	\$0.2
Annual Returns & 40 P	\$6.9	\$8.8	\$1.9	\$8.8	\$6.9	\$1.9
Other	\$8.7	\$4.7	(\$4.0)	\$4.7	\$7.4	(\$2.7)
Less: Refunds	(\$34.9)	(\$34.0)	\$0.9	(\$34.0)	(\$36.9)	\$2.8
Local Distr.	(\$64.3)	(\$64.8)	(\$0.5)	(\$64.8)	(\$60.9)	(\$3.9)
<b>Net to GRF</b>	<b>\$503.7</b>	<b>\$494.9</b>	<b>(\$8.8)</b>	<b>\$494.9</b>	<b>\$488.6</b>	<b>\$6.2</b>

### **Corporate Franchise Tax**

Corporate franchise tax receipts for the month of July were above the estimate by \$3.9 million (66.4%), with receipts of -\$2.0 million. On a year-over-year basis, receipts were \$3.6 million (65.0%) greater than the same month in the previous fiscal year. This monthly and year-over-year variance is the result of slightly fewer refunds processed during July than were expected based on recent history.

### **Commercial Activity Tax**

During fiscal year 2012, 25.0% of receipts from the commercial activity tax (CAT) are deposited into the General Revenue Fund with the remainder 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 July, GRF CAT receipts totaled \$8.8 million and were \$2.0 million (19.0%) below the monthly estimate of \$10.8 million. All-funds CAT receipts for July totaled \$35.0 million and were \$8.0 million (19.0%) under the estimate of \$43.2 million and \$7.2 million (17.1%) below the amount collected in July 2010. Since the first quarterly CAT payment for fiscal year 2012 is due on August 10<sup>th</sup>, it is possible that both the monthly and year-over-year variances are attributable to a smaller portion of payments being received early compared with prior years. OBM will have to review July and August receipts in total to determine whether or not this is in fact the case.

### **Foreign Insurance Tax**

July receipts for the foreign insurance tax totaled -\$0.5 million and were \$0.5 million below the estimate of zero. On a year-over-year basis, foreign insurance tax receipts are \$0.5 million below receipts during the same month a year ago.

## **Kilowatt-Hour Tax**

Kilowatt-hour tax receipts during the month of July totaled \$21.0 million and were \$2.8 million (11.7%) below the estimate. On a year-over-year basis, receipts were \$8.5 million (67.3%) higher than the same month in the previous fiscal year.

H.B. 153 of the 129<sup>th</sup> General Assembly modified the distribution of the kilowatt-hour tax to the General Revenue Fund, the School District Property Tax Replacement Fund, and the Local Government Property Tax Replacement Fund. Under previous statute, 63.0% of kilowatt-hour tax receipts were directed to the GRF, 25.4% to the School District Property Tax Replacement Fund, and 11.6% to the Local Government Property Tax Replacement Fund. H.B. 153 amended those distributions for fiscal year 2012 and thereafter, requiring 88.0% of receipts to go to the GRF, 9.0% to the School District Property Tax Replacement Fund, and 3.0% to the Local Government Property Tax Replacement Fund.

## **MCF Tax**

July receipts for the MCF tax (“natural gas distribution tax”) totaled \$1.3 million and were \$0.3 million (25.7%) above the estimate. Prior to fiscal year 2012, receipts from the MCF tax were distributed to the School District Property Tax Replacement Fund (68.7%) and the Local Government Property Tax Replacement Fund (31.3%). H.B. 153 of the 129<sup>th</sup> General Assembly modified this distribution, requiring that for fiscal year 2012 and thereafter 100.0% of the MCF tax receipts to be credited to the GRF.

## **Domestic Insurance Tax**

Domestic insurance tax receipts during the month of July totaled \$15,000 and were \$186,000 (92.7%) below the estimate. On a year-over-year basis, this tax source was \$119,000 (89.1%) below the month in the previous fiscal year.

## **Other Business and Property Tax**

Other business and property tax receipts, namely the dealers in intangibles tax, totaled \$150,000 in July and were \$50,000 (25.1%) below the estimate. On a year-over-year basis, this tax source is 19.1% higher than in the same month a year ago.

## **Cigarette Tax**

Cigarette tax receipts totaled \$10.2 million during the month of July and were \$8.6 million (45.6%) below the estimate. This is largely a timing-related issue, as the last calendar day of the month fell on a weekend. On a year-over-year basis, cigarette tax receipts were \$12.5 million (55.1%) lower than the same month a year ago. This tax source normally experiences a 3.5% percent annual decline.

**GRF non-tax receipts** totaled \$1,017.2 million in July. As previously noted, estimates for GRF non-tax receipts will be presented in the September Monthly Financial Report. **GRF transfers** during the month of July totaled \$10.6 million and were \$14.0 million (56.9%) below the monthly estimate due to timing issues with the posting of the monthly liquor transfer to the GRF. This timing-related issue occurred during the month of July, and thus August liquor transfers will exceed the estimates by an amount similar to the July shortfall.

**Table 1**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2012 VS ESTIMATE FY 2012**  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL JULY	ESTIMATE JULY	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	607,665	612,800	(5,135)	-0.8%	607,665	612,800	(5,135)	-0.8%
Auto Sales & Use	86,863	80,200	6,663	8.3%	86,863	80,200	6,663	8.3%
Subtotal Sales & Use	694,528	693,000	1,528	0.2%	694,528	693,000	1,528	0.2%
Personal Income	494,905	503,685	(8,780)	-1.7%	494,905	503,685	(8,780)	-1.7%
Corporate Franchise	(1,950)	(5,800)	3,850	66.4%	(1,950)	(5,800)	3,850	66.4%
Commercial Activity Tax	8,762	10,800	(2,038)	-18.9%	8,762	10,800	(2,038)	-18.9%
Public Utility	0	(0)	0	N/A	0	(0)	0	N/A
Kilowatt Hour	21,013	23,800	(2,787)	-11.7%	21,013	23,800	(2,787)	-11.7%
MCF Tax	1,257	1,000	257	25.7%	1,257	1,000	257	25.7%
Foreign Insurance	(456)	0	(456)	N/A	(456)	0	(456)	N/A
Domestic Insurance	15	200	(186)	-92.7%	15	200	(186)	-92.7%
Other Business & Property	150	200	(50)	-25.1%	150	200	(50)	-25.1%
Cigarette	10,226	18,800	(8,574)	-45.6%	10,226	18,800	(8,574)	-45.6%
Alcoholic Beverage	5,840	5,000	840	16.8%	5,840	5,000	840	16.8%
Liquor Gallonage	3,256	3,000	256	8.5%	3,256	3,000	256	8.5%
Estate	105	0	105	N/A	105	0	105	N/A
Total Tax Receipts	1,237,651	1,253,685	(16,034)	-1.3%	1,237,651	1,253,685	(16,034)	-1.3%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,016,135	1,016,135	0	0.0%	1,016,135	1,016,135	0	0.0%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fees	367	367	0	0.0%	367	367	0	0.0%
Other Income	645	645	0	0.0%	645	645	0	0.0%
ISTV'S	50	50	0	0.0%	50	50	0	0.0%
Total Non-Tax Receipts	1,017,197	1,017,197	0	0.0%	1,017,197	1,017,197	0	0.0%
<b>TOTAL REVENUES</b>	<b>2,254,848</b>	<b>2,270,883</b>	<b>(16,034)</b>	<b>-0.7%</b>	<b>2,254,848</b>	<b>2,270,883</b>	<b>(16,034)</b>	<b>-0.7%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	14,000	(14,000)	N/A	0	14,000	(14,000)	N/A
Transfers In - Other	10,598	10,598	0	0.0%	10,598	10,598	0	0.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	10,598	24,598	(14,000)	-56.9%	10,598	24,598	(14,000)	-56.9%
<b>TOTAL SOURCES</b>	<b>2,265,446</b>	<b>2,295,480</b>	<b>(30,034)</b>	<b>-1.3%</b>	<b>2,265,446</b>	<b>2,295,480</b>	<b>(30,034)</b>	<b>-1.3%</b>

**Table 2**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2012 VS ACTUAL FY 2011**  
(\$ in thousands)

<u>REVENUE SOURCE</u>	<u>MONTH</u>				<u>YEAR-TO-DATE</u>			
	<u>JULY</u> <u>FY 2012</u>	<u>JULY</u> <u>FY 2011</u>	<u>\$</u> <u>VAR</u>	<u>%</u> <u>VAR</u>	<u>ACTUAL</u> <u>FY 2012</u>	<u>ACTUAL</u> <u>FY 2011</u>	<u>\$</u> <u>VAR</u>	<u>%</u> <u>VAR</u>
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	607,665	591,975	15,690	2.7%	607,665	591,975	15,690	2.7%
Auto Sales & Use	86,863	84,220	2,644	3.1%	86,863	84,220	2,644	3.1%
Subtotal Sales & Use	<u>694,528</u>	<u>676,194</u>	<u>18,334</u>	<u>2.7%</u>	<u>694,528</u>	<u>676,194</u>	<u>18,334</u>	<u>2.7%</u>
Personal Income	494,905	488,651	6,254	1.3%	494,905	488,651	6,254	1.3%
Corporate Franchise	(1,950)	(5,564)	3,614	65.0%	(1,950)	(5,564)	3,614	65.0%
Commercial Activity Tax	8,762	0	8,762	N/A	8,762	0	8,762	N/A
Public Utility	0	20	(20)	N/A	0	20	(20)	N/A
Kilowatt Hour	21,013	12,562	8,452	67.3%	21,013	12,562	8,452	67.3%
MCF Tax	1,257	0	1,257	N/A	1,257	0	1,257	N/A
Foreign Insurance	(456)	50	(505)	-1017.2%	(456)	50	(505)	-1017.2%
Domestic Insurance	15	134	(119)	-89.1%	15	134	(119)	-89.1%
Other Business & Property	150	126	24	19.1%	150	126	24	19.1%
Cigarette	10,226	22,756	(12,530)	-55.1%	10,226	22,756	(12,530)	-55.1%
Alcoholic Beverage	5,840	2,913	2,927	100.5%	5,840	2,913	2,927	100.5%
Liquor Gallonage	3,256	3,082	174	5.6%	3,256	3,082	174	5.6%
Estate	105	0	105	N/A	105	0	105	N/A
Total Tax Receipts	<u>1,237,651</u>	<u>1,200,923</u>	<u>36,728</u>	<u>3.1%</u>	<u>1,237,651</u>	<u>1,200,923</u>	<u>36,728</u>	<u>3.1%</u>
<b>NON-TAX RECEIPTS</b>								
Federal Grants	1,016,135	828,784	187,350	22.6%	1,016,135	828,784	187,350	22.6%
Earnings on Investments	0	0	0	N/A	0	0	0	N/A
License & Fee	367	961	(593)	-61.8%	367	961	(593)	-61.8%
Other Income	645	459	186	40.6%	645	459	186	40.6%
ISTV'S	50	81	(31)	-38.1%	50	81	(31)	-38.1%
Total Non-Tax Receipts	<u>1,017,197</u>	<u>830,285</u>	<u>186,912</u>	<u>22.5%</u>	<u>1,017,197</u>	<u>830,285</u>	<u>186,912</u>	<u>22.5%</u>
<b>TOTAL REVENUES</b>	<b>2,254,848</b>	<b>2,031,208</b>	<b>223,641</b>	<b>11.0%</b>	<b>2,254,848</b>	<b>2,031,208</b>	<b>223,641</b>	<b>11.0%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	13,000	(13,000)	N/A	0	13,000	(13,000)	N/A
Transfers In - Other	10,598	6,106	4,491	73.6%	10,598	6,106	4,491	73.6%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	<u>10,598</u>	<u>19,106</u>	<u>(8,509)</u>	<u>-44.5%</u>	<u>10,598</u>	<u>19,106</u>	<u>(8,509)</u>	<u>-44.5%</u>
<b>TOTAL SOURCES</b>	<b>2,265,446</b>	<b>2,050,314</b>	<b>215,132</b>	<b>10.5%</b>	<b>2,265,446</b>	<b>2,050,314</b>	<b>215,132</b>	<b>10.5%</b>

## **DISBURSEMENTS**

Consistent with the practice at the beginning of each biennium, the Office of Budget and Management (OBM) is currently working with state agencies to estimate and finalize a monthly schedule for disbursements, transfers, and outstanding encumbrances for fiscal year 2012. The fiscal year 2012 estimated disbursements will be completed in August and included in the September Monthly Financial Report. OBM has prepared this report using only the actual disbursements for July as opposed to the actual versus estimated disbursements.

July 2011 GRF disbursements, across all fund uses, total \$3,603.4 million. This was \$716.4 million (24.8%) above the same period in the prior year, primarily due to timing issues. Year-to-date disbursements by category are provided in the following table (\$ in millions).

<b>Category</b>	<b>Description</b>	<b>YTD Disbursements</b>	<b>Year-Over- Year Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	\$3,291.2	\$405.8
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$312.2	\$310.6
<b>TOTAL GRF DISBURSEMENTS:</b>		<b>\$3,603.4</b>	<b>\$716.4</b>

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. July disbursements in this category totaled \$846.2 million. This amount was \$19.1 million (2.2%) below the expenditures in July of fiscal year 2010.

Disbursements for the Department of Education alone totaled \$841.4 million. This amount was \$15.2 million (1.8%) below the expenditures in July 2010. The variance is primarily attributable to the impact of the expiration of federal State Fiscal Stabilization Fund (SFSF) monies that had been disbursed in the Foundation Funding line items in fiscal year 2011. Additionally, disbursements in the Early Childhood Education, Non-public Administrative Cost Reimbursement, and Student Assessments programs were lower compared to the previous fiscal year.

### **Higher Education**

July disbursements for Higher Education totaled \$198.3 million and were \$27.2 million (12.1%) lower than disbursements in July 2010. This variance is primarily attributable to federal State



Fiscal Stabilization Fund (SFSF) campus subsidy payments, totaling \$25.7 million in July 2010 that have expired and are therefore no longer disbursed in fiscal year 2012.

### **Public Assistance and Medicaid**

July expenditures in this category, which include all GRF expenditures by the Department of Job and Family Services (ODJFS), were \$1,732.5 million. Expenditures were \$541.0 million (45.4%) higher compared to July 2010 disbursements.

The following discussion of spending and variances addresses Public Assistance programs separate from Medicaid.

#### Public Assistance and Non-Medicaid

ODJFS, non-Medicaid, General Revenue Fund (GRF) disbursements totaled \$66.8 million for the month of July. In the aggregate, GRF spending was \$2.2 million (3.4%) higher than in July 2010. Major variances from a year ago within individual line items were attributable to the following:

- TANF State (600410) subsidy disbursements increased to \$9.9 million when compared to zero in July 2010 in order to claim for the federal TANF Maintenance of Effort (MOE) requirement.
- Administration – Local (600502) expenditures were \$1.3 million above July 2010 disbursements due to higher county subsidy payments made within the line item.
- Child, Family, and Adult Community & Protective Services (600533) disbursements were \$1.1 million higher than in July 2010, due to invoice payments being processed against a prior year encumbrance.
- Second Harvest Food Banks (600540) expenditures were \$1.0 million higher than in July 2010 due to an invoice submission and payment which did not occur this time last fiscal year.
- Child Care Match/Maintenance of Effort (600413) expenses were \$3.0 million below July last fiscal year. This was attributable to the agency disbursing extra funding in June 2011 for the Child Care Development Fund FFY 2011 state match requirement, resulting in a decreased line item need for the month.
- Support Services (600321) expenditures were \$2.4 million below expenses in July 2010 due to lower payroll and maintenance payments for the month.
- Early Care and Education (600535) subsidy payments were \$1.8 million lower than July 2010 due to lower line item caseload costs.
- Computer Projects (600416) expenses were \$1.2 million below July 2010 disbursements due to lower payroll and maintenance payments for the month.

#### Medicaid Services

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

*Expenditures*

**GRF disbursements** for the Medicaid program for the month of July were \$1,646.1 million, which was \$519.2 million (46.1%) higher than disbursements in the same period of the previous fiscal year due to timing issues described below.

**All funds disbursements** for July were \$1,646.7 million and were \$519.5 million (46.1%) higher than expenditures in the same period of the previous fiscal year.

		<b>July FY12</b>	<b>July FY11</b>	<b>Variance</b>	<b>Variance %</b>
<b>GRF</b>	\$	1,646,135,595	\$ 1,126,950,273	\$ 519,185,322	46.1%
<b>Non-GRF</b>	\$	560,163	\$ 224,352	\$ 335,811	149.7%
<b>All Funds</b>	\$	1,646,695,758	\$ 1,127,174,625	\$ 519,521,133	46.1%

The year-over-year variance is primarily attributable to the implementation of the Medicaid Information Technology System (MITS), which went operational August 2<sup>nd</sup>. Due to related timing issues, an additional managed care payment of approximately \$446.2 million and one week of prescription drug payments of approximately \$34.0 million, which would have otherwise been made in August, were paid in July instead. Absent the additional \$480.2 million disbursed due to the timing issue, July disbursements in fiscal year 2012 would have been \$38.3 million (3.5%) over the same period in the prior year. The remaining variance is due primarily to the consolidation of expenditures of \$87.3 million for the PASSPORT and Assisted Living waivers previously appropriated in the Department of Aging into the main subsidy appropriation in JFS, and caseload increases over the previous fiscal year.

*Caseload*

Total caseload for the month of June, the most recent month available, was 2.17 million covered persons, which was an increase of 1,590 persons over the month of May. 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 May was 27,392 (1.3%) covered lives over projection.

The Covered Families and Children (CFC) category decreased by 107 persons to a June total of 1.64 million persons. The Aged, Blind and Disabled (ABD) program increased by 431 people to a June total of 413.4 thousand covered lives. The Premium Assistance category increased by 1,397 persons to a June total of 104.1 thousand covered lives.

Total enrollment for the same period last year was 2.11 million covered persons, including 1.61 million persons in the CFC program, 400.7 thousand people in the ABD category, and 100,523 in the Other Non-Medicaid program, including Premium Assistance. This represents total program growth over the last twelve months of 58.4 thousand covered lives.

As noted above, CFC decreased 107 persons to 1.64 million covered lives. Enrollment in this category was 2,066 (0.1%) above total projected enrollment. The decrease occurred primarily in the Healthy Families category.

The ABD program showed an increase of 431 people to a total of 413.4 thousand covered lives. Enrollment was 10,986 persons (2.7%) over total projected enrollment for this category.

## **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.

July 2011 expenditures in this category were \$184.6 million, which was \$19.0 million (11.5%) higher than disbursements in the same period in the previous fiscal year.

### Department of Health

July 2011 disbursements for the Department of Health totaled \$11.4 million, which was \$2.8 million (31.9%) above July 2010 disbursements. This is primarily attributable to the following:

- The Mothers and Children Safety Net Services line (440416) was below July 2010 disbursements by \$0.4 million. Due to timing-related issues, certain July 2011 invoices were not processed until August.
- The Immunizations line (440418) was \$2.0 million above July 2010 disbursements due to payments for vaccines being made in July 2011. These payments were made using funds encumbered in April 2011.
- The Healthy Ohio line (440437) was below last year by \$0.55 million. This was due to sub-grantee payments from the fourth quarter of fiscal year 2011 not yet occurring. For fiscal year 2012, this line has been incorporated into the Chronic Disease and Injury Prevention line (440468).
- The Breast and Cervical Cancer Screening line (440438) was below July 2010 by \$0.4 million due to sub-grantee payments from the fourth quarter of fiscal year 2011 not yet occurring.
- The AIDS Prevention and Treatment line (440444) was below last year by \$1.1 million. This was due to more federal funds being used this year in lieu of GRF funds; last year more GRF funds were utilized.
- The Help Me Grow line (440459) was above July 2010 by \$5.2 million due to payments for July 2011 being made in August 2011.
- The Medically Handicapped Children line (440505) was below last year by \$1.1 million. This was due to July 2011 invoices not being processed until August.
- The Targeted Health Care Services Over 21 line (440507) was below July 2010 by \$0.45 million, due to July 2011 invoices not being processed until August.

### Department of Aging

July 2011 disbursements for the Department of Aging totaled \$0.4 million, which was \$22.5 million below July 2010 disbursements. This is primarily attributable to the following:

- The Long-Term Care Budget – State line (490423) was below July 2010 by \$21.3 million. This was due to the consolidation of the Department of Aging’s Medicaid waivers (PASSPORT, Assisted Living, and PACE) in the main JFS Medicaid subsidy line as part of the Office of Health Transformation’s (OHT) initiatives to rebalance long-term care.
- The Residential State Supplement line (490412) disbursed \$0 in July 2011, which was \$1.1 million lower than expenditures in the previous fiscal year. Similar to the Medicaid waivers discussed above, this program was transferred to the Department of Mental Health in H.B. 153 as part of the Office of Health Transformation (OHT) initiative to rebalance long-term care.

### Department of Mental Health

In the month of July, the Department of Mental Health disbursed \$114.6 million, which was \$36.2 million (46.4%) greater than the same month of the previous fiscal year.

- Beginning in fiscal year 2012, the department assumed the full financial responsibility for community mental health Medicaid claims. H.B. 153 created a new Medicaid Match line item to disburse funding to the county boards in order to pay claims. The department disbursed \$63.3 million in GRF Medicaid Match funding to support this policy shift. In order to best compare July 2011 expenditures with July 2010, one should compare the former (334408) line item with the new Hospital Services line item (334412) and the new Medicaid Match line item (335501). In July 2010, \$63.9 million was disbursed from 334408 for hospital expenditures and subsidy payments to county boards. In July 2011, the department disbursed \$83.8 million from lines (334412) and (335501). The variance in this comparison totals \$19.9 million.
- Disbursements for the Local Mental Health Systems of Care (335505) subsidy totaled \$11.6 million, an increase of \$7.5 million over July 2010 levels.
- Each year, traditionally in July, the department purchases psychotropic medications in bulk to support indigent individuals in the community. In fiscal year 2011, this purchase was made in August rather than July, creating a variance of \$9.0 million in this line item.

### Department of Developmental Disabilities

In the month of July, the Department of Developmental Disabilities disbursed \$40.0 million, which was \$4.9 million (10.9%) less than the previous fiscal year.

- Compared to July 2010, the department disbursed \$6.6 million less in subsidy.
- Offsetting the reduced spending on subsidy, in July 2011 disbursements were \$1.2 million higher for lease rental payments, \$0.2 million more for central administration, and \$0.3 million more on Medicaid services.

### **Justice and Public Protection**

This category includes GRF expenditures by the Department of Rehabilitation & Corrections (DRC) and the Department of Youth Services (DYS). July 2011 disbursements in this category

totaled \$206.1 million and were \$54.2 million (20.8%) below the expenditures in the same period of the previous fiscal year.

#### Department of Corrections

The Department of Rehabilitation and Correction (DRC) disbursed \$141.9 million in the month of July, which was \$46.1 million (24.5%) less than the \$188.0 million disbursed in July of the previous fiscal year. This variance is primarily attributable to two pay periods occurring in July 2011 compared to three pay periods occurring in July 2010.

#### Department of Youth Services

The Department of Youth Services (DYS) disbursed \$48.5 million in the month of July, which was \$3.6 million (6.9%) less than the \$52.1 million disbursed in July of fiscal year 2011. This variance is primarily attributable to two pay periods occurring in July 2011 compared to three pay periods occurring in July 2010.

### **General Government**

For July 2011, General Government disbursements totaled \$40.1 million and were \$1.7 million (4.1%) below expenditures in the same period in the previous fiscal year.

#### Department of Administrative Services

During the month of July, the Department of Administrative Services (DAS) disbursed \$25.4 million, which was \$5.2 million (25.6%) more than July 2010. This variance is primarily attributable to the July expense from the OAKS Rental Payments line item, which pays for the development and implementation of the state's accounting and human resources system. Disbursements for this line item were \$6.2 million higher this year than the same month in the previous fiscal year.

#### Department of Development

The Department of Development (DEV) disbursed \$2.9 million (38.6%) more during July 2011 than it did during the same period in the previous fiscal year. This variance is primarily attributable to the department's absorption of the Coal Office from the Ohio Air Quality Development Authority, which resulted in a \$5.8 million debt service payment being disbursed by DEV in July. Other expenditures were significantly lower than the previous July, largely due to the upcoming transition of several GRF-funded programs to JobsOhio and the continued planning concerning those funding streams. Items of note include the Technology Action program (ALI 195422), which disbursed \$952,000 (55.0%) less than in July 2010 and the Thomas Edison Program, which disbursed \$940,000 (74.0%) less than the same month in the previous fiscal year.

#### Ohio Air Quality Development Authority

The Ohio Air Quality Development Authority (OAQDA) disbursed \$47,500, or \$4.5 million less than in July of fiscal year 2011. The variance occurred because the fiscal year 2011 spending included a debt service payment, which has been shifted to the Department of Development.

## **Tax Relief and Other**

July disbursements for tax relief totaled \$5.4 million and were \$3.5 million (184.2%) above the \$1.9 disbursed during the same month a year ago. Tax relief disbursements are historically lower in July than in later months. The level of reimbursements increases considerably in the months of August through November as more counties submit their requests. 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.

**Table 3**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2012 VS ESTIMATE FY 2012**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	JULY	JULY	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	846,209	846,209	0	0.0%	846,209	846,209	0	0.0%
Higher Education	198,268	198,268	0	0.0%	198,268	198,268	0	0.0%
Public Assistance and Medicaid	1,732,540	1,732,540	0	0.0%	1,732,540	1,732,540	0	0.0%
Health and Human Services	184,637	184,637	0	0.0%	184,637	184,637	0	0.0%
Justice and Public Protection	206,081	206,081	0	0.0%	206,081	206,081	0	0.0%
Environmental Protection and Natural Resources	6,942	6,942	0	0.0%	6,942	6,942	0	0.0%
Transportation	424	424	0	0.0%	424	424	0	0.0%
General Government	40,102	40,102	0	0.0%	40,102	40,102	0	0.0%
Community and Economic Development	4,669	4,669	0	0.0%	4,669	4,669	0	0.0%
Tax Relief and Other	5,352	5,352	0	0.0%	5,352	5,352	0	0.0%
Capital Outlay	0	0	0	0.0%	0	0	0	0.0%
Debt Service	66,024	66,024	0	0.0%	66,024	66,024	0	0.0%
<b>Total Expenditures &amp; ISTV's</b>	<b>3,291,247</b>	<b>3,291,247</b>	<b>0</b>	<b>0.0%</b>	<b>3,291,247</b>	<b>3,291,247</b>	<b>0</b>	<b>0.0%</b>
<b>Transfers Out:</b>								
Operating Transfer Out	312,175	312,175	0	0.0%	312,175	312,175	0	0.0%
Temporary Transfer Out	0	0	0	0.0%	0	0	0	0.0%
<b>Total Transfers Out</b>	<b>312,175</b>	<b>312,175</b>	<b>0</b>	<b>N/A</b>	<b>312,175</b>	<b>312,175</b>	<b>0</b>	<b>0.0%</b>
<b>Total Fund Uses</b>	<b>3,603,422</b>	<b>3,603,422</b>	<b>0</b>	<b>0.0%</b>	<b>3,603,422</b>	<b>3,603,422</b>	<b>0</b>	<b>0.0%</b>

**Table 4**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2012 VS ACTUAL FY 2011**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	JULY FY 2012	JULY FY 2011	\$ VAR	% VAR	ACTUAL FY 2012	ACTUAL FY 2011	\$ VAR	% VAR
Primary, Secondary and Other Education	846,209	865,279	(19,070)	-2.2%	846,209	865,279	(19,070)	-2.2%
Higher Education	198,268	225,459	(27,191)	-12.1%	198,268	225,459	(27,191)	-12.1%
Public Assistance and Medicaid	1,732,540	1,191,530	541,009	45.4%	1,732,540	1,191,530	541,009	45.4%
Health and Human Services	184,637	165,613	19,024	11.5%	184,637	165,613	19,024	11.5%
Justice and Public Protection	206,081	260,326	(54,245)	-20.8%	206,081	260,326	(54,245)	-20.8%
Environmental Protection and Natural Resources	6,942	9,150	(2,207)	-24.1%	6,942	9,150	(2,207)	-24.1%
Transportation	424	729	(305)	-41.9%	424	729	(305)	-41.9%
General Government	40,102	41,805	(1,703)	-4.1%	40,102	41,805	(1,703)	-4.1%
Community and Economic Development	4,669	7,690	(3,021)	-39.3%	4,669	7,690	(3,021)	-39.3%
Tax Relief and Other	5,352	1,883	3,468	184.2%	5,352	1,883	3,468	184.2%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	66,024	116,028	(50,004)	-43.1%	66,024	116,028	(50,004)	-43.1%
<b>Total Expenditures &amp; ISTV's</b>	<b>3,291,247</b>	<b>2,885,493</b>	<b>405,754</b>	<b>14.1%</b>	<b>3,291,247</b>	<b>2,885,493</b>	<b>405,754</b>	<b>14.1%</b>
<b>Transfers Out:</b>								
Operating Transfer Out	312,175	1,565	310,610	N/A	312,175	1,565	310,610	N/A
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>312,175</b>	<b>1,565</b>	<b>310,610</b>	<b>N/A</b>	<b>312,175</b>	<b>1,565</b>	<b>310,610</b>	<b>N/A</b>
<b>Total Fund Uses</b>	<b>3,603,422</b>	<b>2,887,058</b>	<b>716,364</b>	<b>24.8%</b>	<b>3,603,422</b>	<b>2,887,058</b>	<b>716,364</b>	<b>24.8%</b>



## *FUND BALANCE*

The Office of Budget and Management (OBM) is currently working to complete the analysis necessary for the preparation of the fiscal year 2012 General Revenue Fund (GRF) balance. As mentioned above, OBM is currently finalizing the fiscal year 2012 projections of disbursements, transfers, and encumbrances. This analysis will be completed in August and reflected in the September 2011 Monthly Financial Report. The GRF ending fund balance for FY 2011 was \$430.7 million.

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